



USAID
FROM THE AMERICAN PEOPLE



MPEP SEMINAR SERIES

Exploring Frontiers in Inclusive Market Development

CUSTOMER-CENTRICITY FOR FINANCIAL INCLUSION: WHY IT MATTERS

WEBINAR CHAT TRANSCRIPT

AUGUST 07, 2014

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

PRESENTERS:

Tanaya Kilara, Consultative Group to Assist the Poor (CGAP)

Monique Cohen, Independent Advisor

WEBINAR CHAT TRANSCRIPT:

Kevin Robbins: Dhaka, Bangladesh

Aaron Dibner-Dunlap: Innovations for Poverty Action in Washington, DC

USAID Microlinks: Good morning all. We're joining you from Washington DC

Regina Brown: Cadre Senegal, Dakar

Danielle Piskadlo: CFI at Accion in Boston, MA

Kevin Robbins: IDE Bangladesh

Elebthel Gebrehiwot: Joining in from FHI360 Washington, DC

Elizabeth Friend: Cambridge, Massachusetts, USA

Steev Lynn: Brattleboro, Vermont, USA

Maria Conisescu: Chisinau, Republic of Moldova

Stephen Muhangi: USAID Feed the Future Agricultural Inputs Activity Kampal Uganda

Aimée Suarez: WSBI - World Savings and Retail Banks Institute, Brussels

Michael Fryar: Juntos Finanzas, from Lawrenceburg, Kentucky

Stephen Muhangi: Good morning all

Marcy Shrader-Lauinger: USAID/AFR WDC

Jennifer Ferreri: Joining in from MEDA in Washington, DC

Jennifer Ferreri: Yes it is

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

George Kegode: George Kegode, Maryville, MO

Stephen Muhangi: 3.59 pm east African time

Maria Conisescu: The same in Moldova

Steev Lynn: Can someone email me one of those donuts

Carlos Boelsterli: Joining in from sunny Miami

Aaron Dibner-Dunlap: Is there music playing in the conference room?

Stephen Muhangi: Seems like!

Jamelyn Lederhouse: Hello, joining from Opportunity International in Oak Brook, IL

Elizabeth Alonso-Hallifax: Accenture Development Partnerships in Washington, DC

Laura Dick: Hi everyone, I'm joining from La Ceiba Microfinance in St. Louis, MO

USAID Microlinks: Welcome everyone

USAID Microlinks: We're getting started here in DC!

USAID Microlinks: Can everyone hear Heath Cosgrove okay?

USAID Microlinks: He's giving our presenters, Tanaya and Monique a great intro

Elizabeth Dunn: Audio is great

Stephen Muhangi: Mine too

USAID Microlinks: Great, happy to hear that everyone is doing well with the audio

Nate Schaffran: Cambridge, Massachusetts

Peter Mbiyu: Hello Am Mbiyu Joining from Nairobi

USAID Microlinks: Applause here in the house

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

Lorenz Wild: Hi Liz and Nate... good to see you online!

Michael Fryar: Here is a link to the brief for those of us online:

<https://www.cgap.org/sites/default/files/Brief-Customer-Centricity-for-Financial-Inclusion-Jun-2014.pdf>

USAID Microlinks: Thank you so much Michael

USAID Microlinks: We'll have the brief available on www.Microlinks.org later today

Stephen Muhangi: Ok

Nakul Kadaba: Greater Boston area, United States

USAID Microlinks: Thanks for joining us Nakul!

USAID Microlinks: Welcome to those who have just joined our webinar

USAID Microlinks: Please let us know if anyone is having difficulty hearing

Kevin Fath: Joining from Arlington, VA

USAID Microlinks: Funny but interesting anecdote from Tanaya concerning customer focused lending of jewelry

Graham Wright: Link to the MicroSave studies cited: The State of Business Correspondence: Agent Networks in India: <http://bit.ly/1c4M6kz>

Stephen Muhangi: The challenges of most financial institution has been one size fits all

Graham Wright: The Answer is "Yes"—Cost and Willingness to Pay in India
<http://bit.ly/1djmC84>

USAID Microlinks: Thank you for sharing Graham!

