



Driving Financial Inclusion



ARTH Annual Impact Report

2024 - 25

arthimpact.in

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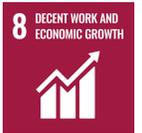
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Founder's Note

Building the future of finance with clarity, conviction and responsibility

India's 100+ million nano and small businesses are the backbone of our economy –yet they remain largely underserved due to high perceived service costs and operational complexity. At ARTH, we are working to change that.

Having grown up in Sonbhadra, Uttar Pradesh, I saw early on how hard it is to build a livelihood without access to productive capital. That experience shaped my belief: finance done right can be a tool for dignity and transformation.

Today, as an RBI-licensed NBFC, ARTH is not just providing loans—we are building a support system for growth, resilience, and inclusion. In the last five years, we've mobilized credit, insurance, payments, and digital tools for micro-entrepreneurs through a high-tech yet human approach.

This report captures how our solutions are impacting lives—especially women-led and last-mile businesses. As we grow, our focus deepens on green finance, AI-led inclusion, and helping nano-enterprises thrive with simplicity and confidence.

We remain grounded in learning from the very entrepreneurs we serve—gritty, determined, and resilient—we're building a responsible, resilient ecosystem that enables small businesses to grow and thrive.

Shweta. (Co-founder & CEO))



MSME Challenges in India

Through the Lens of a First-Time Entrepreneur

Starting a business is never easy

especially for a woman in a semi-urban or rural setting with limited financial history, little formal training, and no collateral to her name.

Women who take the first step toward entrepreneurship face layered and systemic challenges that go beyond capital. From accessing a small loan to navigating paperwork, from understanding digital tools to earning recognition as a business owner - the road is steep and full of friction.



Skepticism and bias reduce access to financial dialogue and support



Mobility, tech access, and decision-making limitations hinder participation



Lack of collateral and credit history makes formal loans hard to obtain



Loans against property are out of reach due to documentation and ownership issues



Limited knowledge of pricing, inventory, and financial planning



KYC and proof of income remain barriers for informal businesses



"It was the first time someone gave me credit without asking for guarantors or passbooks. I used the loan to restock inventory- readymade garments, kidswear, and now I earn better margins and attract more footfall."

Chandana, Readymade Garment Entrepreneur, Bhiwadi



ARTH's Blended Finance

Building Inclusive and Adaptive Financial Pathways for MSMEs



Challenge Faced by MSMEs

Limited digital maturity

Lack of credit history/
documentation

Financial illiteracy

Lack of risk protection

Payment fragmentation



ARTH's Tech-Enabled Solution

Mobile-first loan & repayment app,
local language support

Alternative credit scoring using
transactional data

Alternative credit scoring using
transactional data

Embedded health & life insurance
bundled with loans

QR codes + digital invoicing &
payment history



Impact Delivered

80%
digital adoption in rural clusters

65% first-time borrowers financed

25,000+
entrepreneurs trained

18,000+ policies issued

100% digital business
payments tracked

Impact Highlights 2024-25

41 Districts | **6** State
Presence in locations

18,250+
Lives impacted

2000+
Women Benefited

500+
Udyam Aadhar adoption

60%
Digital adoption

100%
Priority sector portfolio

About ARTH

At the Heart of ARTH



In the narrow lanes of India's smallest towns, behind carts, counters, and tiny storefronts, are entrepreneurs who power local economies—but are too often left out of the formal financial system.

ARTH was born for them.

ARTH set out to do more than provide credit. We created a **blended finance model** that integrates smart lending, digital payments, insurance protection, and welfare support—all built into the everyday lives of micro-business owners.

Every loan we give is embedded with intent:

- To build **resilient businesses** that can survive shocks
- To place the **customer at the center**, from onboarding to outcomes
- To drive **frugal innovation**, offering digital tools that are simple, scalable, and impactful

Our Mission

To democratize access to finance by embedding smart, affordable, productive capital within the daily operations of micro-enterprises, through technology, partnerships, and community engagement.

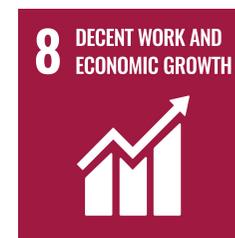
Our Vision

To empower million lives by 2030 through a blended finance model that builds resilient businesses, centers customer needs, and delivers inclusive innovation.

