



PAYGo 2.0 Pioneers

Early insights and evidence

26 June 2025

Acknowledgements & disclaimers

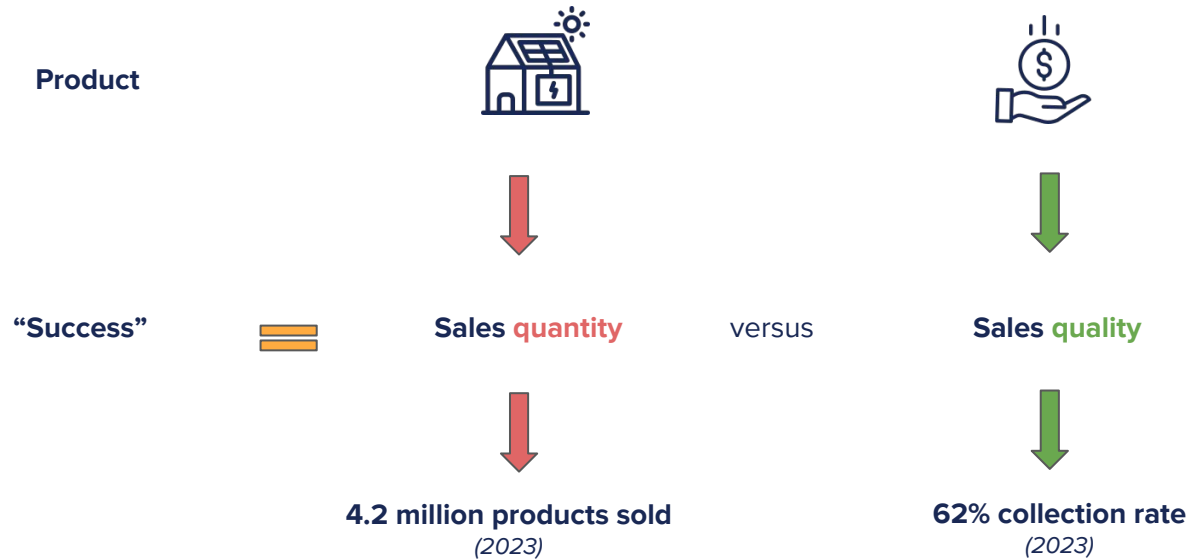
→ This insights report was **made possible thanks to:**



- We are also grateful to the **12 “PAYGo 2.0 pioneers”**. Though they remain anonymous, their dedication and commitment to fostering change within their organizations deserves recognition.
- All **raw contract data** shared by participating companies **remains strictly confidential**. The analysis captured in this report is such that none of it can be attributed back to any single PAYGo 2.0 pioneer.
- The **findings, interpretations, and conclusions** expressed in this report are those of PAYGo Lab and do not represent the views of any third parties, whether directly or indirectly associated with this work.
-  We appreciate our **close collaboration with GOGLA** regarding our joint efforts to help build a sustainable off-grid solar industry, alongside their help disseminating this report. As the global association for the off-grid solar energy industry, GOGLA supports over 200 members working to transform lives through clean, affordable, and high-quality solar products and services.

Setting the scene: the limitations of a “PAYGo 1.0” approach

- PAYGo 1.0’s challenges are structural, leading to slowing sales and lower investment flows
- PAYGo’s business model centers on the ***sale of two distinctive products***: a solar-powered product, and a loan



- With its impact-oriented origins, PAYGo’s primary measure of success has been the quantity of sales, ***aka PAYGo 1.0***.
- In order to thrive, the PAYGo industry must also master its second product - the loan. ***This is PAYGo 2.0***.

