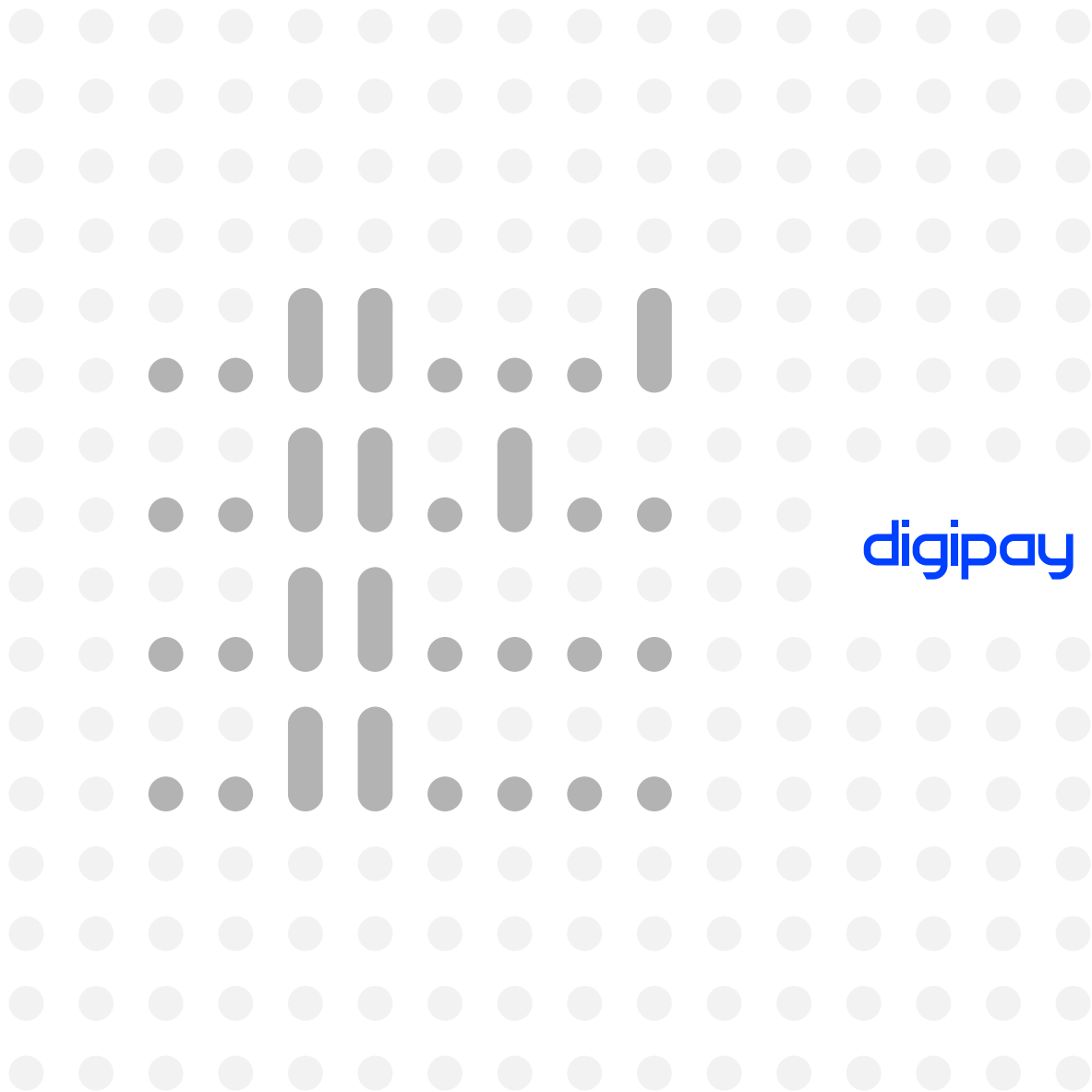




digipay

The present report is a representative excerpt from Digipay's performance in 2021, which has been compiled based on the data and info from its departments of Business, Customer Experience, Marketing, Customer Support, Technology, and Data.

The purpose of publishing this report, while providing clear answers to frequently asked questions about Digipay activities, is to create an opportunity to review and analyze the growth of the nation's FinTech and LendTech-fields in which Digipay operates as a new and yet, influential player. The data contained in this report also demonstrate Digipay's pivotal role in the value cycle for the customers of Digikala- the largest e-commerce business in the Middle East. The fact that the report's data come from such large user groups renders it also beneficial to other businesses than those in FinTech industry by providing a comprehensive overview of the current status of the Iranian digital economy.

As for the narrative theme of the current edition of Digipay's annual report, we were inspired by the Binary Numeral System- codes of 0 and 1 which are the basis of computer science and electronics operation.

Metaphorically, the interpretation of 0 as a coin to represent traditional economy, and of 1 as a symbol of start-out and adventurism suggests the ideas of more risk-taking, transformation, and development which set out Digipay's objectives for the year 2022 at the turn of the Iranian century.

What's more, at some points in the report we invite the reader to join the fun and decipher the binary codes to access some info using the key which has been provided at the end of the report (page 43). It also needs to be mentioned that the data and statistics presented in this report cover Digipay's activities from December 21, 2020 to December 20, 2021 and therefore, are comparable to the performance of the company in the same period in the previous year.

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Digipay

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Digipay in 2022

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Fully funded by Digikala, Digipay started out in the summer of 2018 in FinTech industry with an strategic objective of ongoing financial inclusion through the growth of the e-commerce, and development of the digital economy. To realize these, the group has constantly been focused on the simplification of complex day-to-day financial processes by transforming traditional processes and introducing smart solutions.

With the expansion of Digipay user groups, the security and speed of service delivery became even more crucial, and this has led to the launch of Digipay Smart IPG. This service has made payments safer and faster with a decreased rate of errors.

The group also came up with Digipay Refund- a groundbreaking service at the time of its launch- for online businesses who had challenges refunding the customers that cancelled their orders.

One of the first services that Digipay focused on, having established itself in online payment industry, was to provide users with the possibility of making installment purchases from DigiKala. Installment purchase is a smart solution that combines the old concept of credit allocation in the banking system with new methods of using credit in retail sector- a great step toward financial inclusion and hence for further prosperity of e-commerce and digital economy.

As Digipay's services expand, its user groups have gone well beyond natural persons to include e-commerce businesses, websites, and companies.

As young as it is, Digipay has had a prolific performance in the past three years, offering solutions and services which are also scheduled to improve in the coming year. Some of these solutions and services are: Digipay super application, credit scoring models to grant credit to users, compensation services to repair digital goods, and wealth management services for investment facilitation.

Digipay's growth agenda for 2022 has been planned based on a number of fundamental preparations and orientations in 2021 including a systematic analysis of the industry and its requirements, further reliance on the capabilities and expertise of Digipay human capital, and tapping into the existing capacities in the national digital economy.