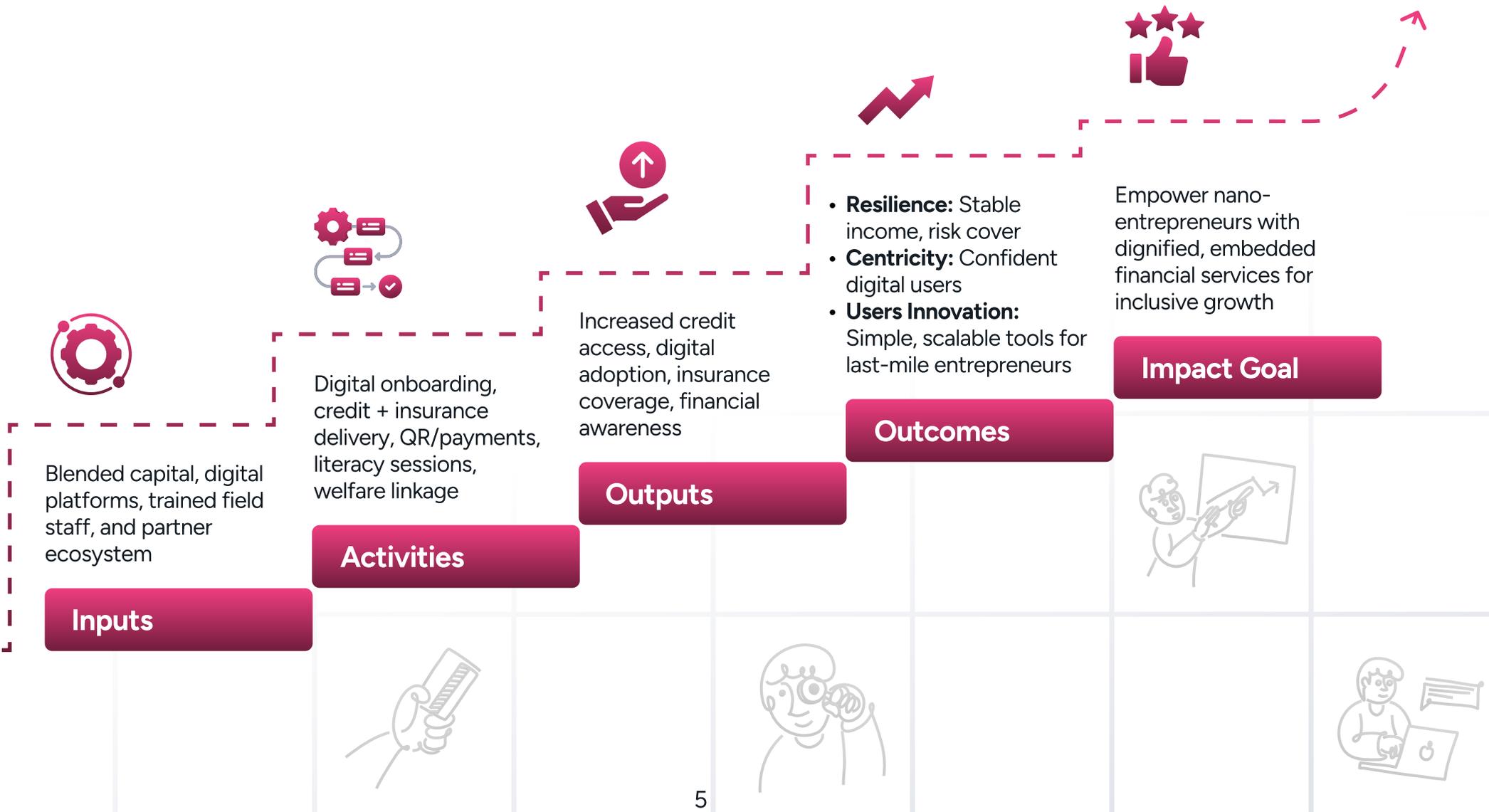


Our Contribution to The Sustainable Development Goals (SDGs)

ARTH's mission is closely aligned with six key UN Sustainable Development Goals



Our Theory of Change



Customer Centricity

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“This loan came at the right time. I could restock before Diwali and didn't have to turn any customers away. My sales have grown, and I feel more confident managing the business.