This report showcases experiences to date in pioneering “PAYGo 2.0”

- **12 PAYGo companies** pioneered the PAYGo 2.0 model
 - ◆ Covering **10 markets**
 - ◆ Cumulatively sold **200,000 SHS** in the 12 months prior to pioneering PAYGo 2.0
 - ◆ **255,000 SHS** sold since pioneering PAYGo 2.0
- Each PAYGo Pioneer embarked on a **change management process**, taking a balanced approach to managing sales and credit risk, in order to achieve long-term financial sustainability (aka “PAYGo 2.0”)
- **PAYGo Lab’s role**
 - Conducted tailored **quantitative and qualitative analysis** for each company.
 - Management team **bootcamp** to co-create a practical action plan.
 - Over 6 months, support via **monthly performance reports, coaching, and tools** to embed better customer care practices.
- **Report goal:** a candid, objective rendering of Pioneers’ PAYGo 2.0 journeys



PAYGo 2.0's five key success factors - what the strong Pioneers did well

1. Culture

Redefine “**success**”, and create clear accountability for it.

→ Success = ↑ good sales, ↓ bad sales

5. Customer Engagement

Focus on **customer success** via proactive monitoring.

→ **Prevention** and customer centric delinquency management **result in better outcomes for everyone**



2. Organization

Structure customer-facing side of business to have a **single point of accountability** throughout a customer's journey.

→ Customer has one interface from onboarding through loan completion

3. Management

Adopt metrics that **robustly measure “success”**, and be sure to **learn** from mistakes.

→ Customer defaults are an opportunity to learn - “what signal did I miss?”

4. Customer Onboarding

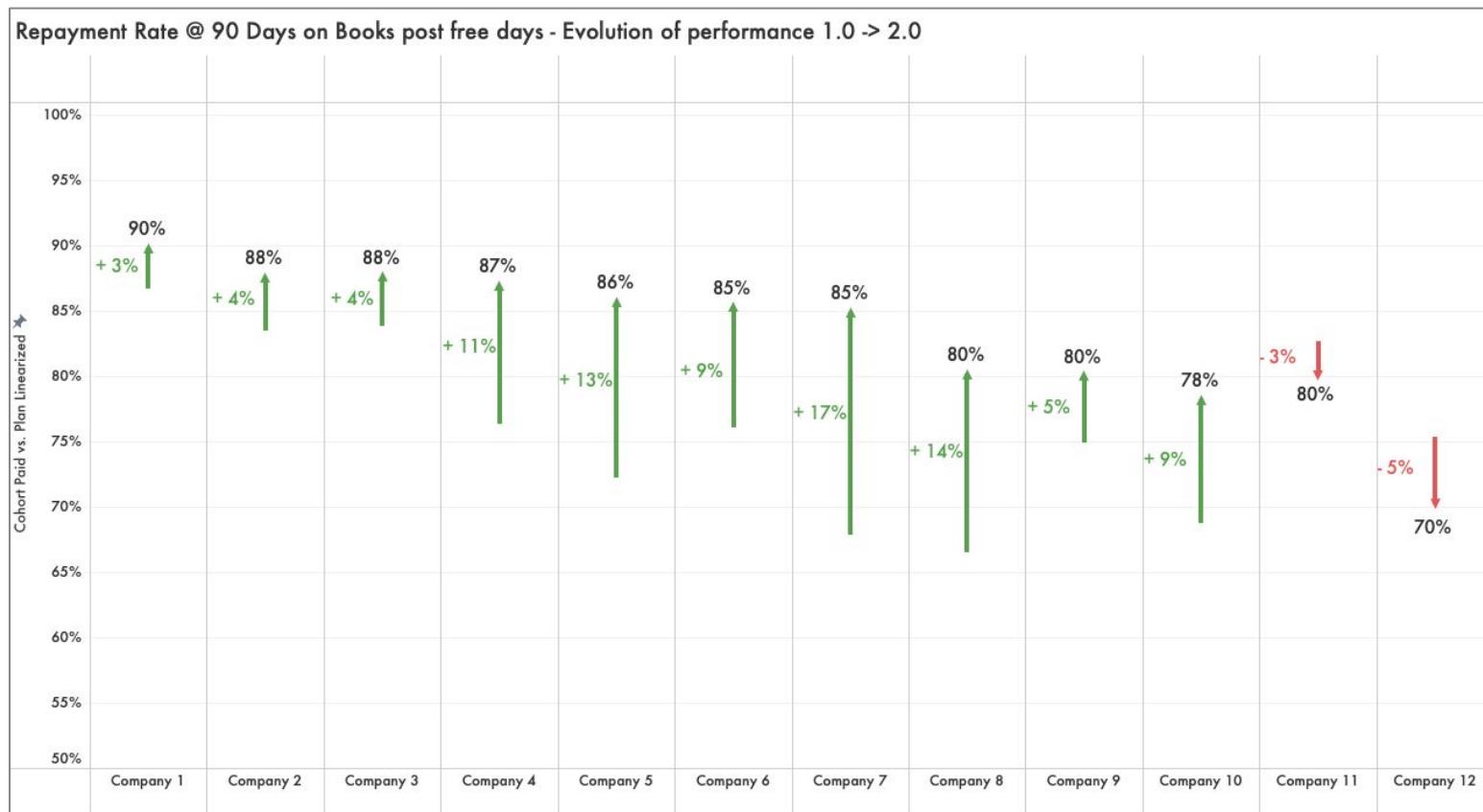
Assess customer **willingness and ability to pay**, ensuring they make a well-informed decision.