Digipay over the past year



1,000,000

active installations



150,000,000

visits to Digipay website and super app



1,200,000

average monthly
transactions by super app



4,300,000

average monthly
transactions by UPG



+16,000,000

average yearly
transactions by digital
wallet



**+IRRs
7,000billion**

average yearly transaction
by digital wallet



88,692

granted microcredits



**IRRs
9,200billion**

credit granted



27,000

BNPL credits granted



**IRRs
154,000billion**

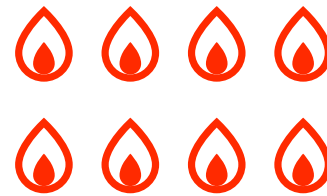
BNPL credit granted

A Hot Digipay Day in 2021



+IRRs 190billion

paid by super app



+IRRs 1,700billion

paid by UPG



298,388

transactions by UPG

250,943

visits to website & super-application



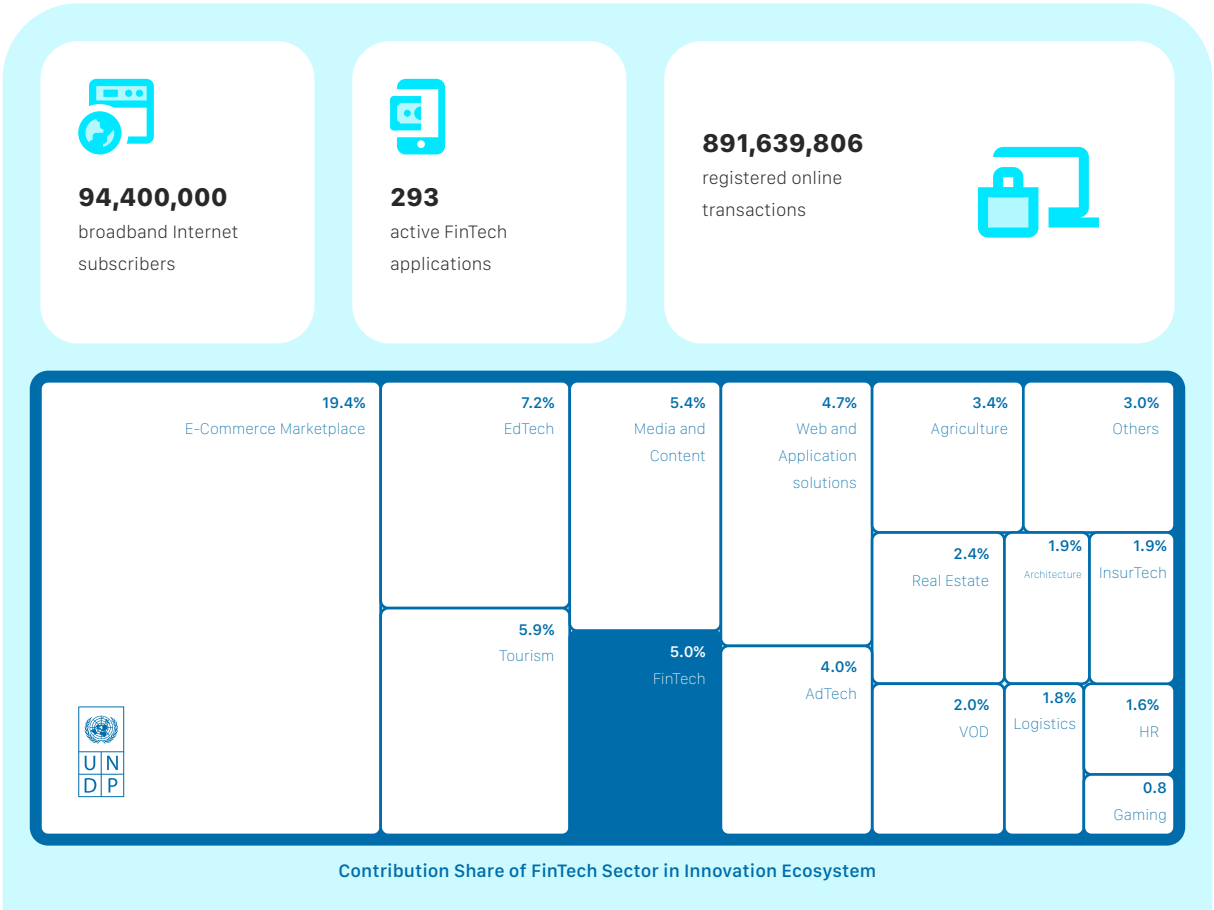
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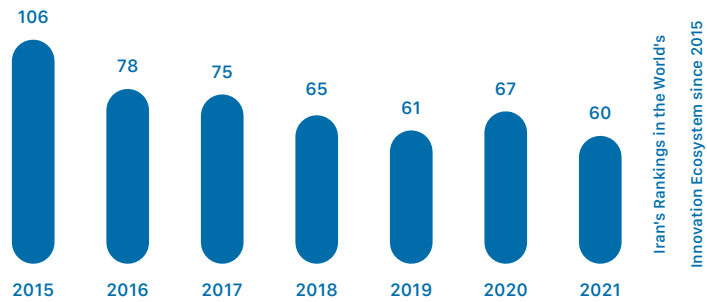
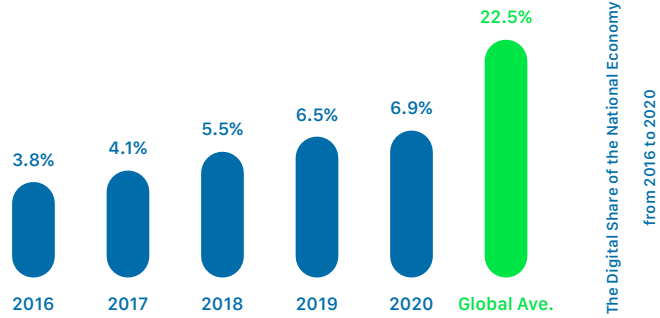
spent averagely by users on super app



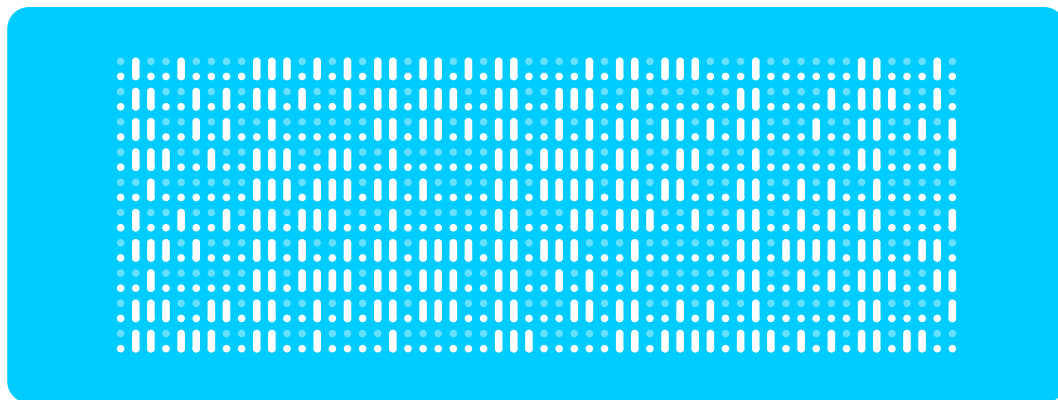
The Iranian Digital Economy

Developing digital economy opportunities for better financial inclusion has been our focal objective in the past years. Here is a quick look at some facts and figures on the Iranian digital economy in 2021.





- Iran's Digital Economy Report -2020
- Iran's E-Commerce Report -2020
- Shaparak (Electronic Card Payment Network) latest economic report
- UNDP Report on the Innovation Ecosystem in Iran- 2022



The world's digital economy has witnessed a boom in recent years, especially thanks to the coronavirus pandemic outbreak. By the same token, the Iranian digital economy has grown more than 81% from 2015 to 2020.

Likewise, the Iranian innovation ecosystem has moved up in the world's ranking from 106 in 2015 to 60 in 2021, seeing a five-percent contribution share from the FinTech sector.

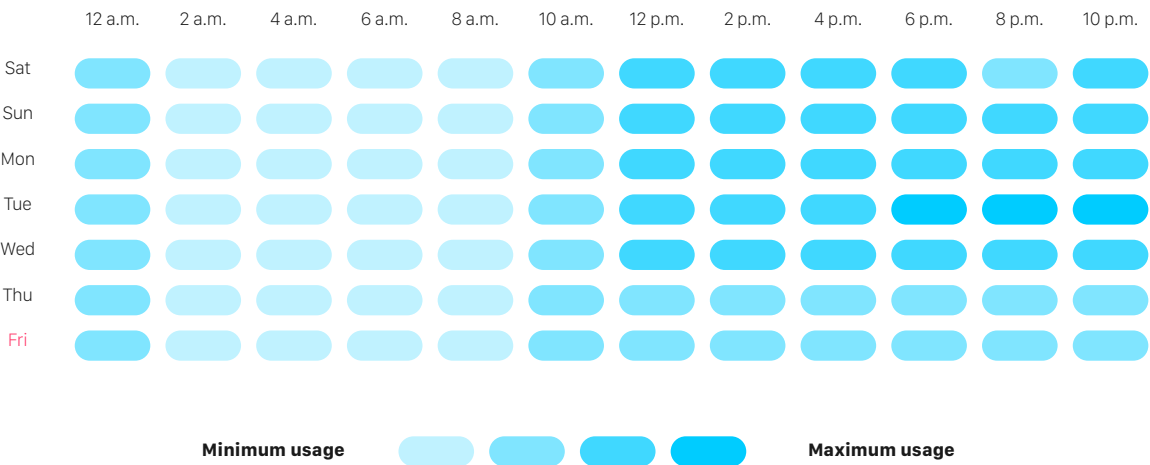
There seem to be an abundance of unique opportunities in prospect for the nation's rising FinTech and LendTech industries. This is well supported by high market appetite for microcredit services as well as the growing knowledge and desire of the society to use online financial services. In other words, FinTech statistics, when looked at in the context of the national digital economy capacities including the high-speed internet penetration rate across the country, speak for the potential of an enormous growth for the industry in the digital economy and the innovation ecosystem.



