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BANK ACQUISITION OPPORTUNITIES IN EMERGING MARKETS

Low-ticket entry routes through small banks, rural banks, microfinance banks and bank-like institutions

INTRODUCTION

Strategic Thesis: Across emerging markets, small banks and bank-like deposit-taking institutions can serve as practical acquisition platforms for fintech, lending and digital banking expansion.

Market Logic: Buyers are not acquiring only a licence. They are acquiring an operating financial institution with regulatory approval, deposit-taking rights, local infrastructure, customer relationships, and a regulated foundation ready for a digital turnaround — even if the legacy balance sheet requires restructuring.

What We Assess: This report reviews where acquisitions of rural banks, microfinance banks, BPRs, SOFIPOs and similar bank-like institutions are already proven through M&A cases — and where the route remains legally or commercially uncertain.

Decision Objective: Prioritize markets where acquiring a small bank or bank-like institution is realistic, affordable and strategically valuable as a platform for lending, deposits, payments or broader digital financial services.

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RURAL BANKS ARE THE M&A SWEET SPOT

Macro Tailwind: Banking revenue CAGR at 9–10%, expected to triple by 2030.

The Gap: Only 56% banking penetration; traditional banks ignore rural populations (50% of the country).

The Opportunity: 370 Rural & Cooperative Banks offer an M&A shortcut for foreign entrants.

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Philippine banking system, by group (2026)

Banking group	Number of institutions	Operating income,$	Net profit,$	ROE,%	Gross NPL Ratio,%
Universal & Commercial Banks	44	$20.8B	$6.3B	11,9	3,0
Thrift Banks	42	$1.9B	$332.4M	10,3	6,3
Rural & Cooperative Banks	**370**	**$855.5M**	**$167.3M**	**11,3**	**8,0**
Digital Banks	6	$343.8M	-$82.2M	-28,5	6,2
Philippine Banking System	462	$23.8B	$6.7B	11,6	3,3

Note: operating income and net profit are annualized indicators as of end-Mar 2026. Operating income and net profit are expressed in USD using USD/PHP reference rate of 61.3

Source: BSP: Universal and Commercial Bank Group, BSP: Thrift Bank Group, BSP: Rural and Cooperative Bank Group, BSP: Digital Bank Group, BSP: Philippine Banking System, Overview of Philippine Financial System, FINANCIAL INSTITUTIONS UNDER BSP SUPERVISION/REG

PHILIPPINES 🇵🇭

RURAL BANK ENTRY ROUTE

Market Advantage: High supply of targets and sub-$5M deal sizes make it significantly cheaper than peer markets.

Local Nuance: Bypasses the central bank's current suspension on new digital banking licenses.

Execution Risk: Foreign ownership is capped at 60%, requiring a reliable local partner for acquisition.

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🎯 Target
Rural Banks

🏦 Market Supply
370 active institutions

⚖️ Foreign Ownership
Up to 60% (Local partner required)

💰 Capital Requirement
$0.83 – $3.6 million

Sources:
- Republic Act 10574 (2013)
- Mckinsey - On the verge of a digital banking revolution in the Philippines
- BSP

M&A: ACQUIRE, DIGITIZE, SCALE

Foreign-backed acquirers have repeatedly used rural banks as a platform to launch digital banking businesses.

Benchmark Case (Salmon Bank):

- **Acquisition (2024)**: Rural Bank of Sta. Rosa
- **Turnaround (Q2 2025)**: Scaled to digital bank. Reached 58.9% ROE, 24.9% ROA, and 3.3% NPL.
- **Validation:** Raised $100M from institutional backers (IFC, ADQ/Lunate)

Acquired Bank	Acquirer	Capital origin	Year	Deal Size / Financial Proxy	Strategic rationale
Rural Bank of Sta. Rosa (Laguna)	Salmon Group	UAE	2024	$359K	Digital bank Salmon Bank
Banco Laguna	Seamoney	Singapore	2020	$32M	Digital bank maribank.ph
Rural Bank of Sta. Maria (Ilocos Sur)	Billease	Singapore	2025	N/a	Digital-centric banking arm
Rural Bank of Cavite City	Akulaku	Indonesia	2021	N/a	Digital bank Ownbank