→ **Avoid “hard sells”**, which often results in customer dissatisfaction and loan losses.

The result: better onboarding = better repayment

We benchmarked 90-day repayment rates for contracts registered before and after the introduction of PAYGo 2.0.

- **10 out of 12 companies** saw an improvement in 90-day repayment performance
- **+ 6.75% average change** (range: +17% to -5%)
- Both **large gains from low baselines** and **incremental improvements from strong starting points** are noteworthy



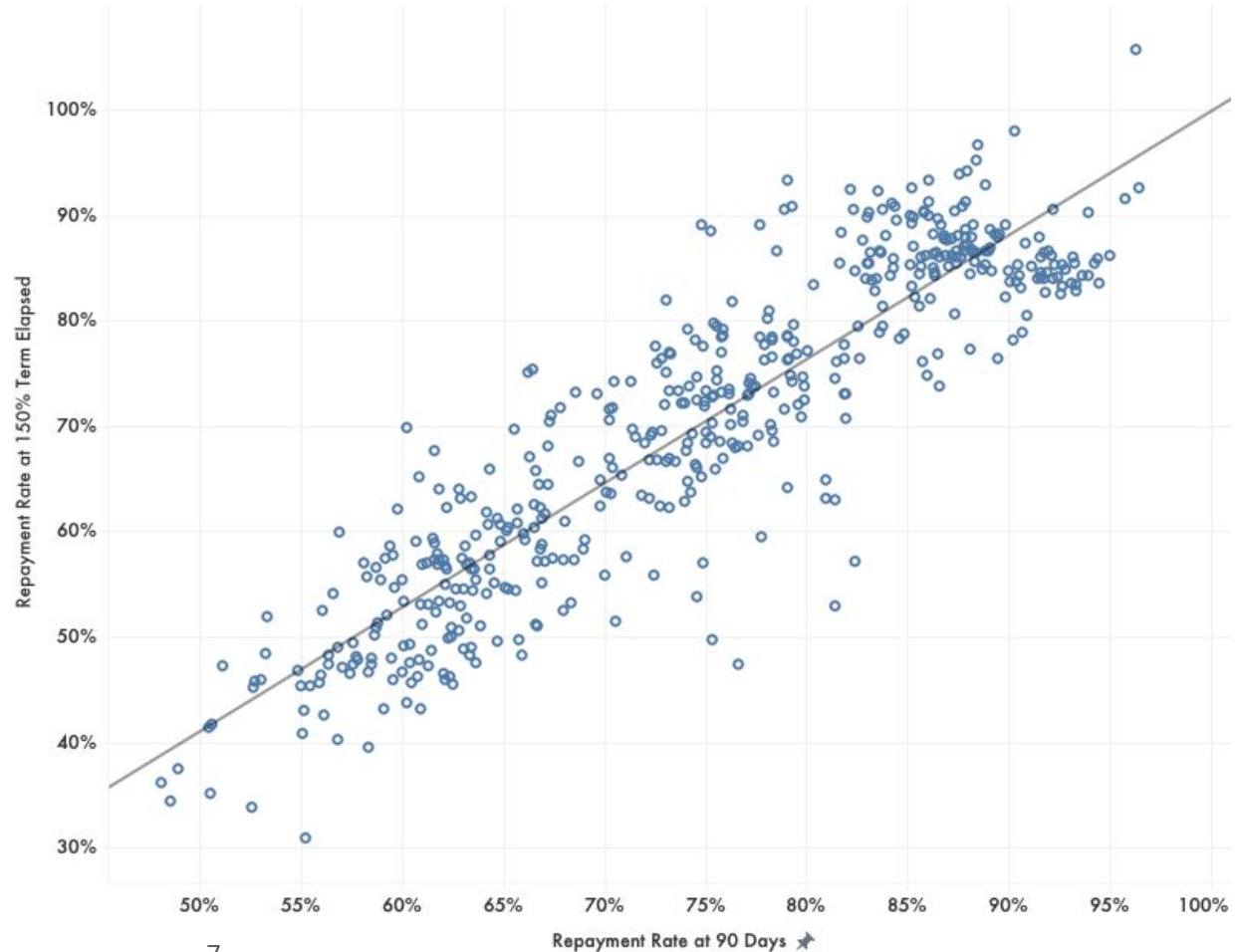
Data shows, early repayment behavior correlates with long-term performance