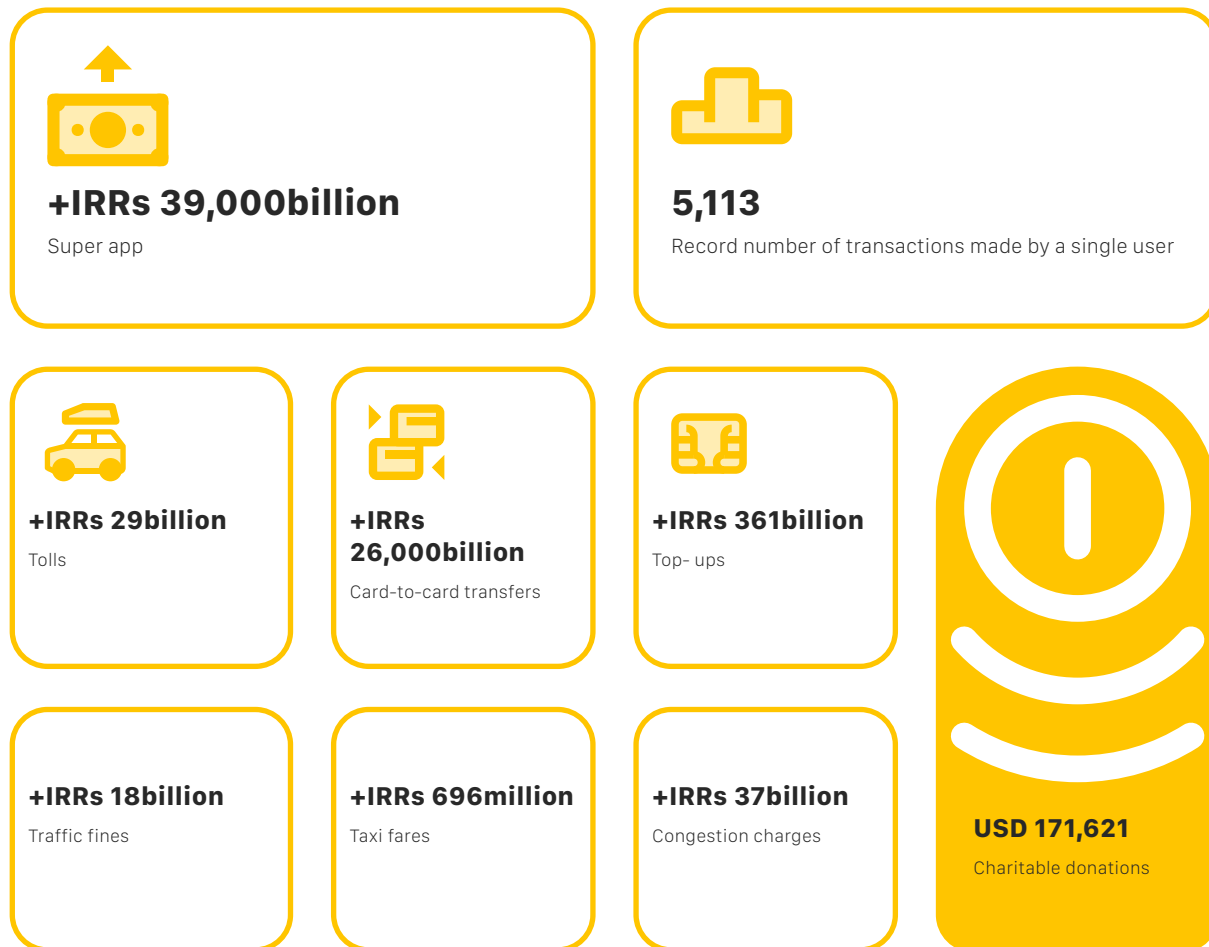
Super-application

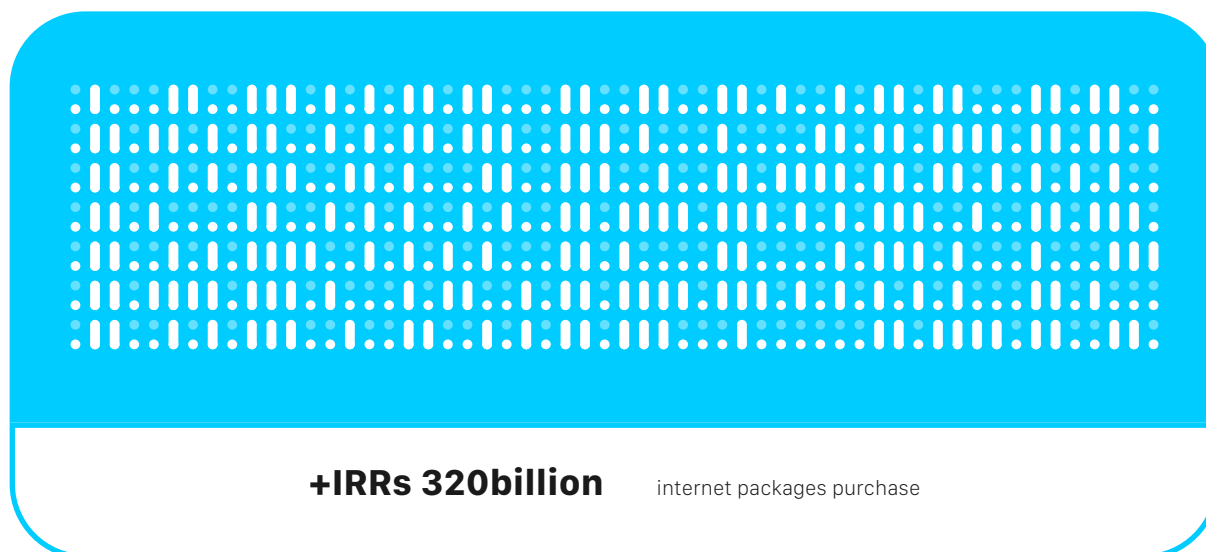
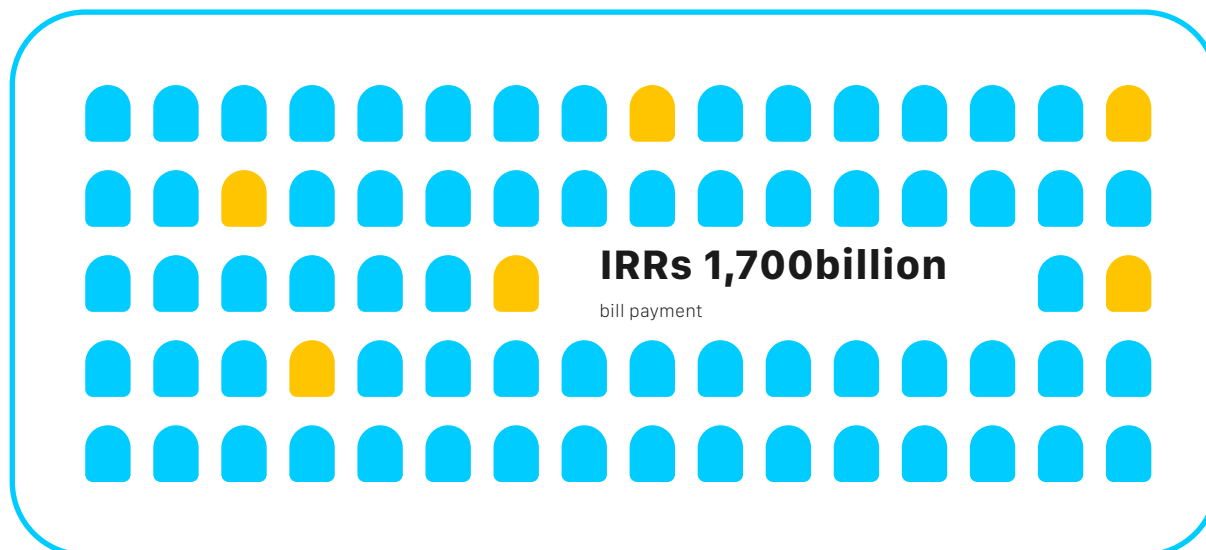
The first version of Digipay's super-app was released in autumn 2018 offering a limited number of services such as purchasing top-ups and internet packages, paying bills (without a query option), and card-to-card money transfer. Now, three years on, the super app offers ten different services which make for daily finances such as money transfer (both card-to-card and wallet types), paying bills, buying top-ups and internet packages, buying insurance plans, paying tolls, paying congestion charges, paying taxi fares, charity donations, and so on.

Digipay Super App's Weekly Usage Pattern Hour/Day Wise

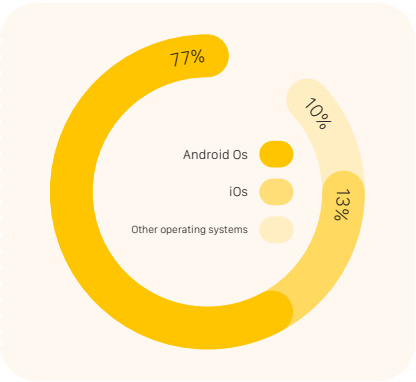
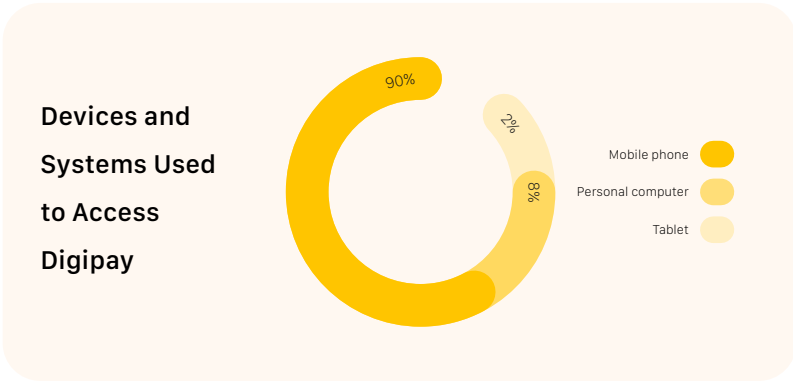
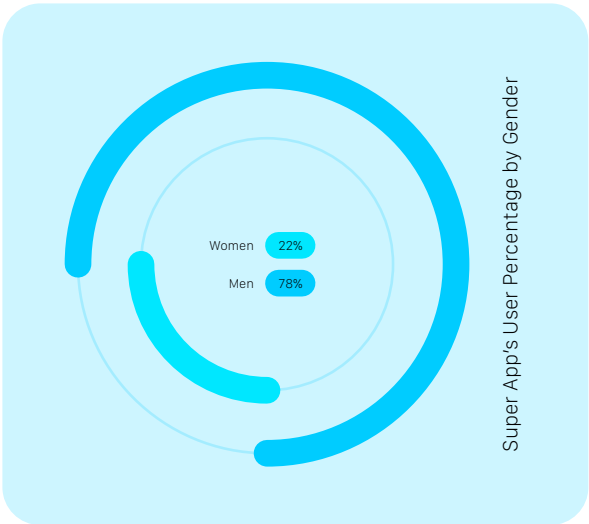
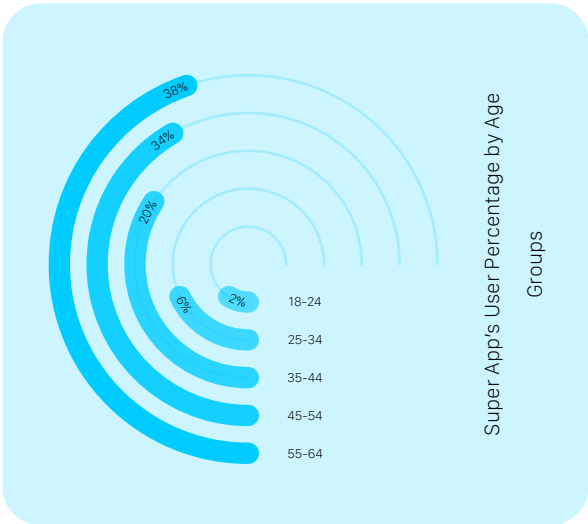


