

## Fintech firm AwanTunai secures Rp 300 billion debt facility from HSBC

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HSBC managing director and head of wholesale banking Riko Tasmaya (left to right), HSBC head of commercial banking for Southeast Asia Amanda Murphy, AwanTunai CFO Shilpa Gautam and Awan Tunai cofounder Rama Notowidigdo pose for a photo following an interview with The Jakarta Post in Jakarta on July 23, 2024. (HSBC/-)

HSBC announced has provided a Rp 300 billion (around US\$18.5 million) debt facility for Indonesian fintech firm AwanTunai. The deal is part of the London-based bank's ASEAN Growth Fund, a \$1 billion lending fund launched in March and aimed at companies scaling up through digital platforms across Southeast Asia. HSBC head of commercial banking for Southeast Asia Amanda Murphy said the fund differed from traditional banking loans as it focused on the business potential of the borrower rather than on their historical performance or the availability of collateral.

On the other hand, it differed from venture debt as HSBC was not seeking potential settlement in the form of an equity stake in the borrower.

"There's no warrant [...] we're never going to influence what decisions are taken and how the companies are run. Whereas I suspect [that's the type of] conversations companies are having [with venture capital firms]. So, it's a different relationship," Amanda told The Jakarta Post on Tuesday.

Prior to this deal, HSBC provided a \$30 million loan for local aquatech firm eFishery and another \$100 million facility for buy now, pay later platform Akulaku. The bank confirmed that both of these deals with Indonesian start-ups were also part of the ASEAN Growth Fund.

According to Amanda, the fund reflects a changing market landscape, which encouraged the bank to do things differently.

“When our clients move into new economies, we also have to move and support them. We have to learn how to build different models, assess and manage risks, as well as be clear about what our risk tolerances are,” she explained.

Founded in 2017, AwanTunai is an online lending platform that focuses on serving distributors, wholesalers and merchants in the traditional general trade sector who want to buy more stock. The firm disburses financing without collateral at interest rates between 15 and 24 percent.

“We’re currently at \$1.2 billion in annualized loan disbursements, and we hope to reach \$2 billion by the end of this year. This debt facility will put us in the second gear when it comes to our growth plans,” AwanTunai chief financial officer Shilpa Gautam said.

She explained that the funds would be used to expand AwanTunai’s operations to Kalimantan and Sulawesi. Currently the firm has clients in Java, Sumatra and Bali.

### **Tech winter not freezing for all AwanTunai**

Co-founder Rama Notowidigdo acknowledged that several tech companies were looking at the same segment of lending to general trade firms. However, many failed, he added, because of a wrong mindset of building the ecosystem around the industry first, before introducing the lending service. “Everybody thinks that way, and that’s the most common pitfall. When I build a lending company, it’s a totally different game,” he said. Rama also noted that tech investors still had enough funds to disburse to start-ups despite the so-called tech winter. In fact, AwanTunai had raised \$27.5 million in a series B funding round from the Norwegian government’s investment fund Norfund and Finnish impact investment firm FinnFund, among others, in March. “Winter is for a company that doesn’t really have a real business,” he said.

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