What this shows

- **486 monthly contact cohorts** across the 12 pilot country operations
- **Horizontal axis:** repayment rate @ 90 days
- **Vertical axis:** repayment rate @ 1.5x loan tenor.

What this means

- **Early performance** (90-day repayment rate) is a **strong predictor of final repayment outcomes**
- **Repayment** is primarily **driven by onboarding quality**, not external factors
- PAYGo leaders should focus on onboarding quality, and **not chase PaR or collection rates**



A consistent high performer's story: *discipline and accountability*

PAYGo 1.0: 90-day repayment ⇒ 87%

PAYGo 2.0: Δ90 day repayment ⇒ + 3%

Historical repayment @1.5x ⇒ 92%

Q: CEO, how did you approach credit management 2–3 years ago?

From the start, we stuck to relatively high down payments and short tenors, but more importantly, ***we were disciplined***. Post-sale, we had a strict 90-day follow-up process, with ***clear ownership: both the sales agent and the CX agent were accountable***. In a way, we were already doing PAYGo 2.0 before it had a name!

Q: How far have you gotten with implementing PAYGo 2.0?

We've come a long way, though it wasn't a dramatic overhaul for us. The biggest shift came in 2024, when we ***turned our call center into a Customer Care Officer (CCO) Team. Each CCO now manages a regional portfolio***. Now, being a CCO is considered prestigious. The team is more invested, more analytical, and far more focused on credit quality - and it shows in the results.

Q: What's been the biggest challenge in this transition?

Credit discipline is easier when stock is limited. During a funding crunch, we had to be selective, and that naturally pushed us to double down on credit quality. Now that we've secured new funding, the challenge has flipped. The warehouse is full, more stock is on the way, and suddenly the pressure to sell is everywhere, from shareholders to sales agents. Everyone wants volume.

And that's when it gets tough. The temptation to loosen standards, speed up approvals, or skip a few checks creeps in. So ***we're doubling down on reinforcing discipline, even as we scale***.

Q: What's the biggest difference PAYGo 2.0 has made for your customers?

The biggest change is that ***each customer now deals with the same agent every time***. That personal connection really matters. We get to know their situation better; whether they're struggling with school fees or had a bad harvest. It's easier to find the right solution together. Instead of jumping straight to repossession, we can offer options like a payment pause, rescheduling, or just giving them a little breathing room.

Q: CEO, what advice would you give other CEOs?

If a customer defaults and you can't say who was responsible for that loan, the system is broken. Accountability must be crystal clear. Without it, there's confusion, finger-pointing, and no learning. So my advice is to embrace two pillars: disciplined execution and clear ownership.

Turnaround story #1: *building trust within our team and with our customers*

PAYGo 1.0: 90-day repayment ⇒ 76%

PAYGo 2.0: Δ90 day repayment ⇒ + 9%

Historical repayment @1.5x ⇒ 54%

Q: CEO, how did you approach credit management 2–3 years ago?

