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Assist the Poor (CGAP)



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MPEP Seminar # 14

Customer-Centricity for Financial Inclusion: Why It Matters





Customer Centricity for Financial
Inclusion

Tanaya Kilara, CGAP

August 7, 2014

Agenda

- C G A P and Financial Inclusion
- Customer and Provider Challenges
- Why Customer Centricity for Financial Inclusion?
- Project Examples

Half the world lives in the informal economy



40+ %
below
\$2/day

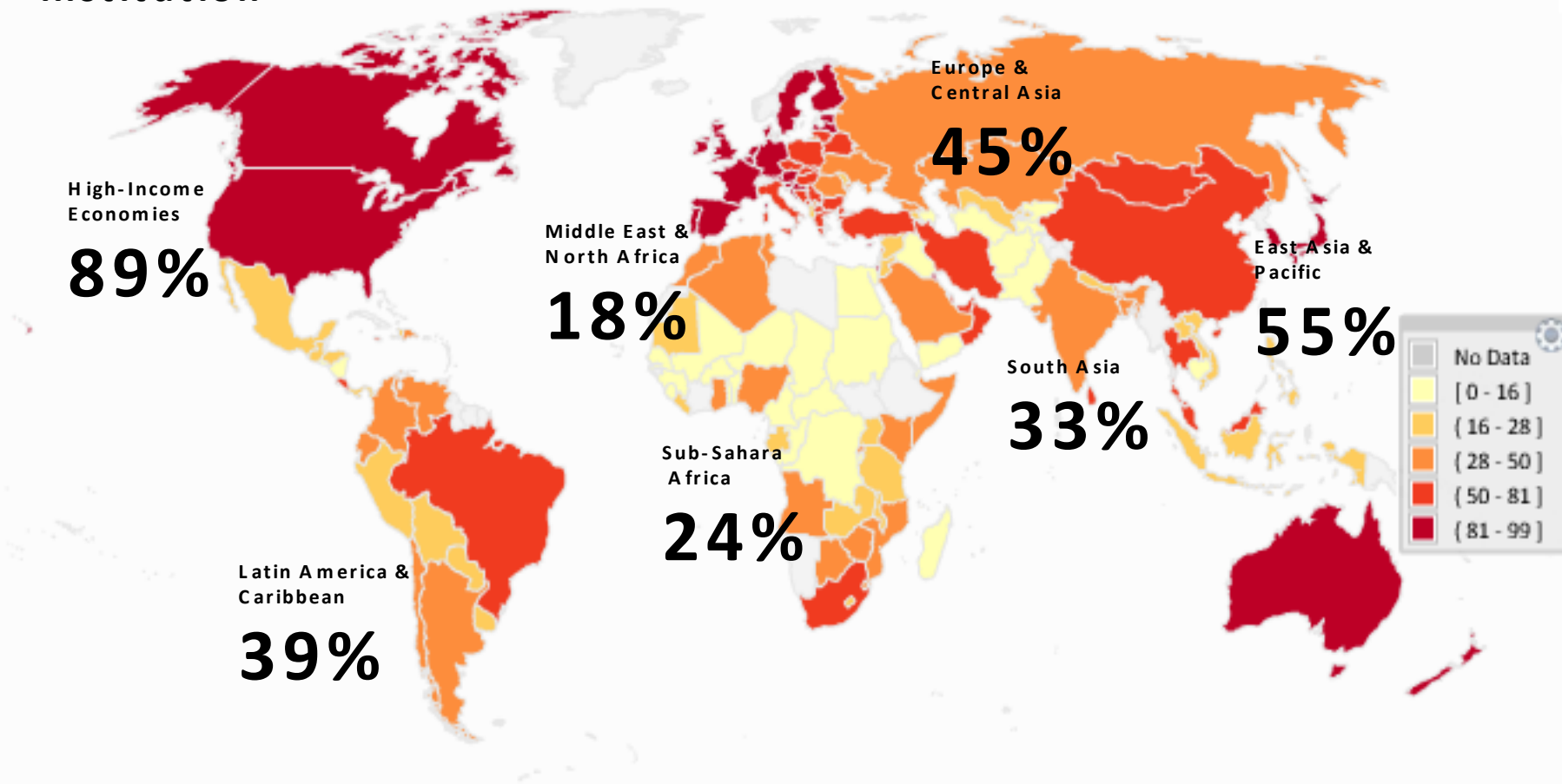
~ 50%
with
informal
jobs

50+ %
w/out formal
financial
account



In some regions, 4 out of 5 adults financially excluded

Percentage of adults with account at formal institution



Customer Challenges to Financial Inclusion

Reality of customers should guide us to solutions

“There are lots of scams.”