Julia Schultz: Could someone please tell me who is currently speaking?

USAID Microlinks: We'll be sure to add that resource to the website following the presentation

KDAD AV Tech: Tanaya Kilara is speaking

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

Julia Schultz: Thank you!

USAID Microlinks: Tanaya Kilara of CGAP

Steev Lynn: In the India gold anecdote, I'm wondering what is the incentive to the pawnbroker to spend her time waiting outside a wedding for the client

Graham Wright: The vicious cycle that Tanaya refers to is turbo charged by word of mouth in the market. MicroSave studies show that 58-75% of uptake of services amongst the low income segment is driven by word of mouth.

Nakul Kadaba: Steev: Because the demand for gold is that high in India for the reasons that Tanaya went into. It's almost disadvantageous not to stand there and pawn what you have.

Elizabeth Alonso-Hallifax 2: If anybody knows of an example of a failed, product-centered project/approach/product, I would be interested to learn about it

Stephen Muhangi: The typical Ag input businesses in Uganda have basically been product centric and our theory of change has been AA behavior shift to customer centric business strategies

Graham Wright: Elizabeth - here are many examples of failed product centred approaches ... India's No Frills Accounts (discussed in the papers I cited above) is a fine example.

Graham Wright: But there are many, many more

Elizabeth Alonso-Hallifax 2: Thank you Graham, I'll look at the No Frills example.

USAID Microlinks: Tanaya's examples of the shift in using customer-centric model is practical and accessible

Marcella Willis: this is such a basic business concept/model that existed for ages in private sector for commercial enterprises - why is there such latent awareness or adoption of such models in this industry? What are the barriers for FSPs serving this market to adopt this?

Graham Wright: So good to see Tanaya stressing the supply side - too often people equate "client centric" with new product development. Very often the product may be OK but the delivery makes it un-usable or the marketing leaves it unknown

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

USAID Microlinks: Graham, that's an important contribution. Are there other challenges that others can share about their experiences in this approach?

Graham Wright: I agree Marcella - we at MicroSave have been banging this drum for 15 years!!! www.MicroSave.net

Graham Wright: www.MicroSave.net (sorry left off a "w")

USAID Microlinks: Are there other resources you could point us to?

USAID Microlinks: We're about to take a few questions here **USAID**

Microlinks: Does anyone have questions?

USAID Microlinks: Or comments?

Lorenz Wild: Marcella.. I agree. Worrisome.

Graham Wright: Here is discussion of the demand v. supply side: Who Is The User In "User-Centred Design"? <http://bit.ly/1hKMU5A>

USAID Microlinks: I'm happy to share via the seminar

Stephen Muhangi: what about internal infrastructure being a bottle neck to adopting such models?

Stephen Muhangi: sorry bottle necks

USAID Microlinks: Thank you Stephen. From where are you joining?

Stephen Muhangi: Kampala Uganda

Lorenz Wild: How to understand customers? Market research -surveys, observation, focus groups, etc.

Graham Wright: You are so right Stephen - it is very often the challenge. And not all institutions are geared up to be market leaders. Innovation Overkill: Why Product Innovation in Financial Inclusion isn't Always the Right Move <http://bit.ly/1o1AMxV>

USAID Microlinks: Thank you Stephen. Are there other questions or comments?

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

Graham Wright: Lorenz - controversially (but basis 15 years of experience) I would be careful about using surveys.... if you want to understand complex human financial behavior, you (large) need to use qualitative research approaches.

Lorenz Wild: Graham... good point. Was just listing some general tools.

Nakul Kadaba: Graham - great point on the research approaches. It's something that one needs to understand when surveying customers about their demands.

Michael Fryar: Lorenz, I would second Graham that qualitative, deep-dive interviews provide very different results from surveys

Nakul Kadaba: The other point is to balance quantitative vs. qualitative and finding that is extremely tricky!