Our focus was on collecting customer data than assessing their ability and willingness to pay. Sales agents were driven by volume, so they ignored warning signs. We rarely rejected any sales, not realizing we were over-financing customers. ***The whole system rewarded speed, not quality.***

Q: How far have you gotten with implementing PAYGo 2.0?

PAYGo 2.0 isn't just about tighter credit procedures and better monitoring - ***it's about knowing our clients and ensuring they know us.*** Every customer has a named owner from loan approval to final payment, which helps build accountability and improves monitoring throughout the process.

We now hold weekly sessions on “young defaulters”—customers who default within 90 days. ***It's not about blaming anyone; it's about learning. These sessions have sharpened the team's judgment.*** Credit officers now understand that this is a learning process—mistakes will happen—but the responsibility to onboard a customer lies with them. That ***ownership and trust has been a game changer.***

Q: What's been the hardest part of this transition?

Following a new credit screening form is easy; properly assessing a customer's ability to pay is much harder. This requires knowing how to ask the right questions and paying attention to the details. ***A strong alignment between sales and credit functions is critical.*** We always explain loan rejections to the sales team, hold weekly debriefs, and invite them to Customer Care meetings to openly discuss approvals and rejections.

Q: What's the biggest difference PAYGo 2.0 has made for your customers?

Customers were receiving misleading information, creating unrealistic expectations and misunderstandings. Now, our ***sales agents deliver clear, honest information.*** When customers make well-informed decisions, everyone benefits.

Q: What advice would you give other CEOs?

PAYGo 2.0 is about ***redefining success, changing habits, and shifting routines.*** The ***transformation has to come from the top and involve everyone in the company.*** When your team understands the root causes of non-payment—and you give them the tools, responsibility, and trust to act—you'll begin a powerful and motivating journey.

Turnaround story #2: *PAYGo is a marathon, not a sprint*

PAYGo 1.0: 90-day repayment ⇒ 68%

PAYGo 2.0: Δ90 day repayment ⇒ + 17%

Historical repayment @1.5x ⇒ 51%

Q: CEO, how did you approach credit management 2–3 years ago?

We ran KYC checks but still relied on sales agents to judge whether a customer could pay. Most ended up defaulting. What we called '**credit risk management' was in fact just reactive**: customer follow-up, reminder calls and, if necessary, repossession.

Q: How far have you gotten with implementing PAYGo 2.0?

After my team attended a PAYGo 2.0 bootcamp, they came back full of insights and energy. We decided to overhaul the whole company: culture, structure, KPIs, customer onboarding, customer engagement. **The results have been massive**. Credit officers now compete to deliver the best-quality onboarding. And as our portfolio performance improved, we attracted new funding, which helped boost our sales too.

Q: What's been the hardest part of this transition?

The mindset shift: sales teams moved fast, while credit approvals take some time. We addressed this by involving sales managers in credit learnings, promoting **joint sales–credit sessions to build mutual understanding**. Our CX team also needed new skills. They were good at support and follow-up, but we saw room for growth in income verification and onboarding discipline. With the right training and coaching, that improved.

Q: What's the biggest difference PAYGo 2.0 has made for your customers?

Our tone - our collections came across as aggressive, with repossession always a threat. Now, we focus on setting things up right from the start and truly understanding what's going wrong when a customer falls behind. That **builds trust and loyalty, and positions us to respond with better solutions for our customers**.

Q: What advice would you give other CEOs?

Do not get distracted by subsidies and the short-term gains they bring. Without good credit management it will bite back down the line. PAYGo 2.0 gave us the discipline and taught us to **do PAYGo like a marathon, not a sprint**. Don't treat credit like a back-office task. **Getting paid is your business; selling is just the beginning**.