**Ghanshyam Tiwari, Readymade Garment
Entrepreneur, Raebareli**

Understanding ARTH's Impact

At ARTH, every loan, QR code, or insurance policy isn't just a service - it's a step toward transformation. But how do we know if that transformation is real, measurable, and lasting?

That's what our **Impact Survey for 2024–25** set out to explore.

We reached out to hundreds of nano and micro-entrepreneurs - many of them first-time borrowers, women business owners, and digitally transitioning customers - to understand how **ARTH's blended finance model** is shaping their business resilience, financial confidence, and ability to thrive.

Through this survey, we aimed to measure the impact based on the following parameters:

Products & Services

We assessed how ARTH's core offerings improved customers' financial well-being:

- Did the loan help stabilize or grow the business?
- Was insurance coverage relevant and accessible?
- How easy was it to shift from offline to digital mode?

Experiential Success

We listened to customers describe their overall experience:

- Was the process transparent and respectful?
- Did the field staff or customer support team offer helpful guidance?
- Did they feel ownership over their financial journey?

Growth Metrics

We evaluated the tangible results of the overall growth of customers:

- Did customers report increased income or savings?
- How many used the ARTH app for tracking repayments, availing insurance, repeat loans, foreclosure and opting for a repayment schedule, etc.?

Methodology

Survey Objective

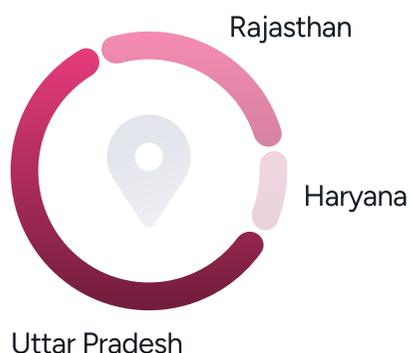
To assess the impact of ARTH's integrated services—credit, insurance, digital tools, and welfare access—on the business resilience, customer satisfaction, and financial behavior of nano and micro-entrepreneurs.

Sample Size

300+
respondents



Locations



Respondent Profile



21

– Age –

55

sectors include Grocery,
Tailoring, Beauty, Electronics

Methodology

Mixed-mode survey – telephonic + in-person interviews

Sampling Technique

Random stratified sampling by geography, gender, and business type

Tools Used

Structured questionnaires + ARTH transaction data + customer app feedback

Key Indicators Tracked

First-time credit access, digital adoption, insurance enrollment, income growth, app usage, scheme linkage

Limited Access to Formal Credit

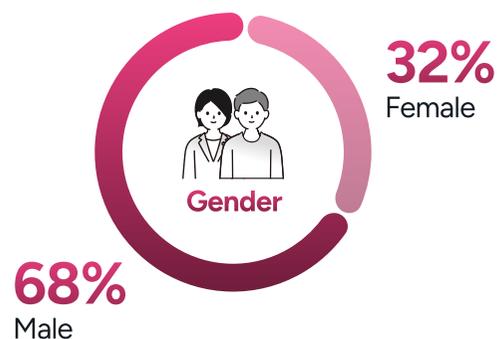
In the busy alleys of Sultanpur, Meena ran a small tailoring unit from her home - taking cash payments, keeping mental records, and relying on informal loans with steep interest rates. Like millions of nano-entrepreneurs in India, she was caught in a cycle of invisibility: **no documents, no credit history, no collateral - no chance.**

Meena's story isn't unique. In India, over **80% of nano and micro-enterprises** remain outside the formal financial ecosystem. Traditional banking systems rely on documentation and collateral that informal businesses often can't provide.

Through digital infrastructure, alternative data models, and customer-first design, ARTH enables underserved businesses to access formal credit without the traditional frictions.