Source:
- Rural Bank of Sta. Rosa (Laguna), Inc.: Report 2023
- Salmon Bank (Rural Bank) Inc.: Report 2025, Seamoney: report 2024
- McKinsey & Company
- PNA
- the-ken.com
- Bangko Sentral ng Pilipinas - The Impact of Foreign Equity Infusion on the Profitability and Asset Quality of Philippine Rural Banks
- Rural Bank of Sta. Rosa (Laguna), Inc. Q2_2025_Published_Balance_Sheet

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MASSIVE MARKET, FRAGMENTED TARGETS

Macro Tailwind: Indonesia is a massive $789B banking market, but the top 4 banks control almost 50% of assets.

The Gap: BPRs are highly fragmented: 1,344 institutions hold only 1.6% of banking assets.

The Opportunity: Tighter capital and single-presence rules are pushing BPR consolidation, creating potential acquisition targets.

Banking Group	Number of Institutions	Total Assets, USD	Assets Share, %	Customer Deposits , USD	Deposits Share, %	Credit Portfolio, USD	Credit Portfolio Share, %
KBMI 4	4	$391.4B	49.6%	$293.6B	51.9%	$258.8B	51.8%
KBMI 3	13	$191.3B	24.2%	$135.9B	24.0%	$125.2B	25.0%
KBMI 2	26	$110.1B	13.9%	$69.1B	12.2%	$58.4B	11.7%
KBMI 1	62	$84.0B	10.6%	$58.0B	10.3%	$48.2B	9.6%
BPR / Rural Banks	**1344**	**$12.6B**	**1.6%**	**$8.9B**	**1.6%**	**$9.3B**	**1.9%**

Note: Data are as of May 2025 and sourced from OJK's Statistik Perbankan Indonesia. Assets, customer deposits / DPK, and loans are converted from IDR to USD using an assumed USD/IDR rate of 16,300. Market shares are calculated against the combined total of KBMI 1–4 commercial banks and BPR rural banks shown in the table. KBMI groups are defined by OJK based on core capital, while BPR rural banks are not classified under KBMI and are subject to separate minimum core capital and paid-up capital requirements.

Source: Financial Services Authority of Indonesia

INDONESIA 🇮🇩

THE BPR ENTRY ROUTE

Market Advantage: BPRs are highly fragmented and sub-scale (1,344 institutions control only 1.6% of assets), creating a buyer's market.

Local Nuance: Tighter capital and single-presence rules by the OJK are actively forcing smaller BPRs to seek buyers.

Execution Risk: While POJK 7/2024 technically opens the door to foreign control via local entities, the route remains completely untested in M&A practice.

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🎯 Target
BPR / Rural banks

🏦 Market Supply
1344 active institutions

⚖️ Foreign Ownership
Possible (via local entity)

💰 Capital Requirement
~US$0.34 million

⚠️ Regulatory red flag
While POJK 7/2024 technically opens the door via local legal entities, zero foreign-led BPR deals have been confirmed. Only commercial bank acquisitions currently offer 100% legal certainty for foreign capital.

Source: Trilexica, Financial Services Authority of Indonesia, Minimum Capital Provision Obligation for Rural Credit Banks

M&A: LOCAL FINTECHS VALIDATE BPR MODEL

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Benchmark Case:

KoinWorks founders acquired BPR Asri Cikupa Karya in 2022 and repositioned it as Bank Luna.

Profitability Signal: Bank Luna reached Rp7.5B / ~US$460K net profit in FY2024 and Rp4.0B / ~US$245K net profit by May 2025, up 62.6% YoY.