Steev Lynn: It's curious why financial institutions don't seem to function like other enterprises, i.e. looking for unmet customer needs and developing products to capitalize on that

Graham Wright: The problem is that most CEOs respond to quantitative data and struggle to understate qualitative data

Nakul Kadaba: I'm joining from Cambridge, MA!

Lorenz Wild: Yes, in-person interview is also a survey.

Stephen Muhangi: I believe utilization of data that is collected on a daily basis from client's presents a pattern that can inform decision in this model

Nakul Kadaba: Graham -- again, on point. Because they see numbers as more presentable to clients, donors, etc.

Graham Wright: Good point Stephen - it can frame and focus the research question.

Nakul Kadaba: But qualitative approaches are something that can speak to things that quantitative cannot.

USAID Microlinks: Great point Nakul

Nakul Kadaba: Again, key is to find the balance. That's judged on a case by case basis.

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

USAID Microlinks: Also, in person survey can often make people feel like they can't be completely honest or forthright.

Graham Wright: Absolutely - which is why we always ask people in FDGs about what "people in your community" do ... it reduces the risk you describe (even though then participants promptly say what they are doing ! :)

USAID Microlinks: Exactly!

Lorenz Wild: So what is the solution to businesses not being customer-centric?

Stephen Muhangi: revisiting their business model I guess

Elizabeth Alonso-Hallifax 2: Can somebody please spell out the acronym SACO?

Michael Fryar: Savings and Credit Co-operative

Marcella Willis: Again, I think it's important to understand the barriers of WHY they aren't adopting this model, to begin to understand how to promote it.

USAID Microlinks : Thank you Michael Elizabeth

Alonso-Hallifax 2: Thank you Marcella Elizabeth

Alonso-Hallifax 2: And Michael as well

Marcella Willis: I guess the diagnostic that was mentioned might help understand the barriers

USAID Microlinks: We're moving into examples from the field of working with COB clients on customer-centered products. Does anyone online have examples to share?

Graham Wright: I wonder whether spending the day with a customer does not change his/her behavior

Elizabeth Alonso-Hallifax 2: Does CGAP include SACOs/Credit Unions in their definition of "formal" financial system?

Jamelyn Lederhouse: What is the cost associated with spending time and resources with clients to best understand them? How quickly have the Human Centered Design projects seen a return on their customer research investment?

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

USAID Microlinks: That's a great question Elizabeth. Do you want to bolster that question for the Q&A at the end?

Elizabeth Alonso-Hallifax 2: Yes please -- thanks. I will ask at the end.

USAID Microlinks 2: Elizabeth, from where are you joining us?

Elizabeth Alonso-Hallifax 2: Accenture Development Partnerships in Washington, DC

USAID Microlinks: Jamelyn, I can include your question at the end as well. From where are you joining us?

Graham Wright: Not for HCD or User Centred Design, which is typically outsourced but this will give you some idea Cost and Benefits of Market Research for Product Development <http://bit.ly/1jr8KGc>

Jamelyn Lederhouse: Thank you, I'm from Chicago, IL

Jamelyn Lederhouse: Thank you, Graham

USAID Microlinks: Great, I'll hold both of your questions for the end!

Elizabeth Alonso-Hallifax 2: Excellent thanks

Graham Wright: And of traditional (as opposed to HCD's valuable addition of rapid prototyping) pilot-testing Costs and Benefits of Pilot Testing for Product Development <http://bit.ly/1fphzma>

Lorenz Wild: Jus thinking... how do businesses do this in the U.S. or Europe? Universities, Small Business Development Centers, Training Courses - it's all about education. Rather than working with one company, I think it would be more useful to improve the opportunities for business education.

Lorenz Wild: These ideas are basic marketing/market research topics.

Michael Fryar: Good point, Graham about the difference between traditional pilot testing and HCD rapid prototyping. For Juntos Finanzas, customer-centricity goes hand in hand with iterative design because we're always getting new user feedback

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

USAID Microlinks: Thank you for your questions Lorenz -- I can include that at the end if you'd like

USAID Microlinks: Also, Lorenz, from where are you joining us?