Customer Demographics

(As on 31st March'25)



Credit Solution Designed for the Invisible Majority

- ★ **67%** of customers expanded inventory/equipment after loan
- ★ Avg. **40%** increase in income within 3 - 6 months after loan
- ★ **Top sectors financed** (e.g., Grocery, Tailoring, Beauty & Wellness, Electronics, Pharmacy, Readymade Garments)
- ★ **100%** customers opted for bundled insurance with loan

★ **₹50,000 - ₹1,00,000**

Avg. Loan Ticket

★ **48%**

Repeat Borrowers

★ **52%**

First-time Borrowers

★ **₹15,000 - ₹80,000**

Monthly Income

What We Offer



100% Digital Onboarding via app



Alt Credit Scoring, based on transaction and behavior data



Biometric KYC and paperless credit processing



Right-sized Loans, matched to business cash flows

Risk Protection & Insurance

ARTH embeds risk protection directly into the customer journey, eliminating the need for separate applications, complex paperwork, or manual claims.

Our Model Includes:

Embedded Insurance Products

- Health, life, and business continuity cover
- Tailored to risks faced by nano-businesses (e.g., shop closure, stock loss)

Seamless Onboarding & Claims

- Automatic enrollment during loan disbursement
- App-based policy access

Ongoing Awareness & Engagement

- Literacy nudges during onboarding

- ★ **100%** of customers with active insurance today
- ★ **0.1%** of customers who made a claim and received a payout
- ★ Avg. claim size was **Rs. 30,000** (hospitalization/business loss)
- ★ **100%** of customers became aware of insurance only via ARTH
- ★ **90%** of customers rated the claims process as easy or transparent
- ★ **15%** of women beneficiaries with insurance coverage



“I didn’t even know I had this protection until ARTH explained it to me. It was a big relief—my shop reopened, and I could restart my work with peace of mind.”

Vishal, ARTH Customer, Bhiwadi



“



With ARTH's app, I don't have to guess anymore - I can track my EMIs, sales, and stock right from my phone. Running my general store feels more professional now.

Krishna Devi, General Store Entrepreneur, Sultanpur

Business Resilience

Responsible Lending Approach

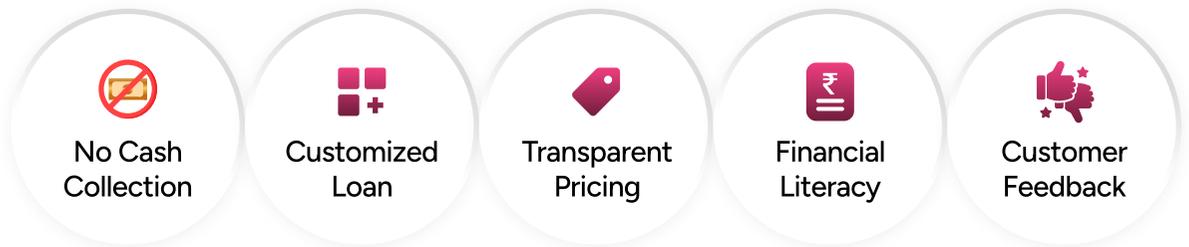
Building Trust, Not Just Portfolios

A loan isn't just a number. A policy isn't just a product. At ARTH, everything we build is centered around one question:

"Does this truly serve the person it's meant for?"

That's why customer centricity isn't a feature—it's a foundation of our blended finance model. From product design to last-mile delivery, ARTH ensures that credit, insurance, and financial tools are accessible, understandable, and empowering for India's nano-entrepreneurs.

Core Principles



"ARTH's commitment to transparency and care ensures customers borrow for growth - not under distress."

What Our Customers Told Us

91%

of customers understood their loan terms

63%

adopted QR/UPI repayment

89%

found the process transparent

88%

of loan amounts matched business needs

51%

first-time borrowers

91%

rated ARTH 4 - 5 stars for service



Financial Literacy Training Program

In Ayodhya, Suman Devi opened a cosmetics shop to support her family of five. She worked hard, but with no system to track expenses or manage stock, her income remained stagnant. Post-lockdown, things only worsened.

That's when ARTH stepped in-not just with a loan, but with guidance. Through our financial literacy program, Suman learned to:

- Track income
- Plan stock purchases
- Repay loans digitally
- Use the ARTH app for daily operations

With a ₹50,000 loan, followed by another of ₹75,000- Suman transformed her business. Today, she earns ₹30,000 in monthly profit, more than twice what she used to make.