Acquired BPR	Acquirer	Acquirer profile	Year	Deal Size / Financial Proxy	Strategic rationale
BPRS Cempaka Al-Amin	ALAMI Group	P2P lending platform	2021	~US$10M*	Hijra Bank sharia digital bank
BPR Adhierresa	FinPlus	P2P lending platform	2024	~US$0.46M	Bank VIMA digital bank
BPR Asri Cikupa Karya	KoinWorks	P2P lending / "super financial app"	2022	~US$0.98M	Bank Luna digital bank
BPR Prima Dadi Arta	Komunal	P2P lending	2022	~US$0.18M	BPR Kirana digital bank
BPR Arthakelola	Xendit-linked Indo Digital Raya	Payment gateway	2021	N/A	BPR Xen digital bank
BPR Sentral Mandiri	Fazz / Modal Rakyat	SME digital-finance group	2022	~US$0.53M	UpBanx deposit products inside creator/brand finance platform

*For ALAMI Group, the figure represents the disclosed purchase price. For all others, the column provides a disclosed financial proxy (usually paid-in share capital or assets). These proxy figures should not be interpreted as confirmed acquisition prices.

Source: FintechFutures, Vima report 2024, Luna report 2022, DailySocial, BPRXen, PT BPR SENTRAL MANDIRI 2024, Hijra Report 2025, BPR Kirana

DISTRESSED MFBS ARE THE ENTRY ROUTE

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Macro Tailwind: Kenya's banking sector is highly profitable (ROE ~22%), but profit pools are closed at the top: Tier I banks hold 90% of sector profit.

The Gap: Digital lenders are scaling fast (126 active) but are legally restricted from taking deposits, limiting their funding and expansion.

The Opportunity: Microfinance Banks are distressed (ROE -78%), making them highly affordable targets to acquire.

Banking group	Number of institutions	Total assets	PBT	ROE	Gross NPL Ratio
Large Banks / Tier I	9	$44.1B	$1.8B	26.20%	16.5%
Medium Banks / Tier II	8	$9.6B	$205.8M	13.70%	15.90%
Small Banks / Tier III	21 / 22	$4.5B	$10.1M	1.30%	23.40%
Microfinance Banks	**14**	**$447.9M**	**-$27.3M**	**-78.15%**	**28.9%***

Note: KES/USD conversion uses KSh 129.2427 per US dollar, as used in KBA 2025 report. PBT = profit before tax. MFB NPL ratio is based on KBA's sample of 9 reporting MFBs; full-sector MFB assets and PBT are from CBK data.

Source: STATE-OF-THE-BANKING-INDUSTRY-REPORT-2025.pdf, Kenya Financial Sector Stability Report

MFB ENTRY ROUTE

Market Advantage: Distressed MFBs offer a significantly lower-cost entry route than acquiring commercial banks.

Local Nuance: It is the only practical upgrade path for digital lenders who are legally restricted from taking deposits.

Execution Risk: Buying a distressed asset requires an aggressive post-acquisition tech and legacy balance-sheet turnaround.

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🎯 Target
Microfinance Banks

🏦 Market Supply
14 active institutions

⚖️Foreign Ownership
Feasible, subject to CBK approval

💰 Capital Requirement
~$0.46M

Source: Kenya Law, Microfinance Act, Cap. 493C, latest version as of 27 Dec 2024, Section 19; Guidelines on the Licensing Procedure Steps for Deposit-taking Microfinance Business in Kenya

M&A: FOREIGN FINTECHS VALIDATE THE MFB ROUTE

Benchmark Case: Branch acquired Century MFB in 2022 for ~US$1.7M.

Profitability Signal: By Q1 2026, Branch MFB reportedly reached ~US$502K net profit, after being loss-making in 2024.

Validation: The case shows that a weak MFB can be acquired cheaply and converted into a profitable deposit-funded digital lending platform.

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Acquired Bank	Acquirer	Capital origin	Year	Ownership stake acquired	Deal Size / Financial Proxy	Strategic rationale
Sumac MFB	Moniepoint Inc.	USA / Nigeria	2026	78%	N/A	Digital banking entry
Daraja MFB	UMBA Inc.	USA	2022	66.60%	N/A	MFB digitization
SMEP MFB	HOPE Advancement	USA	2023	51%	$4.65M*	MFB recapitalization
Century MFB	Branch International	USA	2022	84.89%	$1.7M*	Digital banking entry
Key MFB	LOLC Mauritius	Sri Lanka / Mauritius	2022	73.29%	$1.8M*	MFB recapitalization
Choice MFB	Wakanda Network Limited	UK / Hong Kong	2021	85%	N/A	MFB digitalization
Uwezo MFB	Salaam African Bank	Djibouti	2021	100%	N/A	Islamic banking entry