Transaction Value Breakdown by Most Popular Digipay Services



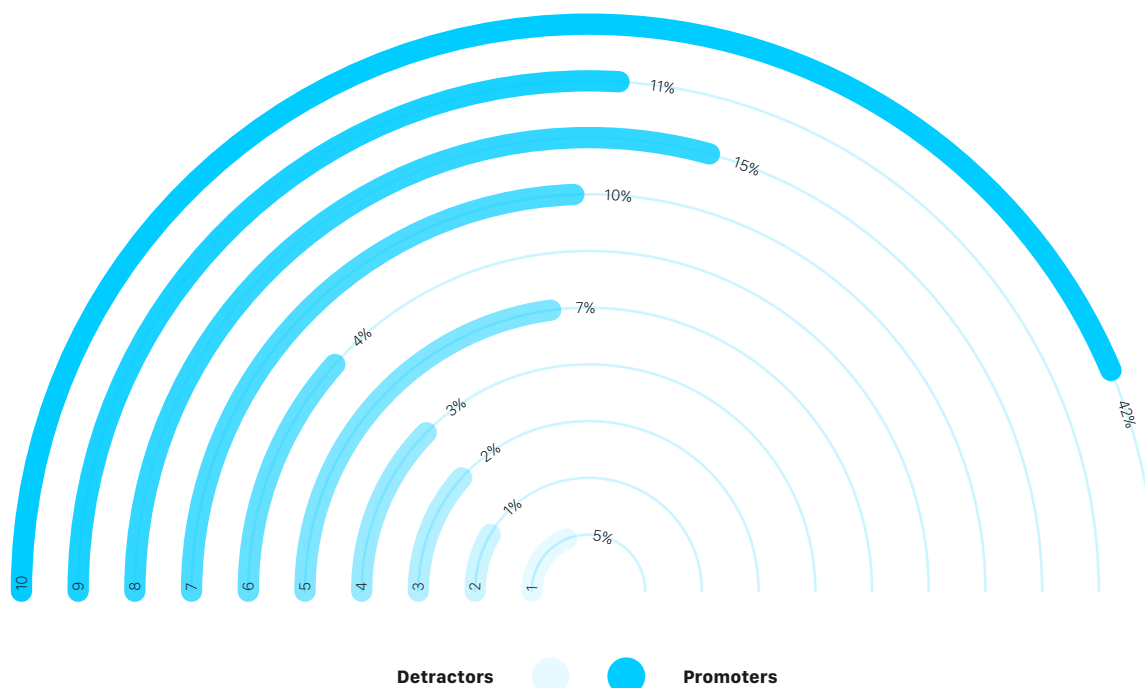


User Demographics



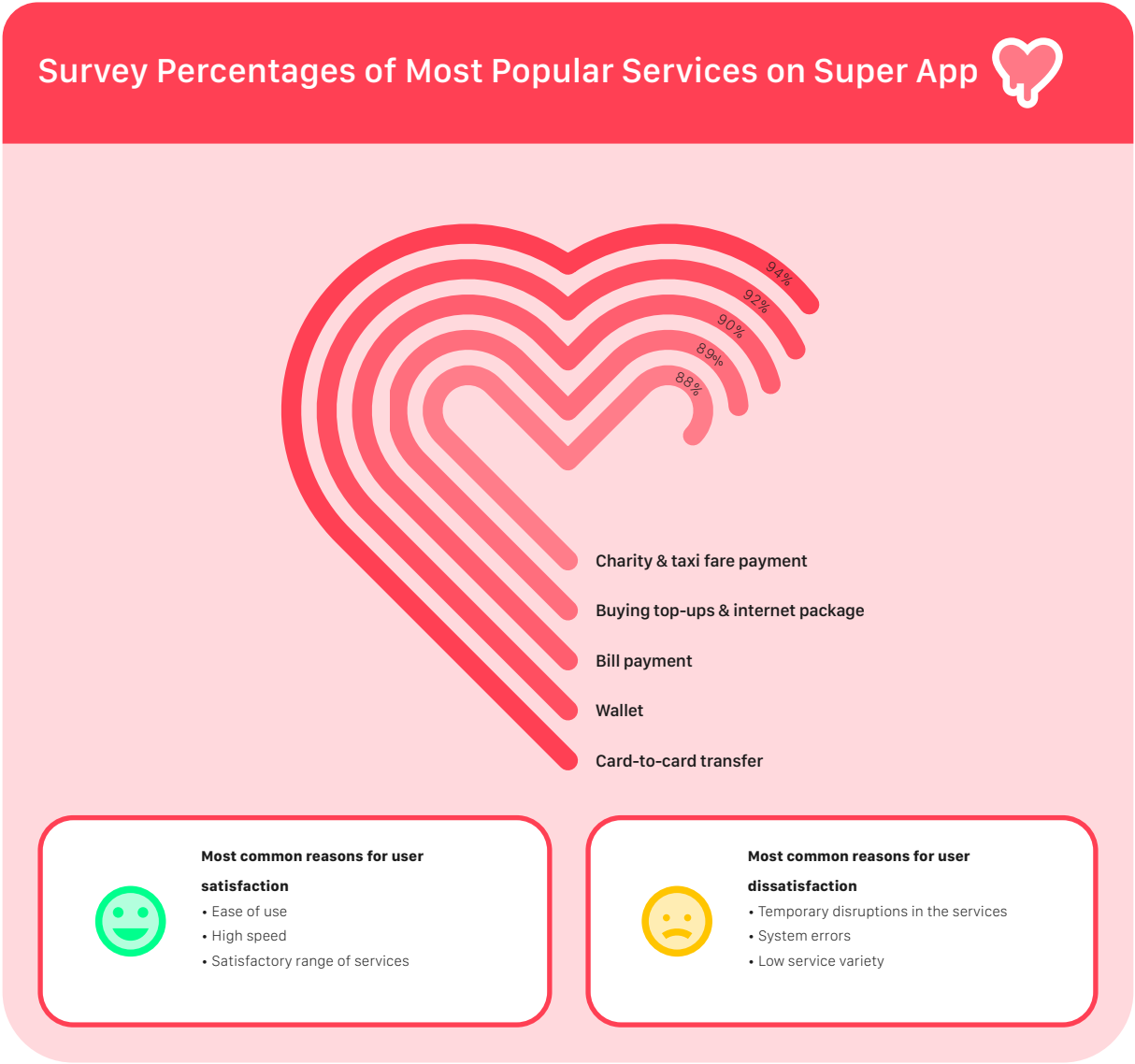
User Feedback

What percentage of users recommend Digipay to others?



In 2021, three million online questionnaires were sent out to Digipay users, around 6% of whom took part in the survey.

According to the findings, 53% of the participants expressed that they recommended Digipay to others.





Credit Services

Digipay's credit services have created a platform for end users and vendors to receive credit. As a facilitator of access to credit services, Digipay offers these services to its users in several specific cases as the following:

Granting Credit to End Consumers

This service allows the user to receive credit and thereby make installment purchases without a need to introduce a guarantor, and solely on a bank credit report. The service is currently an option only on Digikala platform but is also going to be extended to other online recipients soon. Installment purchase credit comes in two main types: C-Credit, which enables customers to make installment purchases only on Digikala; and BNPL, whereby customers are allowed credit not on the condition of securing a guarantor, but by way of identification and credit score requirements.