Lorenz Wild: Joining from DC

Steev Lynn: I agree with Lorenz, these concepts are covered in standard business practices in other industries

Graham Wright: Absolutely!!

Graham Wright: (But to be fair, mainstream banks only woke up to this - those that did wake up - and started to focus on the customer in the last 5-10 years)

Lorenz Wild: Graham - good point. Any idea of how that happened?

Stephen Muhangi: The banks which say that they focus on the customers rarely have it reflected in their customer value propositions especially in developing economies

Stephen Muhangi: Say

Elizabeth Alonso-Halifax 2: Unfortunately I have to drop but I will listen to the recording to hear the answers during the Q&A. Thanks to USAID and CGAP for a terrific presentation.

Aaron Dibner-Dunlap: In a manner of speaking, customer centricity could be considered a tautology - if product take up isn't high enough, then you are not adequately client-centric. To that end, what are benchmark adoption rates that people have used to gauge product success, and how were those benchmarks determined?

USAID Microlinks: That's an astute question Aaron.

USAID Microlinks: From where are you participating? I can include your question at the end!

Aaron Dibner-Dunlap: Thanks - I'm in DC

USAID Microlinks: Great, thanks

USAID Microlinks: Can everyone hear Monique okay?

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

Aaron Dibner-Dunlap: Yes, I can hear her just fine.

USAID Microlinks: Great, thanks

Conor Gallagher: If anyone is interested, Monique has written a wonderful piece called "From Insight to Action: Building Client Trust and Confidence in Branchless Banking" where she discusses the difficulties that customers face as they leapfrog into digital financial services. Check it out here:

https://www.microfinanceopportunities.org/?attachment_id=2302

USAID Microlinks: Does anyone have examples of how their org has used tech in customer-centric products?

USAID Microlinks: Thank you Conor!

USAID Microlinks: A show of hands in the room

USAID Microlinks: Any comments on takeaways

Marcella Willis: That poor are very rational!

Jennifer Ferreri: Low income people are always managing risk

Michael Fryar: Other lessons from Portfolios of the Poor, the challenge for individuals with low-incomes is not just that their incomes are low but that they are irregular as well

Stephen Muhangi: Risk management for them is not a choice but the only option

Michael Fryar: No one "living on \$2/day" gets \$2/day. Income smoothing is a central challenge

USAID Microlinks: Very good points Michael and Stephen

Stephen Muhangi: Risk to lose the little they have and risk of making the wrong purchase decisions.

Michael Fryar: @USAID Microlinks 2 to get back to your question about using tech in customer-centric products, Juntos Finanzas has created an automated messaging platform turns any phone into a financial coach that changes financial behavior and drives account engagement among newly-banked clients

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

USAID Microlinks: That's an excellent use of technology

USAID Microlinks: Particularly existing tech to fill this critical gap

USAID Microlinks: Are there other examples or questions for Monique and Tanaya

USAID Microlinks?

Michael Fryar: Monique mentioned that digital financial services represent a transition from high-touch to low-touch banking

Lorenz Wild: Thank you all. I have to leave this discussion.

Steev Lynn: Money management challenge: People who say they can't afford to save, spend a great deal on high-interest loans

Michael Fryar: But Juntos Finanzas allows banks to provide high-touch engagement on a large scale via SMS

USAID Microlinks 2: We're going to begin the Q&A session shortly

Laura Dick: On this issue of planning ahead, it's crucial to bear in mind the structural constraints to planning ahead, rather than slipping down the slope of a 'culture of poverty' that doesn't allow for long time-horizons, for example

Tom Shaw: We at CRS are seeing that participation in savings groups actually helps people better organize their existing financial (and other) resources. However, one needs to add in financial education so that they can actually leverage the resources available in savings groups (savings, loans, social fund,)

USAID Microlinks: Does anyone have additional questions to queue up?