Note: KES/USD conversion uses KSh 129.45 per US dollar

Source: Business Wire, ACQUISITION OF DARAJA, ACQUISITION OF 51% SMEP, BusinessDailyAfrica, ACQUISITION OF CENTURY MFB, BusinessDailyAfrica, CBK: Key, CBK: Choice, CBK: Uwezo, LinkedIn

2024 REFORMS PUSH ENTRY TOWARD SOFIPOS

Macro Tailwind: Mexico has a large and profitable banking sector, with US$867B in assets, 51 banks and a low 2.2% NPL ratio.

The Gap: Commercial banks are expensive to acquire, while recent 2024 reforms removed the lowest banking-license tier and raised capital barriers.

The Opportunity: SOFIPOs now offer the most practical bank-like route, combining lending, savings and deposit products without requiring a full banking license.

Metric	Banks	SOFIPO
Number of institutions	51	34
Total assets	$867.2B	$12.2B
Loan portfolio	$454.9B	$4.9B
Deposits	$534.8B	$10.2B
Financial margin	$51.0B	$1.2B
Net profit	$17.0B	-$140.1M
NPL ratio	2.2%	9.9%
ROA	2.0%	-1.2%

Note: All monetary figures are presented in USD. Original source data is reported in Mexican pesos and converted using the official year-end exchange rate published by DOF/Banxico: US$1 = MXN 17.9528 as of December 31, 2025. USD values are rounded to the nearest whole number.

Source: bmv.com.mx

MEXICO 🇲🇽

THE BANK-LIKE ROUTE

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Market Advantage: Commercial banks are too expensive, leaving SOFIPOs as the only scalable alternative.

Local Nuance: It is the only non-bank regulated entity in Mexico allowed to take retail deposits and scale digital lending nationwide.

Execution Risk: The sector is structurally loss-making (-1.2% ROA) and carries elevated credit risk (high NPLs), demanding heavy restructuring.

🎯 Target
SOFIPO

🏦 Market Supply
34 active institutions

⚖️ Foreign Ownership
No specific foreign ownership cap

💰 Capital Requirement
~$45K–11M

Source: CNBV, LEY DE AHORRO Y CRÉDITO POPULAR, Cofece

M&A: FAST SCALE, WEAK PROFITS

Benchmark Case: Nu México shows the scale potential of the SOFIPO route, reaching ~14M clients and ~$7.0B in assets after acquiring Akala.

Scale Signal: SOFIPO buyers are using the license to add savings, deposits and digital accounts — prioritizing customer and deposit growth over near-term profitability.

Profitability Split: Stori is the standout net-profitable case, reporting ~$14M FY2025 net income, while Nu and Klar show that scale still comes ahead of clean profitability.

Key Risk: Rapid scale comes with elevated credit risk: NPL ratios remain high at Stori 14%, Klar 11% and Nu 7%.

Acquired SOFIPO	Acquirer	Capital origin	Acquirer profile	Year	Deal Size / Financial Proxy	Strategic rationale
Akala	Nu México	Brazil-backed	Digital bank	2021	~$3m	Add deposits / savings
Ictineo Plataforma	Bradescard México	Brazil-owned	Bank / card issuer	2022	Undisclosed	Launch digital account
SEFIA	Klar	Global VC-backed	Fintech lender	2023	Undisclosed	Add savings products
MasCaja	Stori	US / Asia VC-backed	Credit card fintech	2023	Undisclosed	Add deposit-taking
Apoyo Múltiple	Fondeadora	US / global VC-backed	Challenger bank	2023	Undisclosed	Regulated deposit platform
JP Sofiexpress	DiDi México / DiDi Group	China-owned	Mobility / tech platform	2024	Undisclosed	Add savings to ecosystem

Source: El Economista, Reuters, El Economista, PR Newswire, El Economista, web.didiglobal.com, Coface, portafolioinfo.cnbv.gob.mx, Nu Holdings Ltd. Financial Statements 2021, BCB, Banxigo, Storicard

MFBS OFFER A LOW-CAPITAL ENTRY ROUTE

Market Tailwind: Nigeria is one of Africa's most attractive banking markets, with revenue pools expected to reach $16B by 2030.