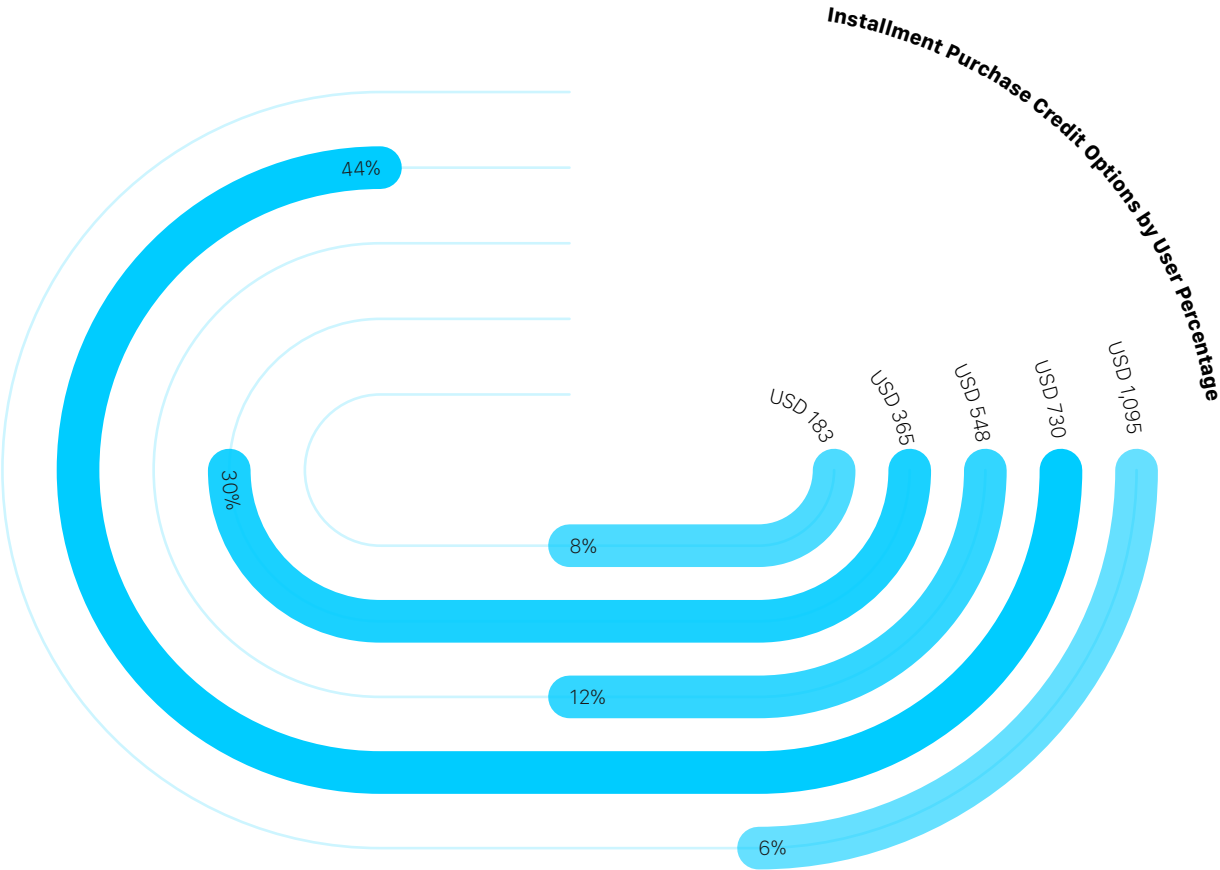
Supply Chain Finance (SCF)

Marketplace vendors, as the main links in the supply chain, need to have sufficient financial stamina to sustain their required capital amount. SCF is a creative, technology-driven financial service which enables marketplace vendors and suppliers to gain faster access to their working capital and hence, powerfully complete the value chain. SCF is one service that was experimentally used by Digikala vendors in 2021 and effectively helped them raise capital.

Digipay's major share in the market of credit purchasing services on one hand, and the possibility of testing its services across such a vast scale as Digikala user groups on the other, clearly suggest the paramount importance of the information in this part of the report for the Iranian microcredit market.



More than 88,000 Digikala-specific microcredits have been provided to users.



IRRs 9,200billion

installment purchase credit granted to users

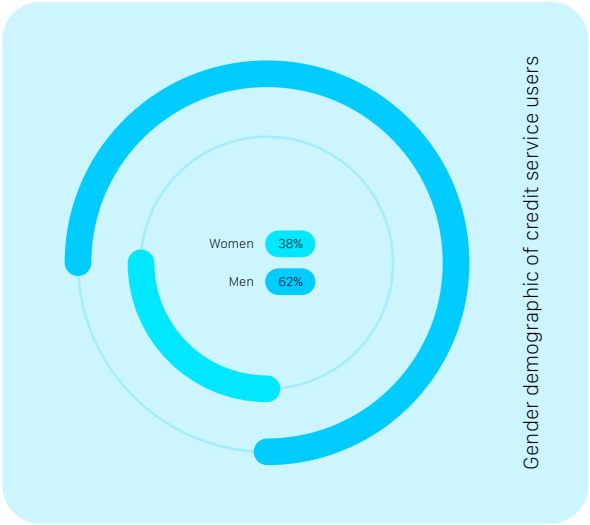
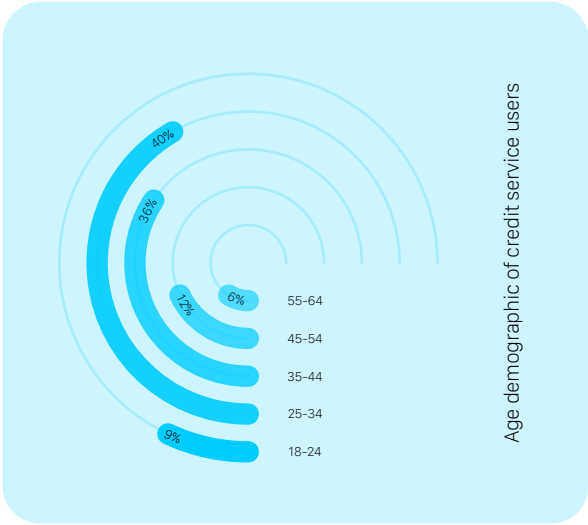
446,522

Users on the list to receive installment purchase credits



5,716,541

unique visits to Digipay's installment purchase page.



Most popular product categories for installment purchases



Largest installment purchase by quantity
On November 26, 2021.



Highest installment purchase by value
On June 30, 2021.

Geographical Scope of Users of Installment Purchase Services



Geographical Map of Users of Installment Purchase Services



Buy Now Pay Later (BNPL)

BNPL refers to the schemes that enable consumers to buy goods or services and pay off the price in one or more installments.

BNPL services are normally characterized by a lower credit ceiling than other credit categories, as well as by shorter repayment period (maximum 4 months), low interest rate and commission fees, no requirement for a guarantor, and applicability to users who have no credit history. In BNPL plan, users receive credit based on their credit score at the time of purchase, and repay it in one or more months. The amount of the credit varies depending on a user's credit score. Therefore, users can improve their credit score and receive more credit by good customer behavior and positive track record.

As popular as this service is among young people who have recently become independent and do not yet have a credit history, it applies to people of all social categories.