Ethel, Nairobi,
Kenya



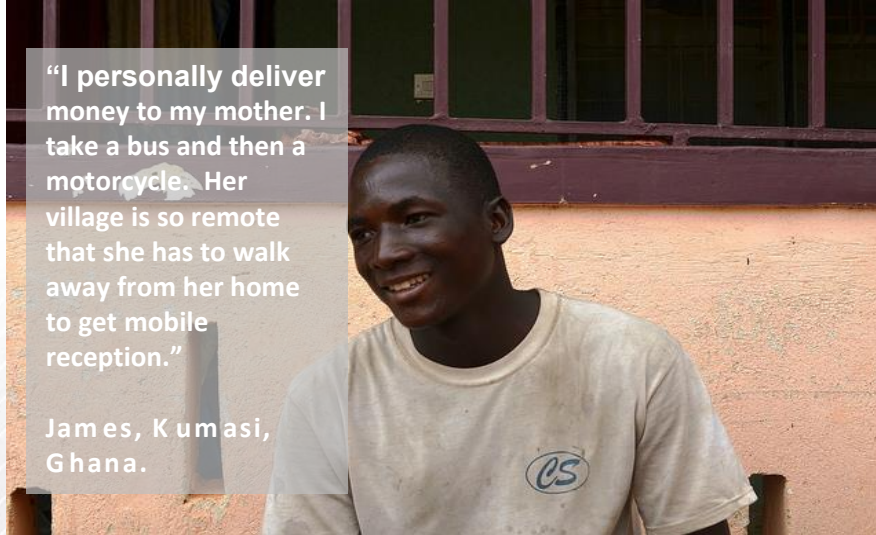
“My husband sends money from Jakarta. The extra, I put into an arisan. Without getting an early draw on the arisan, I wouldn't have been able to start my business.”

Siti, Tegal, Indonesia



“I personally deliver money to my mother. I take a bus and then a motorcycle. Her village is so remote that she has to walk away from her home to get mobile reception.”

James, Kumasi,
Ghana.



“When I need cash urgently I have to sell my stock at lower prices because I cannot always get a loan from my family”

Grace, Kampala,
Uganda



Photo Credits: Continuum, Kenya 2014 and frog | Dalberg, Indonesia 2013

Provider C Challenges to Financial Inclusion

Access does not automatically lead to adoption and usage

Access and use are not the same, e.g.

- 219 Mobile Money deployments, 60m (29%) active (1 in 90 days), Majority airtime top-ups and P2P payments (GSMA, 2013)
- High dormancy in No Frill Accounts in India (MicroSave, 2012)
- Dormancy of 20-90% of savings accounts for the poor (GAFIS, 2013)
- Continuous challenge of drop-outs in MFIs (MicroSave, 2002-2010)

Why customers don't use products

- Products do not fit customer context or serve a real need
- Client interfaces badly designed (ranging from face to face, ATM screens, Cell Phone Screens)
- Confusing products & functionality not even understood by frontline staff, nor by Head Office staff