"That training changed everything. Now I know how to grow, save, and manage with confidence," said Suman.



Financial Literacy Program Reach

6,925+

entrepreneurs reached via campaigns

5,115+

accessed financial literacy content

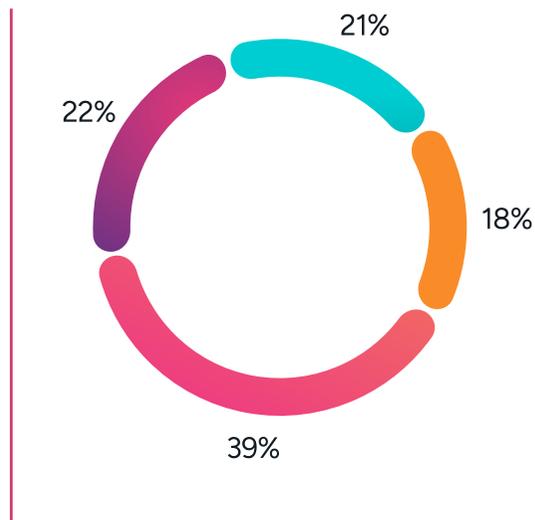
1615+

filled need assessment survey

700+

attended business growth sessions

Training Outcomes



22% of literacy-trained borrowers with on-time repayment

18% increase in income post-training

21% of women participants

39% Customer self-rating of financial confidence



Welfare Linkage Program

In **Bhiwadi**, Pushpa Devi, a 42-year-old widow, ran a general store while raising her children alone. With no savings and rising worries, she feared what would happen to her kids if something happened to her.

ARTH stepped in—not just with a ₹50,000 loan, but with **support that changed her life**.

Through our **Welfare Linkage Program**, she enrolled in the **PM Jeevan Jyoti Bima Yojana**, a low-cost life insurance scheme. For ₹330/year, she gained ₹2 lakh coverage - **peace of mind she never thought was possible**.

“I’d never heard of the scheme. ARTH helped me apply and understand how it protects my family.”

ARTH Sahyog Program: Standing by Our Customers in Tough Times

Sahyog is a customer support initiative designed to assist nano and micro-entrepreneurs during financial or personal crises. The program provides **timely guidance, employment linkages, access to government schemes, and alternative income opportunities** to help customers regain stability.

Community Gaps & Outcomes

39% (NFHS-5, 2021)
of women are enrolled in welfare schemes nationally

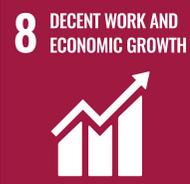
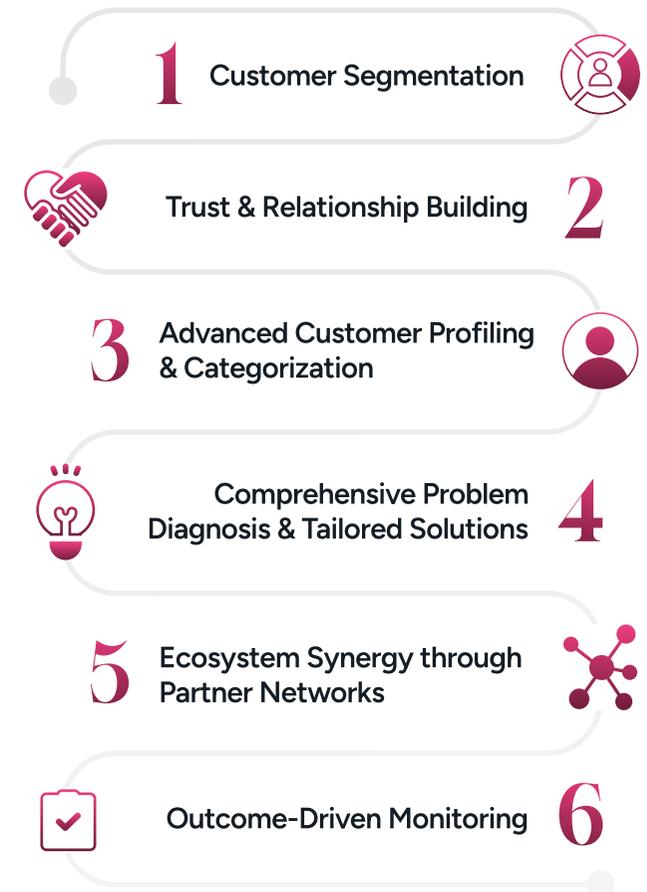
67% Dvara Research, 2022
of informal workers are unaware of their entitlements

