



WEBINAR

Laying the Groundwork for Digital Transformation

17 September 2019

9:00-10:30 AM ET



Speakers



Moderator
Greta Bull
CGAP



Momina Aijazuddin
International Finance
Corporation (IFC)



Ruth Dueck-Mbeba
Mastercard
Foundation



Mark Flaming
Former Chief
Digital Officer
Yoma Bank



**Geraldine
O'Keeffe**
Software Group



Graham Wright
MSC

Greta Bull
CEO, CGAP

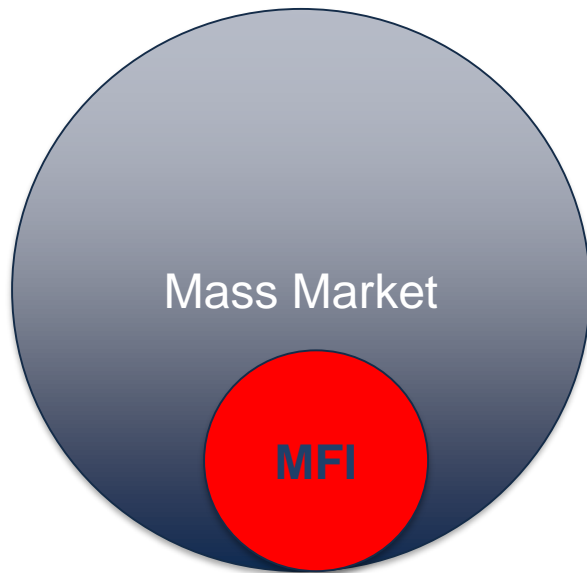


Mark Flaming

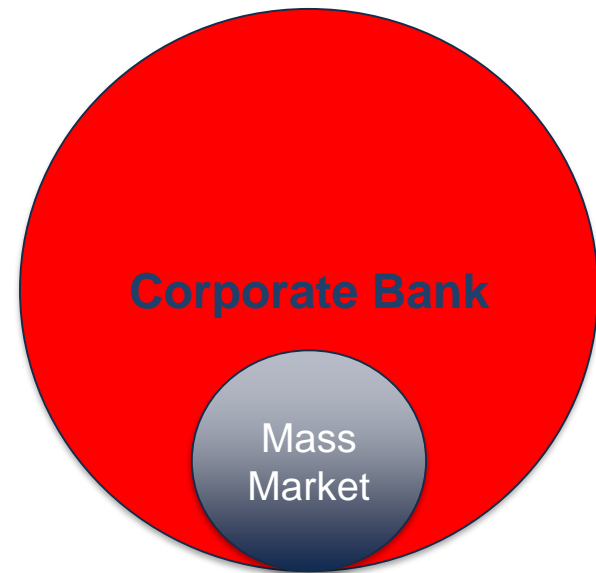
Former Chief Digital Officer
Yoma Bank



Two Digital Transformation Stories



From MFI to mass market bank



From corporate bank to mass market

The Core Competency: The Lean Design Process

The lean process enables us to quickly test and refine product ideas in the market before making large investments in scale.



DEFINE & SCOPE

Establish customer and business rationale

- *What must we know to make the most appropriate thing possible?*
- *What is the customer need for this product?*
- *What is the best decision for the business?*
- *What processes do we currently have in place?*

DESIGN & TEST

Design the end-to-end customer and staff experiences

- Establish sensible processes
- Test for feasibility and usability
- *How should this look and feel?*
 - *How will we deliver it?*

PILOT

Create a controlled launch to work out the kinks early and inexpensively

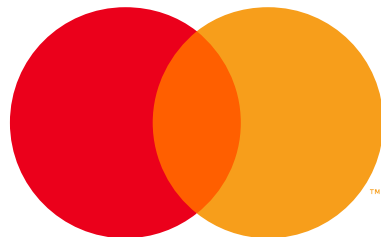
- *At what scale can we learn the most in a short period of time?*
- *What do we most need to test and refine before scaling?*

SCALE

Expand to meet targets

Ruth Dueck-Mbeba

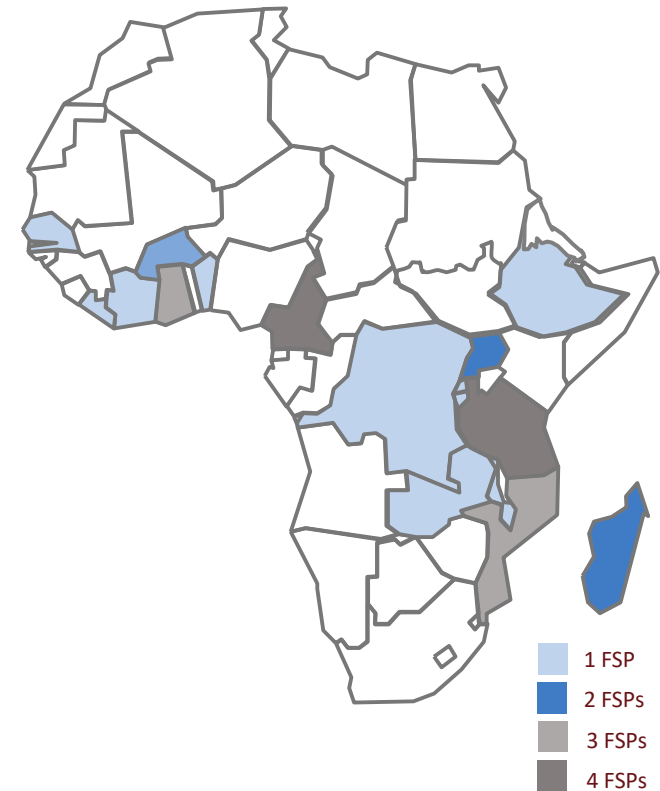
Senior Program Manager
Mastercard Foundation