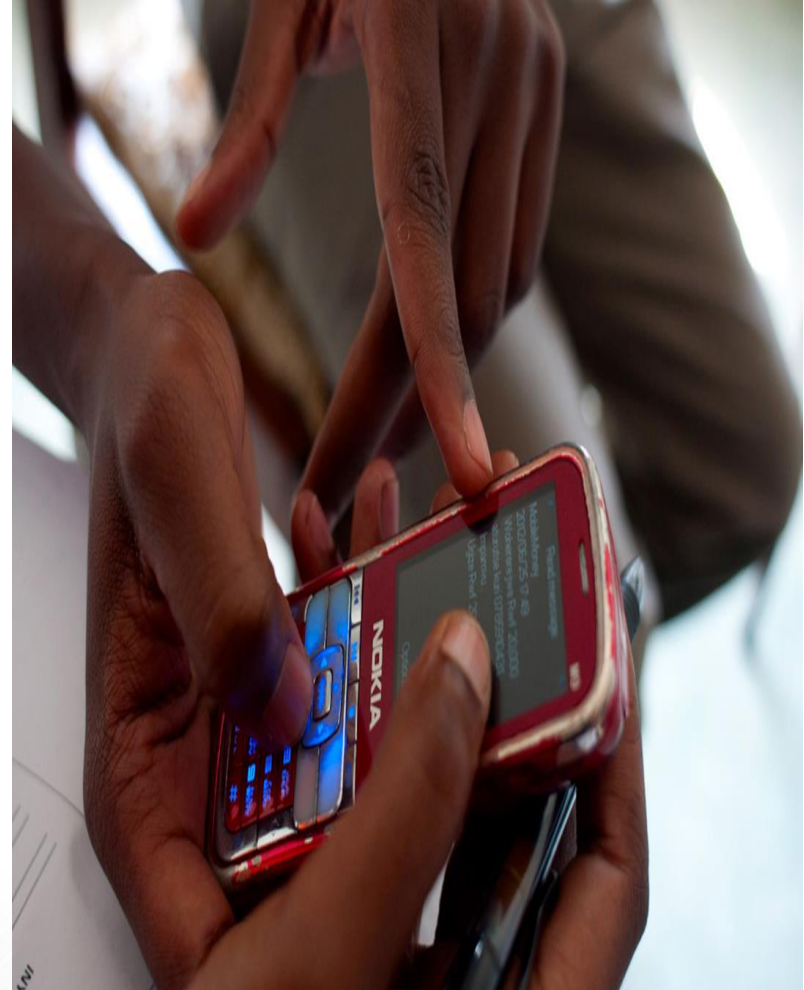


Photo Credit: AJ Rudin, CGAP Photo Competition 2013

What is Customer Centricity?