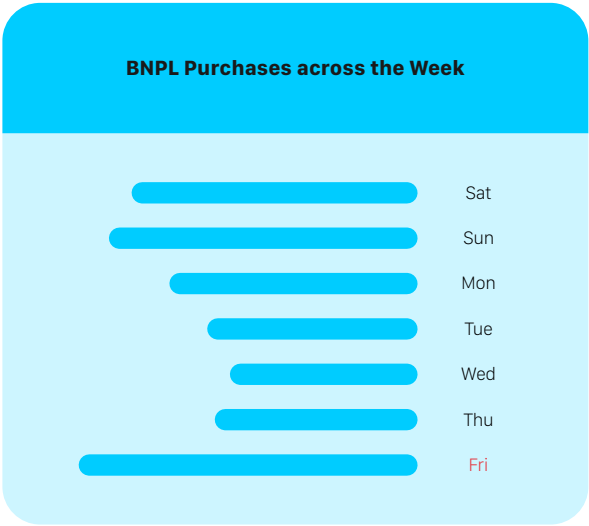
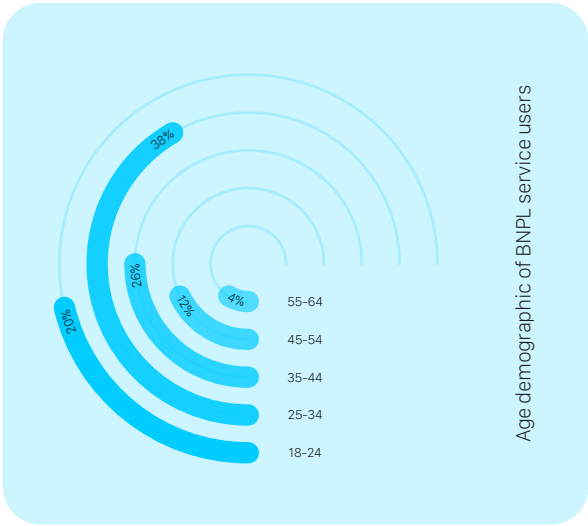
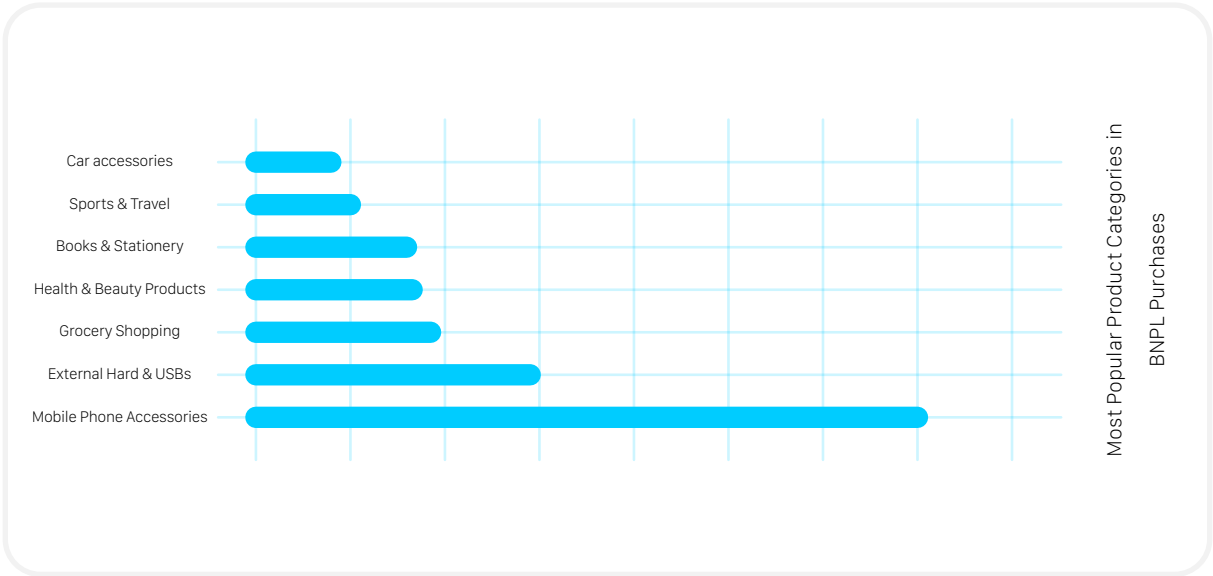
Having successfully tested BNPL services in the spring and summer of 2021, Digipay made them available to eligible users during Digikala's two promotion events which were held in the autumn of the same year.



Buy Now Pay Later!

27,000

Received BNPL credits





Digital Wallet

Digipay's digital wallet is a smart solution to save time and ease payment. Payment by digital wallet is possible for all in-app purchases and on Digikala Group websites.

The main advantage of a digital wallet is that it enables the user to make payments with the fewest possible clicks, in the shortest possible time, and without a need to enter their debit card info.

Direct Debit and Subscription Payment are two other services that have been made available to Digipay Wallet users since 2021. To enjoy these services, a user may enable "Auto Top up" feature and some permissions in the settings of the super app while producing a written letter of consent to both Digipay Company and the user's respective bank. The dynamic is that if the wallet balance falls below the amount authorized by the user, it will be automatically replenished by withdrawing from the user's bank account.

Auto Top up option greatly enhances user payment security as it eliminates some steps such as the routine requirement for entry of bank card info. The integration of this service with the subscription payment method allows users to benefit from single-click or no-click payments.

Due to highly strict technical and legal standards set by Regulator for digital wallet service, it usually tends to be less appealing to businesses to have one of their own. Therefore, Digipay has provided a valuable opportunity for online businesses whereby they can either benefit from Digipay wallet capacity as their own or tap into Digikala wallet service which is used by Digikala active users.

Charging digital wallet by Voucher Codes is another service that allows various authenticated businesses to deposit Voucher Codes into the user's wallet using an API call.

As an ultimate goal, Digipay wallet service is looking forward to creating an integrated wallet network among online businesses for fast and secure payment and hence, for boosted online business sales and e-commerce growth.

Digipay wallet service over the past year



+IRRs 7,000billion

transacted by wallet



27%

wallet-based transactions



1,533,764

successful deposits into wallet



IRRs 1,827billion

successfully deposited into wallet



271,679

successful transfers from
wallet to bank accounts

IRRs

805billion

successfully transferred
from wallet to bank
accounts



99,277

wallet-to-wallet
successful transfers

IRRs

42billion

successfully transferred on
wallet-to-wallet basis



4 times more transactions than the similar period last year

(also includes Digikala purchases, refunds, and cash-backs)

*Cash-back: refunding a percentage of money to the user

Time saved using wallet service vs. Smart IPG



If we compared a Smart IPG transaction method with a wallet one, we could see that the latter is at least 60 seconds shorter. In fact, the SPG transaction method requires a whole sequence of typing in debit card info, inserting password, receiving a dynamic password, and entering the dynamic password. However, a wallet transaction involves just entering a one-time password.

In 2021, wallet transactions helped users save a total of 1,773,135,780 seconds- equivalent to 56 years!

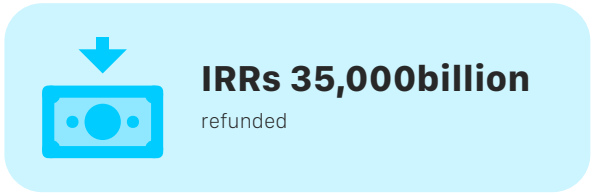
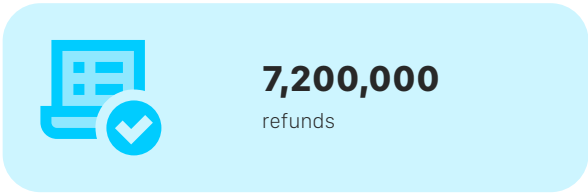
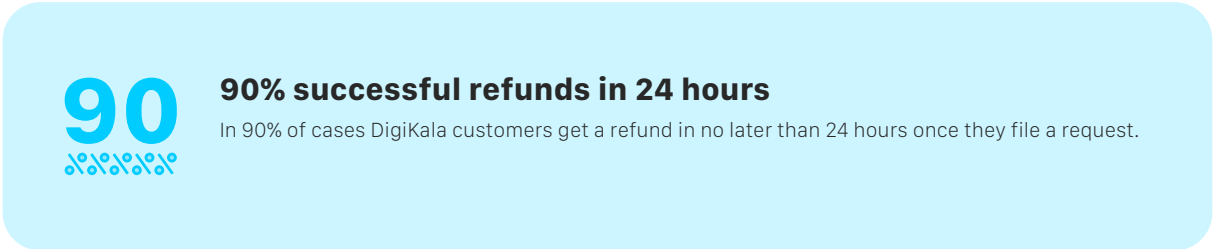
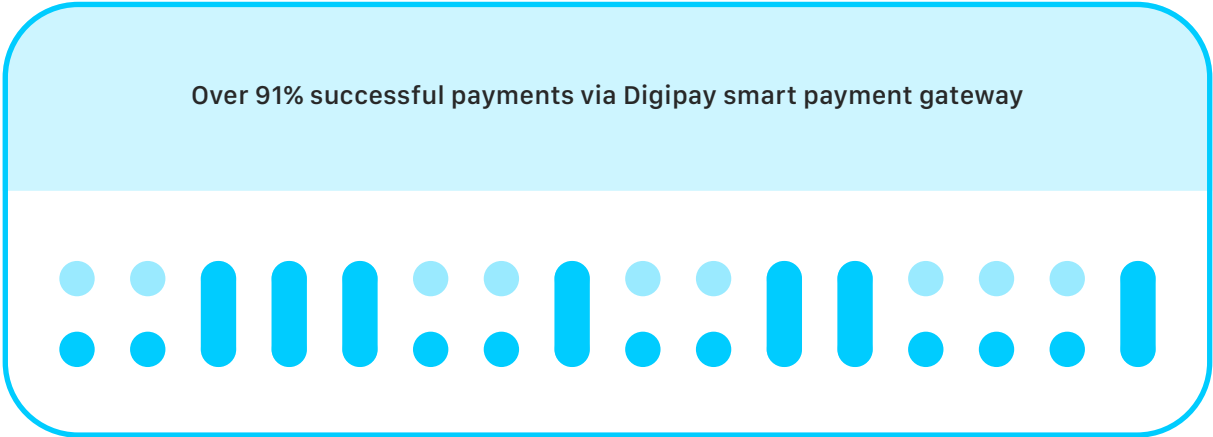
Smart IPG

Digipay Smart Integrated Payment Gateway is designed to make online payments more successful. Practically, the service monitors the performance quality of 6 gateways, rates them, and directs user transactions to best rated ones- all in real time- to increase transaction success rate.

The rating score of each gateway is calculated according to a number of criteria such as the time a gateway takes to receive tokens, payment processing time, anomaly rate of expired requests, and the average payment time in a gateway. Online businesses nationwide can experience one of the fastest payment gateways with minimum error rate by signing a single contract with Digipay instead of signing contracts with multiple banking payment gateways.