<25% SIDBI-CIBIL, 2023
of MSMEs that accessed any govt scheme

726
customers are aware of welfare schemes

500+
successful welfare linkages through ARTH

Sahyog Process



Frugal Innovation

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“My ARTH’s app makes everything simple—I can track repayments, see new loan offers, and even watch short videos to grow my business. It’s like having a guide in my pocket.”

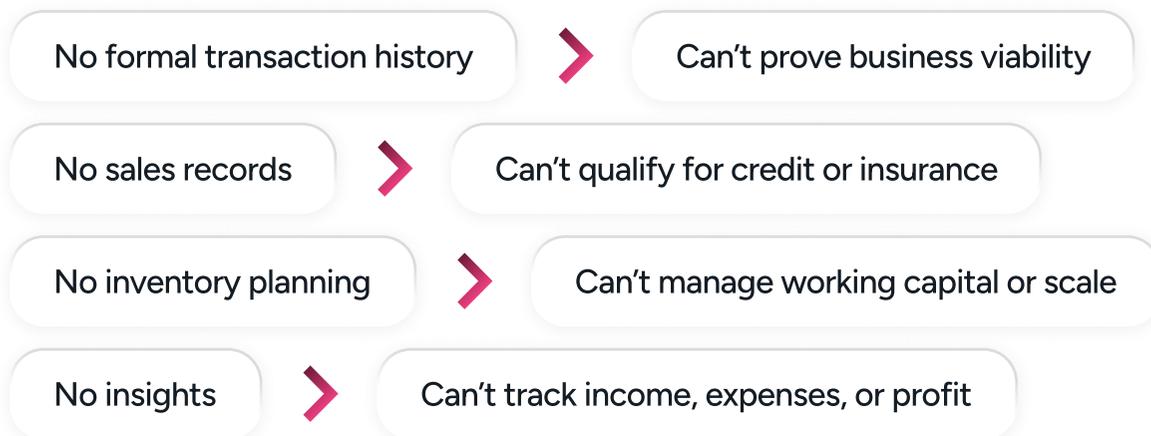
Sonu Singh, Stationery Entrepreneur, Bachhrawan

Manual to Digital Approach

In the small town of Ayodhya, Ramesh had been running an electronics shop for over a decade. Loyal customers and steady sales kept the business going, but every transaction was recorded in a handwritten diary or lived in his memory. "I never really knew how much I was earning or losing. There were no records—just estimates," he admits.

Ramesh's story is not uncommon. In fact, 61% of ARTH's customers operated entirely in cash before joining the platform. With no formal receipts, sales data, or digital footprint, they remained invisible to formal finance, locked out of access to credit, insurance, and business support.

Community Gaps & Outcomes



This is where ARTH's blended finance model, anchored in frugal innovation, steps in as a game-changer.

App Usage Data Highlights

49%
first-time financial app users

51%
required initial digital handholding

50%
digital repayments

62%
of customers use app for EMI tracking, repayments, repeat loans, and insurance

ARTH's Customer-Centric Digital Model

In India's informal economy, **millions of nano-businesses still operate off the books**. Instead of expensive, high-tech interventions, ARTH delivers **smart, simple, and scalable solutions** that blend fintech with financial literacy.

Key Tools Offered

Customer Business App

- Multilingual UI
- Access to loan details with repayments, EMI, foreclosure provision
- Real-time notifications & reminders
- QR-based collections and UPI repayment provision
- Insurance policy and claim management
- Money back and rewards tracking

Partner Business App

- Auto-generated invoicing utility
- Retail management
- WhatsApp reminders
- Collection Analytics

Field Support

- Business development officers offer guidance on onboarding
- Vyapar Unnati sessions build digital confidence
- Financial literacy videos and nudges in the app



Outcomes

61%

customers shifted from cash-only to digital transactions

52%

adopted digital payments via ARTH

48%

local partners now issue digital invoices/receipts

89%

rated digital tools easy to use



Sustainable Green Innovation

“



Soni, a fruit vendor from Raebareli, struggled daily to push her heavy cart loaded with produce through narrow streets. The physical strain often left her exhausted before she even began selling.