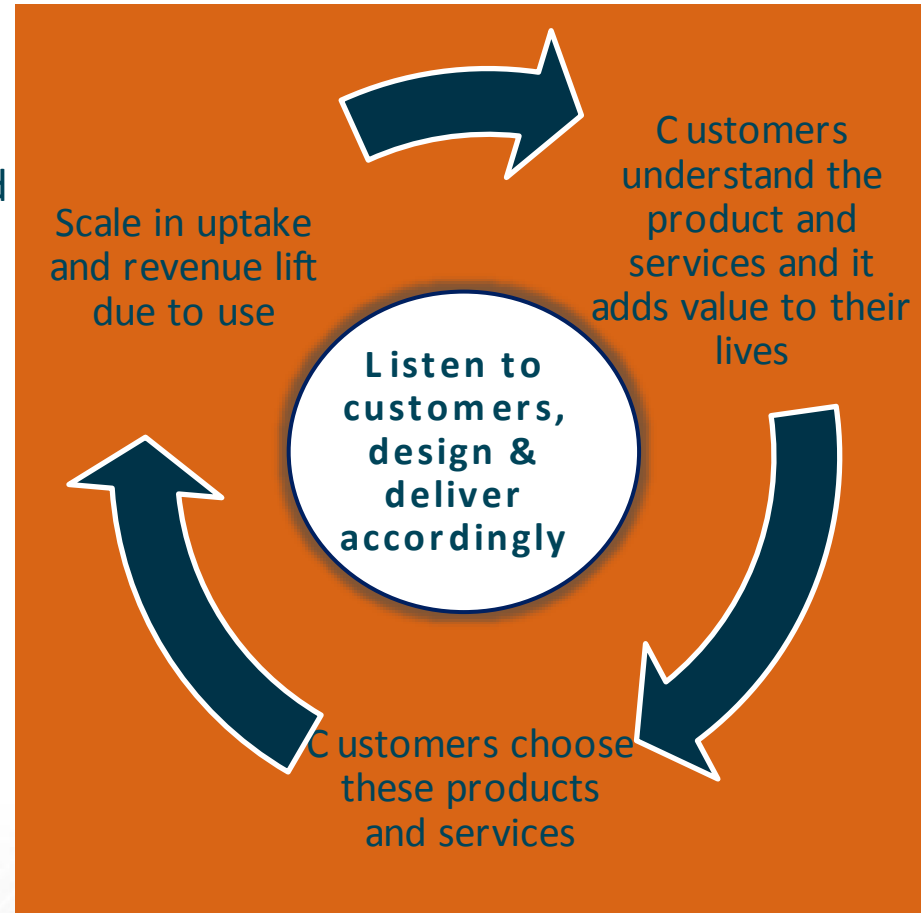
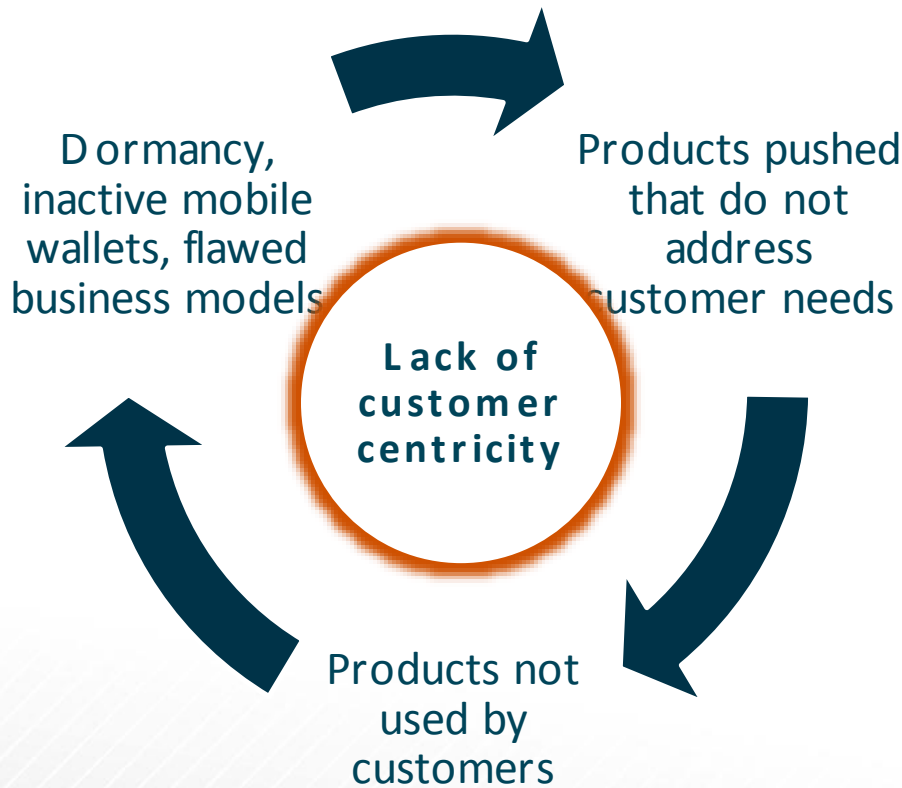
Approach that leads to a win-win for customers and providers

“Customer centricity is defined as the ecosystem and operating model that enables an organization to design a unique and distinctive customer experience. This architecture enables the business to acquire, retain and develop targeted customers efficiently for the benefit of customers, employees and stakeholders.”

- Doug Leather, *The Customer-Centric Blueprint*

Why Customer Centricity as a Business Model?

Providers change from product push to customer focus



Five Pillars of Customer Centricity

Customer experience is at the center



Discuss



- Questions or comments about the model
- Experiences to share

A silhouette of a man wearing a cap riding a bicycle with a child seated in a front-mounted child seat. They are positioned on the left side of the frame, moving towards the right. The background is a dramatic sunset sky with vibrant orange, yellow, and blue hues, and scattered clouds. The overall mood is peaceful and evocative.