Refund

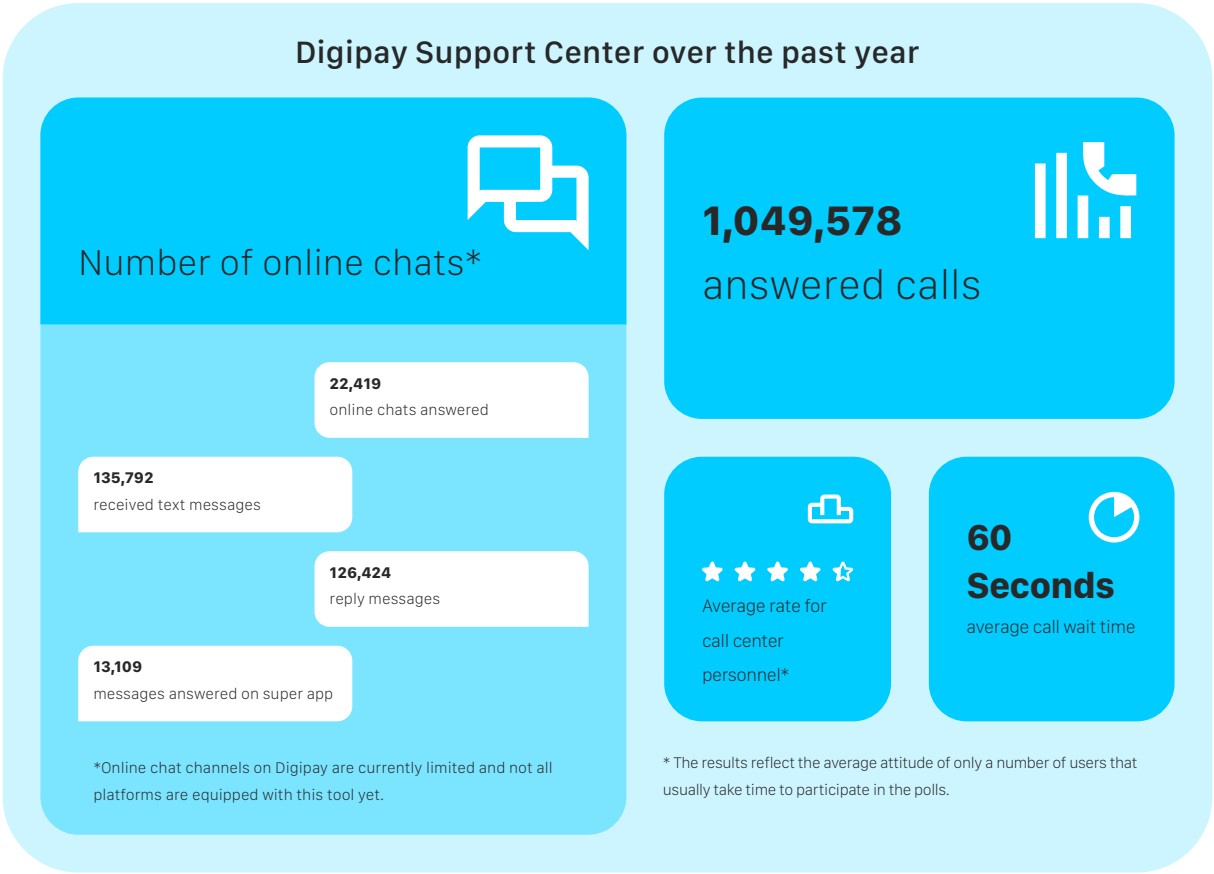
Digipay Payment Gateway also provides customers and sellers with a refund facility. Thanks to this service, if a customer cancelled their purchase order, the seller would be able to consider a refund to their bank account or wallet. Needless to say that technically, the refund service follows the dynamics of the aforementioned smart payment algorithms which find the best gateway to ensure high standard results.





Customer Support and Service Center

Digipay's Customer Support and Service Center is responsible for answering customer calls and communicating with them across all contact points, including social networks, websites, applications and call centers. In 2021 Digipay Operations Center went through challenging days under the coronavirus due to the heavily increased consumer online activity and a telecommuting policy.





Exposure on mass media

2,870 news items, reports, posts, video, and text content published on domestic mass media.





Events & Social Responsibilities

This part of the report deals with major Digipay events as well as the company's decisions impacting both the nature of its routines and the national FinTech industry in 2021.

Strict coronavirus protocols

The coronavirus pandemic took its toll on the world's economies and businesses; and Digipay was not an exception. At the high times of the pandemic, improving customer service quality while paying extra attention to the health of employees has been our prime social responsibility. Therefore, we tried hard and created a secure healthy work environment for our colleagues by strict telecommuting protocols and work in shifts while maintaining consistent responsiveness to our users.

Scan to view 2020 report:



Unveiling Digipay 2020 report

In March 2021, Digipay unveiled its first annual report with the aim of providing a comprehensive transparent view of its activities and interests, as well as the behavioral patterns of the Iranian users of financial products. The event which was held online in view of the coronavirus protocols, was attended by Hooman Amini, CEO of Digipay and Hamid Mohammadi, CEO of DigiKala and focused on some key areas such as Digipay's services and its roles and objectives in e-commerce development and online economy, and facilitation of financial processes in online businesses with a focus on financial inclusion. At the end of the event, an online press conference was held in which the two CEOs addressed reporters' questions about more aspects of Digipay's report and activities.

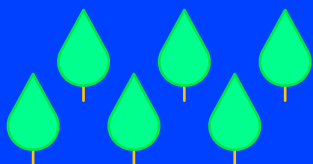
Publishing audiobooks

for the blind

In a 4-month collaboration with the Cinema for the Blind (Sevina) many audio books were produced and published for the blind.

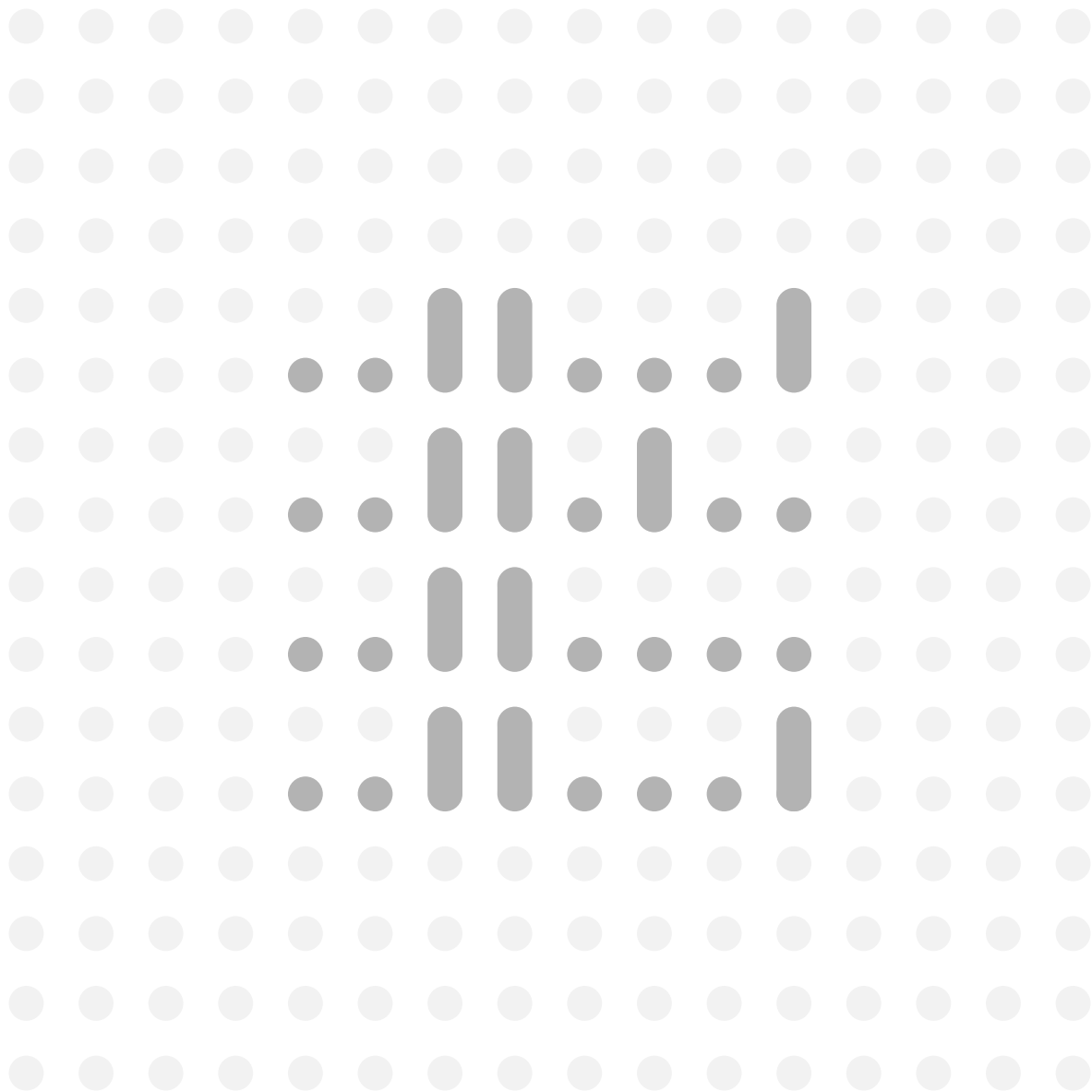
Holding joint campaigns with charities

As part of its social responsibilities, Digipay has been co-hosting fundraising campaigns with charities whereby it channels user donations to make the activities more effective.