USAID Microlinks: Solid comments Laura and Tom

Jessica Rochmann: Jessica Rochmann from Guatemala, HI

Aaron Dibner-Dunlap: correct pronunciation :)

Maria Jimenez: Hi USAID Microlinks, I am Maria Jimenez from Peru. I am sorry but I could not attend the first part of the webinar. Is possible for you to send the presentation to us? Thank you!

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

USAID Microlinks : Hi Maria, yes, the PPT will be available on the event page (to your left) a bit later today.

USAID Microlinks : And the resources that have been shared during this chat will also be included as well.

USAID Microlinks : Are there other questions for our presenters?

Michael Fryar: Related to the question of cost, as Graham said earlier, not every institution has to be a market leader. Another option is an innovation partnership.

USAID Microlinks : That's a great point Michael

Stephen Muhangi: how much time do we still have for this great conversation?

USAID Microlinks: Another 15 minutes or so

USAID Microlinks: We'll try to wrap at 10:30 am EST

Nakul Kadaba: In the case of businesses, it's also necessary to integrate the customers in with supply chains of product suppliers because that in turn gives the customers the power to decide on what they can purchase or not, coupled with a financial product/service. The Small-Scale Sustainable Infrastructure Development Fund (S3IDF), through our Social Merchant Bank Approach, does this.

USAID Microlinks: Are there other questions for our presenters?

Nakul Kadaba: And so addresses the issues of financial inclusion and enterprise development.

Michael Fryar: For an example of an innovation partnership between a large-bank and a early-stage, customer-centric startup see this report from a project funded by the Gates Fdn (pg. 22): http://bankablefrontier.com/wp-content/uploads/documents/GAFIS_report_December2013.pdf

Conor Gallagher: If you're interested in learning more about the Financial Diaries work that Monique has mentioned, look here:
<https://www.microfinanceopportunities.org/how/>

USAID Microlinks: Thank you Michael and Conor for contributing these resources
This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

USAID Microlinks: Later today, please check back on www.microlinks.org (the event page link is on your left) for the presentation and the resources that have been added here in the chat.

Stephen Muhangi: Thank you for the great conversation. I have to leave

Conor Gallagher: Front-line agent training was a large component of MFO's Consumer Education for Branchless Banking (CEBB) project that Monique has worked heavily on. We have a full list of resources that includes case studies where we discuss how we worked with organizations to train their agents and embed education in their business models. You can see that list of resources here: <https://www.microfinanceopportunities.org/4-work-with-us/mfo-in-the-field/project-list/branchless-banking-2/>

USAID Microlinks: Also, the brief Tanaya and Monique referenced at the beginning of their presentation is on your left in the File Downloads pod.

USAID Microlinks: Thank you Conor.

Katy Kunkel: where is Dr. Cohen from?

USAID Microlinks: USAID

Michael Fryar: Dr. Cohen is also the President of Microfinance Opportunities

USAID Microlinks: We're taking final questions from the room.

Michael Fryar: *President Emeritus

USAID Microlinks: Lorenz, I'll include your question in one second.

Jennefer Sebstad: Dr. Cohen is now an independent advisor

Katy Kunkel: I was referring to her accent. Which country?

Jennefer Sebstad: New Zealand

Katy Kunkel: Thx

USAID Microlinks: Thank you all for your contributions to our seminar! It's been a lively chat this morning.

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.

Cassia D Aquino: From São Paulo, Brazil, thanks to USAID and CGAP for a great presentation.

USAID Microlinks: Again, please check back on the events page (located in the Links pod on your left) for the PPT and all other shared resources.

USAID Microlinks: Special thanks to Michael, Conor, Lorenz, Jamely, Elizabeth and others for your lively conversation!

Michael Fryar: Thank you for a great webinar!

USAID Microlinks: Thank you! We hope you'll join us next month for our seminar featuring BRAC USA on private capital mobilization.

This document was produced for review by the United States Agency for International Development. It was prepared by the Feed the Future Knowledge-Driven Agricultural Development (KDAD) project. The views expressed are those of the author and do not represent the views of the United States Agency for International Development or the United States Government.