Human-Centered Design Projects

Photo Credit:: Edi Wibowo, CGAP Photo Contest, 2013



Janalakshmi's Story

Watch the video at
<http://www.cgap.org/photos-videos/janalakshmi-journey-customer-centricity>

CGAP Customers at the Center Approach

Build the Guide together, learn from each other, share and scale



Within the Customers at the Center Workspace, where partners share and contribute

CGAP Customers at the Center WorkSpace

Join, share, help build the Guide for Customer Centricity as a Business Model

workspace.cgap.org

The WorkSpace is an open collaboration space for the financial inclusion community where we share and collectively build the *Guide to Customer Centricity as a Business Model*.

CGAP WorkSpace Log in

Customers at the Center
CGAP WorkSpace

Log in with LinkedIn

26 Contributors 2 Groups 2 Posts

What's the CGAP WorkSpace?

The CGAP WorkSpace is a collaboration space for the financial inclusion community to crowdsourc solutions, learn and share insights, and engage on specific projects.

This site is designed to facilitate group collaboration on specific tasks and projects. If you are interested to join a particular working group, please contact the individual group manager.

Groups

- Guide to Customer Centricity as a Business Model
- Customer Empowerment Framework

Group details ⓘ

New members



Create

Document

Poll

Post

Wiki

Members collaborate on specific group projects that contribute to the co-creation of

the Guide.

Customers at the Center Following

Guide to Customer Centricity as a Business Model

This is the group who will work on the core document that will pull together all our work for the foundational phase.

2 contributors

Customers at the Center Following

Cost to Customer Framework and Applications

Customer centricity starts with understanding the pain points of the customer, as well as the needs, aspirations and value customers are looking for in financial services. This Group works to develop a framework to understand and measure all the costs and benefits that formal financial services have on the poor.

5 contributors

Customers at the Center Follow

Customer Empowerment Framework

To advance financial inclusion there needs to be more uptake and usage of financial services by poor customers. Financial service providers need to improve their interaction with the customer to empower them to choose and use financial services. This Group will develop a framework for customer empowerment that is focused on the relationship between the customer and provider.

3 contributors

Moderated group Join group

CGAP

Advancing financial inclusion to improve the lives of the poor



Foreign Affairs, Trade and Development Canada
Affaires étrangères, Commerce et Développement Canada



BILL & MELINDA GATES foundation

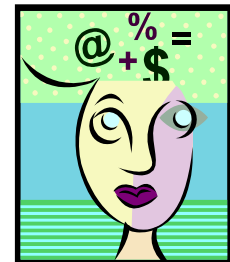


MetLife Foundation
Ensuring Access. Empowering Communities.



PUTTING CLIENTS FIRST

Monique Cohen
Independent Advisor
Founder: Microfinance Opportunities



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Five Pillars of Customer Centricity



The Language of Business Tells it All



My Organization is Customer Centric and Promotes Customer Empowerment

STRONGLY AGREE

AGREE

STRONGLY DISAGREE

DISAGREE

So What is “Putting Clients First”?

“We have to think about our customers differently.”

- Greta Bull, IFC

1. Customers Have Choices and Make Trade-offs

Delivery System	DFS	Commercial Bank	MFI	ROSCA, ASCA	SHGS	INTRA-FAMILY
Product						
Credit						
Savings						
Insurance						
Payments						
Remittances						

2. Moving Beyond Functionality

Leapfrogging into Technology and into Banking

3. Increasing Usage of Digital Financial Services

Financial behavior is strongly influenced

- I. by a customer's past use of financial services, formal and informal.
- II. by how skilled s/he is as a money manager.
- III. by the customers capacity to bear risk and reduce their vulnerability.

If we want to increase financial inclusion and usage rates we need to consider these aspects of demand

4. In Transactional Finance Social Relationships Matter

Digital financial services are about transactional finance. If it is to displace cash where does it work best?

The experience of M-Pesa suggests we might do best to bet on the client to figure that out.

IT MIGHT NOT BE WHAT YOU THINK.

CONCLUSION

Moving towards Customer-Centricity
and Thinking about Clients Differently



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