Building Media Park to pay tribute to journalists

In August 2021, on the occasion of Journalist' Day and in memory of the late journalists Reyhaneh Yassini and Mahshad Karimi, Digipay built a Media Park (Park-e-Resaneh) in a village on the outskirts of Karaj.



Digipay in 2022

In 2021, some of Digipay services including BNPL, SCF, Wealth Management and InsurTech were launched in trial versions. Each one of these products came into existence based on hundreds of hours of systematic research work. Our vision for 2022 is to launch these products on a fledgling but confident and creative platform.



By Now Pay Later (BNPL)

With the increasing popularity of e-commerce in recent years which was especially fuelled by the COVID19 pandemic, the growing share of online sales in the retail market has paved the way for the presence of further innovative payment solutions. One which has been enjoying a high level of popularity among the younger generation is BNPL, which has had a significant growth rate compared to other solutions. Needless to say that the concept of BNPL as an installment purchasing service has been around for decades in its earlier forms across the world and only recently has been reintroduced as a comprehensive solution in the digital economy.

As smart phones and devices are gaining popularity over desktop PCs, BNPL services are charming more and more users. As a point-of-sale credit service, BNPL allows buyers to receive credit for installment purchase in the last 30 seconds before completing their shopping cart and to start paying for the items one month later and in a short period of time. After the debt is paid off, a new credit will be granted to the user. That is how easily BNPL boosts a customer's purchasing power.

BNPL in 2022

The service was test launched in 2021 to see how much of an improvement it could make to online payment experience by increasing users' purchasing power; however, the results were phenomenal. In 2022, BNPL service is scheduled to develop and mature further by supporting customers and recipients beyond Digikala network.





Supply Chain Finance (SCF)

If financing small and medium-sized enterprises as the main links of a supply chain is of paramount importance for the growth of the larger economy, it is far more so about online platforms and e-commerce businesses. Therefore, facilitation of their timely access to working capital would lead to a more efficient supply chain, more e-commerce flexibility, and more robust entrepreneurship in the digital economy. Supply Chain Finance (SCF) is a creative technology-driven method of financing marketplace vendors and suppliers to help them gain faster access to working capital and hence generate more efficiency both on micro and macro socioeconomic levels.

SCF in 2022

Digipay has set out well-defined plans to further develop its SCF solution and provide it to a larger community of vendors and small and medium-sized enterprises.



Wealth Management

One primary area of customer needs has been known to be wealth management- area where customers require smart advisory and technical assistance with their investment of any amount of finance. In 2021, twelve months of market monitoring, benchmarking, and studying the financial norms of the society confirmed the feasibility of the idea and therefore, the respective soft and hard infrastructures were created to have the service tailored to the needs of customer types.

However, in addition to all technical preparations, the first practical step was partnership with a fixed income fund so that customers could first make risk-free investments with any amount of money and any level of financial literacy. The following steps have been designed and implemented to achieve a transcendent image of wealth management:

- Investment in a fixed income fund, buying and selling stocks with a known fixed income sum and a higher interest rate than that in the banking system;
- Offering non-automated (human) consultation for investment in various funds;

Wealth Management in 2022

The fixed income fund is just one part of the plan in developing this product. The larger picture is to equip this product with innovative and technological tools so that customers can enjoy all the benefits of wealth management. Regarding this solution, some of Digipay's goals in the coming year are as follows:

- Investment in stock market using the e-wallet balance of natural persons;
- Possibility of receiving credit from banks in return for the user's stock balance as a guarantee and convertability of shares into the user's credit across the country's banking system;
- And a few other brand-new features, the details of which will be attractive and surprising to those interested in making investments;



Insurance Technology (InsurTech)

An indicator of financial inclusion is the extent of development and penetration rate of insurance technology. In this regard, having identified and analyzed structural and technical shortcomings in the national insurance industry such as lack of suitable platforms to compare insurance plans, and lack of integrated digital insurance services, Digipay managed to design and launch its InsurTech product which could significantly reduce the usual insurance challenges.

Digipay InsurTech service comes in several main categories with the following themes:

- Creating dynamic and smart tools for calculating and presenting insurance premium;
- Smart bundling of insurance policies;
- Creating smart risk assessment tools;
- Providing integrated insurance services based on smart tools (processes of issuance, endorsement, claim filing, claim settlement, etc.);
- Providing and bundling insurance services on digital platforms.

Last year, Digipay took advantage of Digikala's colossal share in digital products market and test launched an all-risk electronics insurance product with an end-to-end approach of support from the moment of sales to after-sales service.

InsurTech in 2022

As the required platforms for InsurTech has been completed, Digipay is now on its way to provide the service on a fully digital platform all around the country.



Last Word

What you just read was a concise factual report on Digipay's performance in 2021, which, more exactly, reviews the activities and achievements of the group from December 21, 2020 to December 22, 2021.

A new energetic player in FinTech industry, Digipay considers itself to be just at the beginning of a long path to fulfilling its beliefs and goals of financial inclusion. The year 2021, with all its ups and downs, was an opportunity for Digipay to make a huge leap and build suitable service platforms, and we see ourselves committed to exploiting them with the aim of providing the most decent services possible to our customers.



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The binary code key to the report's encrypted info

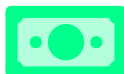
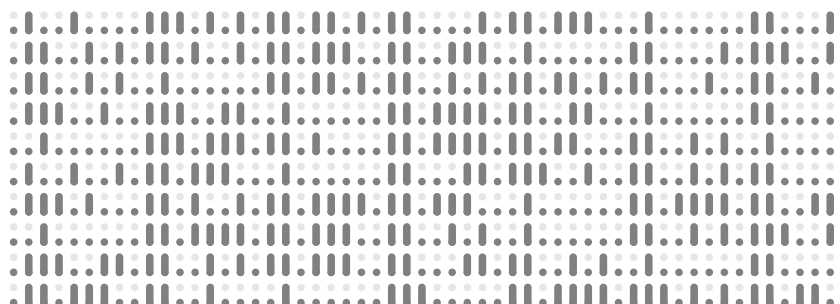


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Human Beings Are Members of a Whole In Creation, of One Essence and Soul



In 2021, each USD was equal to 260.000 Rials on average.

Shift to Digital Documentation: Save the Trees!

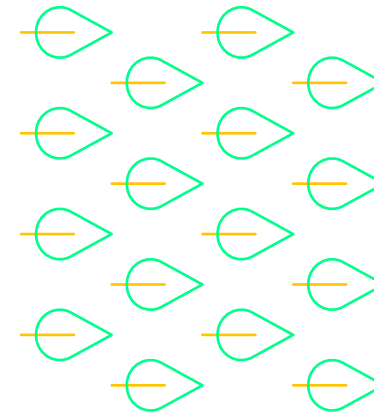
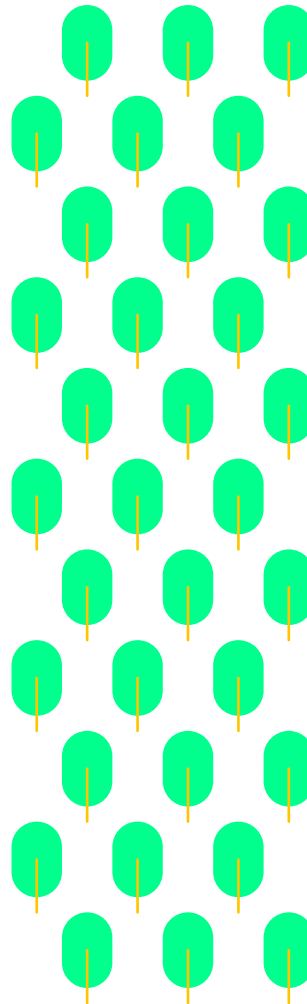
We have had to print out this report in a very limited number of hard copies on environmental grounds as a Digipay social responsibility. Therefore, to compensate for the paper used in preparing even this small number of copies, we decided to define and carry out a tree planting project in cooperation with forestry experts.

Accordingly, with the cooperation of the Algen Foundation- an NGO with a mission to save and restore Zagros forests- we took the responsibility of caring a number of Algen oak forest trees to play a part in saving the forests of the southwestern region of the country.

We also invite you, if you find the information in this report useful, to scan the code below and help Algen Foundation revitalize Zagros oak forests. Remember that every donation counts in the growth of a tree. In this project, you can take care of the trees in this region by donating a small sum of money for 5 years. You can enjoy revitalizing Zagros by following your personalized tree from the moment of planting the seeds all up to the next stages of watering, caring, growing and becoming a seedling.



Scan to support Algen
Foundation



Big Save on paper Waste

By shifting to electronic bill payment, we issued 3,042,924 electronic receipts, saving on paper amount which would make 2,429,000 book pages. Moreover, the issuance of 7,013,474 digital card-to-card money transfer receipts has saved 4,400 square meter of paper or 70,400 A4 sized paper sheets.