The Gap: Top commercial banks are consolidating (64% asset share) and capital barriers are rising, making direct entry extremely expensive.

The Opportunity: Microfinance Banks offer immediate, low-ticket access to retail deposits, lending capabilities, and national payment rails.

Metric	Commercial Banks	Microfinance Banks
Number of institutions	24	729
Total assets	$151.4B	$1.9B
Loan portfolio	$40.1B	$896.6M
Customer deposits	n.a.	$896.6M
Revenue / gross profit proxy	$11.5B	n.a.
NPL / risk ratio	6.90%	12.7% PAR
ROA	2.2% pre-tax ROA	n.a.

Note: Original data reported in Nigerian naira; USD conversion uses USD 1 = NGN 1,450.

Source: NDIC — List of Commercial Banks, NDIC — List of Insured Institutions, NDIC — List of Microfinance Banks, Agusto & Co. — 2025 Nigerian Banking Industry Report, Agusto & Co. — 2025 Nigeria's Microfinance Industry Report, McKinsey — From potential to performance: A snapshot of African banking

NIGERIA 🇳🇬

THE MFB ENTRY ROUTE

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Market Advantage: Low capital requirements (~US$150K–3.7M) offer immediate, low-ticket entry compared to consolidating commercial banks.

Local Nuance: Provides direct integration into Nigeria's national payment rails (NIBSS) and retail deposit capability.

Execution Risk: Target asset quality varies wildly across the 729 institutions, and CBN change-of-control approvals require rigorous compliance.

🎯 **Target**
Microfinance Bank

🏦 **Market Supply**
729 active institutions

⚖️ **Foreign Ownership**
Permitted

💰 **Capital Requirement**
~$0.15 – 3.7 million

Source: REGULATORY AND SUPERVISORY FRAMEWORK FOR MICROFINANCE BANKS [MFBs] IN NIGERIA, REVIEW OF MINIMUM CAPITAL REQUIREMENT FOR MFBs IN NIGERIA

M&A: FOREIGN-BACKED FINTECHS BUY MFBS

Market Signal: Foreign-backed fintechs and financial groups are already using Nigerian MFBs as regulated entry vehicles.

Buyer Logic: The goal is not traditional banking consolidation, but access to deposits, NIBSS rails, lending licences and a regulated base for digital banking.

Benchmark Case: Axian acquired Letshego MFB Nigeria for US$2.6M as part of a broader African digital-finance expansion strategy.

Strategic Read: Nigeria's MFB deals show the same licensing playbook: buy a small regulated bank → digitize it → expand into lending, payments and deposits.

Acquired Bank	Acquirer	Capital origin	Year	Deal Size / Financial Proxy	Strategic rationale
Letshego MFB	Axian	UAE	2026	$2.6M	Digital banking expansion
Ladder MFB	Paystack / Stripe	USA	2026	n.a	Paystack MFB: deposits + loans
Maritime MFB	PayHippo	YC / global VC-backed	2022	n.a	Digital banking expansion
Zazzau MFB	Rank / Moni	YC / foreign VC-backed	2025	n.a	Rank MFB, community digital banking expansion
Bankly MFB	C-One Ventures	Mostly local / unclear	2025	n.a	Fintech ecosystem expansion

Source: Letshego Africa Holdings Circular to Shareholders - Proposed Sale of Certain East and West Africa Subsidiaries.pdf, The Paypers, Techcabal, FinTech Futures, IBS Intelligence

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5 BANKS 5 MARKETS IN ONE $63M DEAL

Benchmark Case: AXIAN agreed to acquire five Letshego institutions across Tanzania, Ghana, Uganda, Rwanda and Nigeria for US$62.7M.

Strategic Logic: Instead of applying for new licences market by market, AXIAN is buying existing regulated platforms.

Platform Value: The acquired institutions provide a base for digital banking, lending and financial-inclusion expansion across Africa.