“Some days, I couldn’t move the cart. It was exhausting just getting to the market.”

For women like Soni, manual carts limit mobility and income potential. ARTH’s motorised Neo Vending Cart solves this—reducing effort, improving access, and enabling women vendors to earn with ease and dignity.

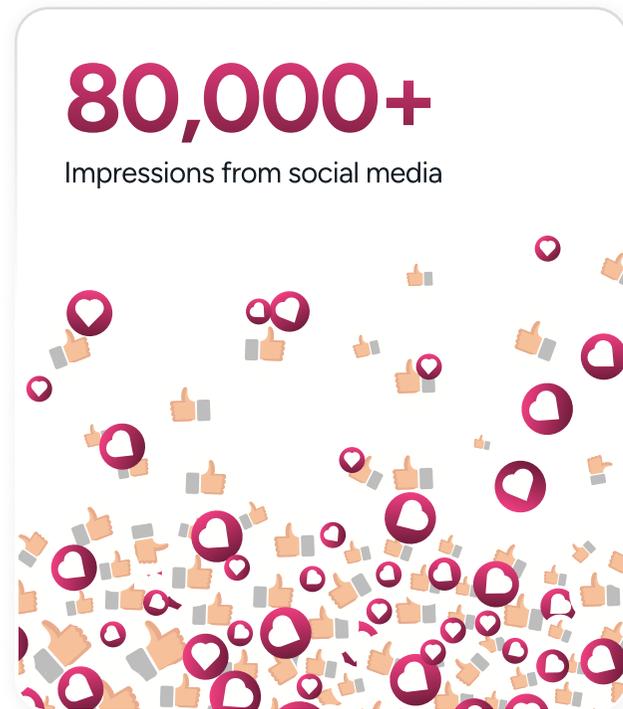
Soni, Fruit Seller, Raebareli, Uttar Pradesh

Approach Towards Green Financing

Conducted a Grand Challenge

Neo Vending Cart challenge began with a vision to create a sustainable, quality vending solution for women vendors in India to create dignified, sustainable income opportunities for street vendors - especially women - through smart, modular vending carts.

Success of the Master Challenge



86+

Top universities' students applied (including NID, IITs, NIFT Mumbai, XIM University)

145+

Students submitted projects

8

Student groups selected for presentations

2 teams co-won

the competition



Mobility Meets Dignity

Neo Carts for Sustainable Livelihoods

Eco-conscious Design

Eco-friendly, motorized, sustainable, modular and durable smart vending cart

Upskilling & Business Literacy

Training on business management skills, vending & selling skills, marketing, hygiene, and financial planning

Identity & Documentation Support

Enabling vendor registration and bank linkage

Digitally Equipped

CCTV camera, GPS, QR payment access, invoicing, and credit visibility

Market Linkage & Income Generation

Supports vendors with market access, organized retail spaces, and enhanced daily income through structured vending opportunities





At ARTH, our efforts toward sustainable financial inclusion were made stronger through the continued support of our business partners. You played a vital role in helping us reach underserved communities with financial solutions that supported livelihoods and fostered economic stability.

Our lending partners enabled us to provide timely access to capital for micro-entrepreneurs, small retailers, and MSMEs who often faced barriers to formal credit. With the support of our social development partners, we stayed closely connected to communities, ensuring our initiatives remained relevant, inclusive, and impactful.

Together, we are not just building a business - we are building a movement for inclusive and equitable growth. We are deeply grateful for your belief in our mission and for walking alongside us in this transformative journey.

Partnerships

Partnerships



ARTH is an impact-focused Inclusive MSME Fintech providing access to affordable financial services to millions of under-served small businesses in India. As a financial growth partner, we aim to uplift the lives of small businesses that need working capital and other financial services to reach their full potential. Since our inception, we have impacted the lives of more than 4 lakh customers with our financial services such as business loans, insurance, payment solutions, and business accounts.



Helping Small Businesses Succeed



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