PAYGo 2.0: Common pitfalls, based on Pioneer experiences

1. Chasing subsidies instead of sound economics



Letting RBFs and grants **distract from building solid unit economics and making high-quality sales**. A PAYGo CEO put it as follows: *“Don’t get distracted by subsidies and short-term gains. They ease affordability and cash flow pressures, but without strong credit management, they’ll backfire over time.”*

2. The silver bullet illusion



Many CEOs hope for a quick fix - a scoring tool to automate approvals, or incentives that turn agents into perfect gatekeepers. But reliable data is scarce, and most agents aren’t equipped to assess credit risk. Managing rural credit can’t be automated. It requires ownership, judgement, and skilled labour that takes years to develop.

3. Lack of leadership conviction



Even with a committed credit team, PAYGo 2.0 fails if senior leadership isn’t fully on board. **Without top-level backing, change agents get isolated, and progress stalls.**

4. The pitfall of piecemeal implementation



PAYGo 2.0 demands a full-system upgrade, not selective tweaks. It means redefining success (from sales to good sales), realigning roles (true ownership of credit), shifting what’s measured (from collection rates to quality of work), and strengthening both credit screening and customer engagement. **These elements are interconnected. Leave one out, and the rest will falter.**

5. Obsessing over the old book



In turnaround cases, leaders often focus on salvaging a delinquent portfolio, while ignoring weak onboarding. But you can’t mop the floor with the tap still running. Overfinanced and harassed customers rarely recover; **the real fix is improving who you lend to and how.**

6. Extending loan tenors



Longer tenors may seem safer (lower weekly payments), but **data shows they increase risk**. Customers lose motivation when the end feels too far off - while more can go wrong over time.

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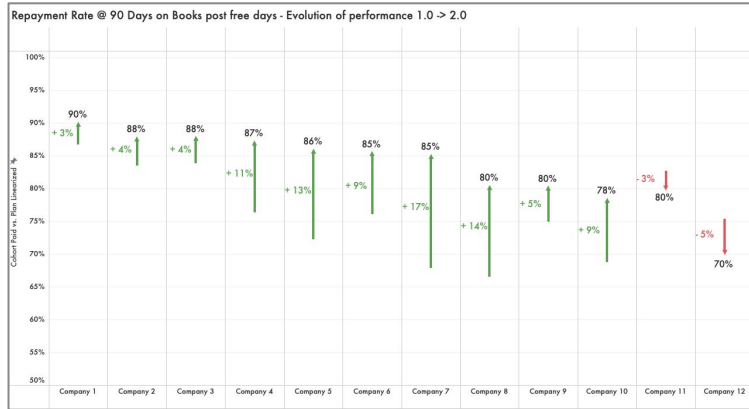


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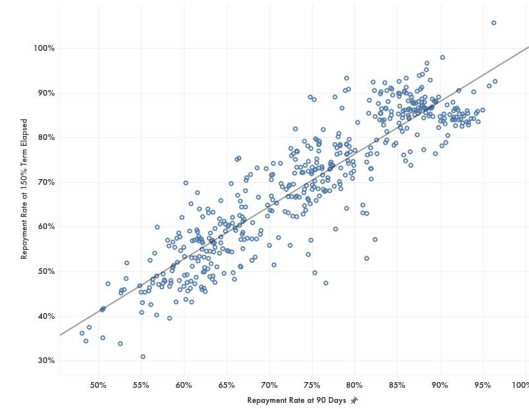
Annex: Methodology



→ Slide 6:

Repayment Rate (linearized) at 90 days (or Paid versus Plan (PvP) at 90 days): ratio between how much has been paid by a set of contracts over the first 90 days post token-free days, divided by how much the set of contracts should have paid according to the contract schedule.

Payments are linearized, which means large payments are transformed to multiple 1-day payments. For example, if a customer makes a payment corresponding to 7 days of electricity, it is transformed to 7 consecutive payments corresponding to 1 day of electricity.



→ Slide 7:

Repayment rate at 90 days versus repayment rate at 150% of loan tenor elapsed. For each monthly customer cohort (i.e. a group of contracts sold in the same month by one company (or, in case of a multinational, a country operation)) this chart compares the actual repayment rate at 90 days (post token-free days) with the actual repayment rate of the same customer cohorts at 1.5x the loan tenor.

Both repayment rates exclude the initial deposit.