Validation: The deal confirms the core thesis: small regulated entities can be used as a faster multi-market entry route.

Bank / financial institution	Country	Purchase price
Letshego Faidika Bank Tanzania Limited	Tanzania	US 25.9m
Letshego Ghana Savings and Loans PLC	Ghana	US 17.0m
Letshego Uganda Limited	Uganda	US 10.5m
Letshego Rwanda Limited / PLC	Rwanda	US 6.7m
Letshego Microfinance Bank Nigeria Limited	Nigeria	US 2.6m
Total	-	**US 62.7m**

Source: Letshego Africa Holdings Circular to Shareholders - Proposed Sale of Certain East and West Africa Subsidiaries.pdf

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OTHER CASES: SMALL BANKS AS ENTRY PLATFORMS

Benchmark Signal: Similar small-bank acquisition plays exist beyond the core five markets.

Cambodia Case: KB Kookmin acquired Tomato Specialized Bank for US$10.8M to enter consumer finance and auto installment lending.

Tanzania Case: National Bank of Malawi acquired Akiba Commercial Bank for US$7.31M to expand regionally through an existing banking licence.

Strategic Read: These cases support the same thesis: small licensed banks can be used as faster regulated entry platforms for lending expansion.

Market	Bank acquired	Acquirer	Capital origin	Acquisition year	Acquirer country / capital	Deal amount
Cambodia	Tomato Specialized Bank	KB Kookmin Card / KB Financial Group	South Korea	2018	South Korea	US$10.8m
Tanzania	Akiba Commercial Bank	National Bank of Malawi	Malawi	2022	Malawi	US$7.31m

Source: Yuantacambodia, African Markets

STRATEGIC CONCLUSION: MARKET PRIORITIZATION

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Market	Target Institution	Capital / Entry Proxy	Regulatory Status	Scaling Potential	Recommendation
Philippines	Rural bank	US$0.15M–5.0M	🟢 **Proven** — foreign route exists, with 60% ownership cap and local partner requirement	**High** — multiple rural banks already converted into digital banking platforms	**Priority 1**. Best low-cost route: cheap, proven, available target pool, clear digital-bank precedent.
Kenya	Deposit-taking MFB	US$1.7M–4.7M	🟢 **Favorable** — control acquisitions feasible, subject to CBK approval	**High** — MFBs unlock deposits, SME lending and digital banking expansion	**Priority 2**. Strong distressed-asset play: weak MFB sector creates attractive entry opportunities.
Nigeria	Microfinance bank	US$0.15M–3.7M capital requirement / US$2.6M observed deal	🟢 **Favorable** — foreign investors permitted, but CBN approval required	**High** — MFBs provide deposits, NIBSS access and payments/lending infrastructure	**Priority 3**. Attractive but execution-heavy: strong licence value, but target quality and approval process matter.
Mexico	SOFIPO	~US$3.0M observed deal / very low minimum capital	🟡 **Moderate Risk** — feasible bank-like route, but SOFIPO is not a bank	**High** — proven savings/deposit scale through Nu, Stori, Klar and DiDi	**Priority 4**. Strong scale route, but profitability and credit risk remain key concerns.
Indonesia	BPR / rural bank	US$0.18M–10.0M	🔴 **Untested** — local fintech cases proven, but foreign-led BPR acquisition route remains legally unconfirmed	**High** — 1,344 BPRs and strong local fintech validation	**Watchlist**. High-upside market, but should not be prioritized before legal validation of foreign BPR ownership route.
Other markets	Small specialized / commercial bank	US$7.3M–10.8M	🟡 **Case-specific** — depends on country, licence type and regulator approval	**Medium** — useful as regional expansion platform	**Selective only**. Good supporting evidence, but not enough to prioritize without live targets.

ABOUT MD FINANCE

We are a fast-growing technology company providing financial services across global markets, combining proven business models with AI-powered solutions. Since 2015, we have been serving thousands of people, empowering them through fast and simple financial products.

MISSION

We create easy-to-use financial products to address real-life needs as they come up — fast and without any hassle.

VISION

We envision a world where people move freely toward their goals, supported by financial solutions that are always ready, always simple, and always there when needed.

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