mastercard
foundation

Mastercard Foundation and FSP Digital Transformations

- Total Countries: 16
- Total Partners: 6 (2011 to present; 4 are concluded)
- Target Outreach: 4,228,774
- Outreach to Date: 3,512,092
- Additional digital transformation support through other partners (e.g. Fund for Rural Prosperity, Savings at the Frontier)



Partners	Outreach Target	Outreach To Date
 UNCDF	450,000	1,159,943
 IFC	800,000	1,105,767
 FINCA	253,774	313,858
 OI	1,000,000	302,427
 Baobab Group	1,125,000	630,097
 AccessHolding	600,000	0

Digital Transformation Reflections



- Innovation and Testing
- Learning and adapting
- Catalyzing change and transformation



Geraldine O'Keeffe

Chief Innovation Officer &
Co-founder Software Group





09
regional
offices



450+
projects delivered



350+
employees globally



65+
countries with
established presence

Digital Transformation Challenges



1. Investing the time and resources on systems architecture



2. Identifying the right vendors/partners



3. Balancing scope with time to market



4. Tech leadership skills

Momina Aijazuddin

Global Head of Microfinance

International Finance Corporation (IFC)



Creating Markets, Creating Opportunities

FIG: Leveraging our Network for Greater Impact

770 clients, 1,238 projects, \$18.2 billion outstanding portfolio, \$5.2 trillion assets

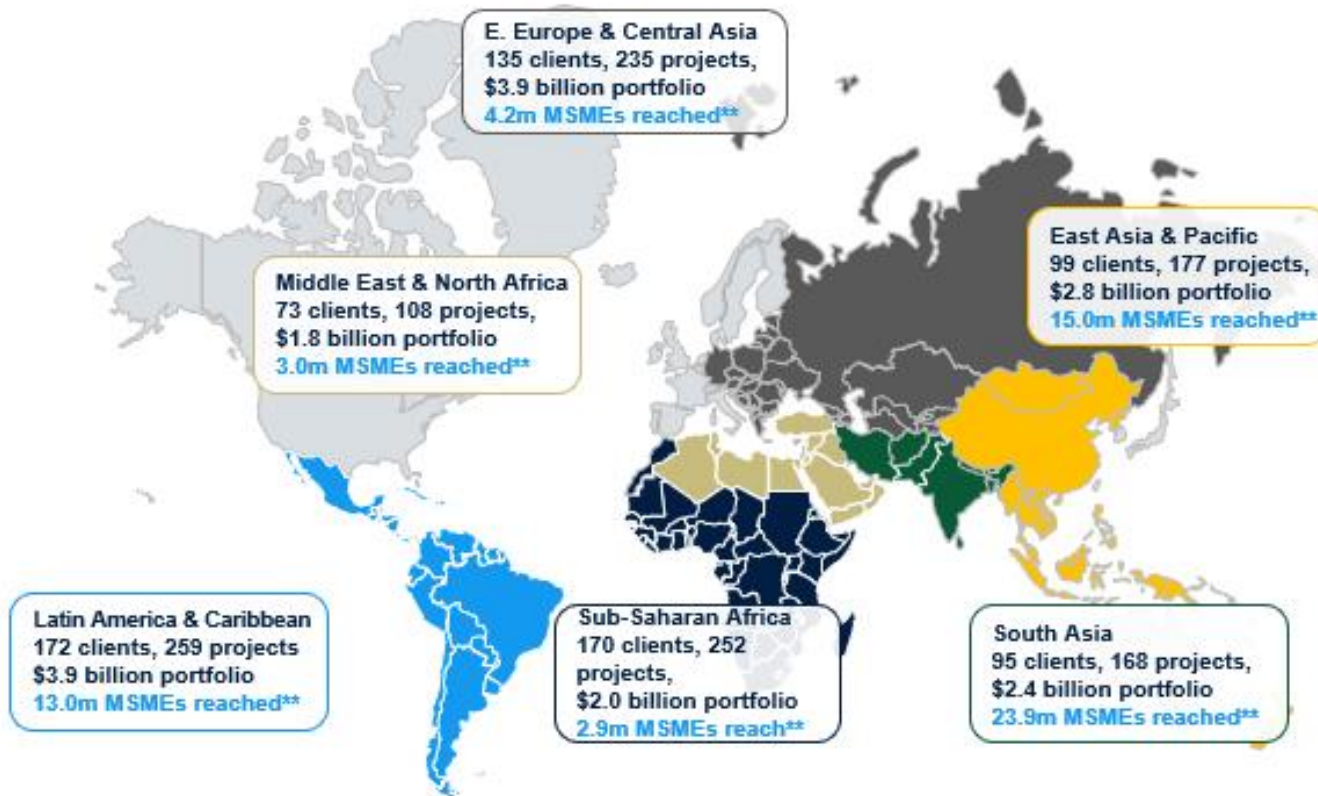
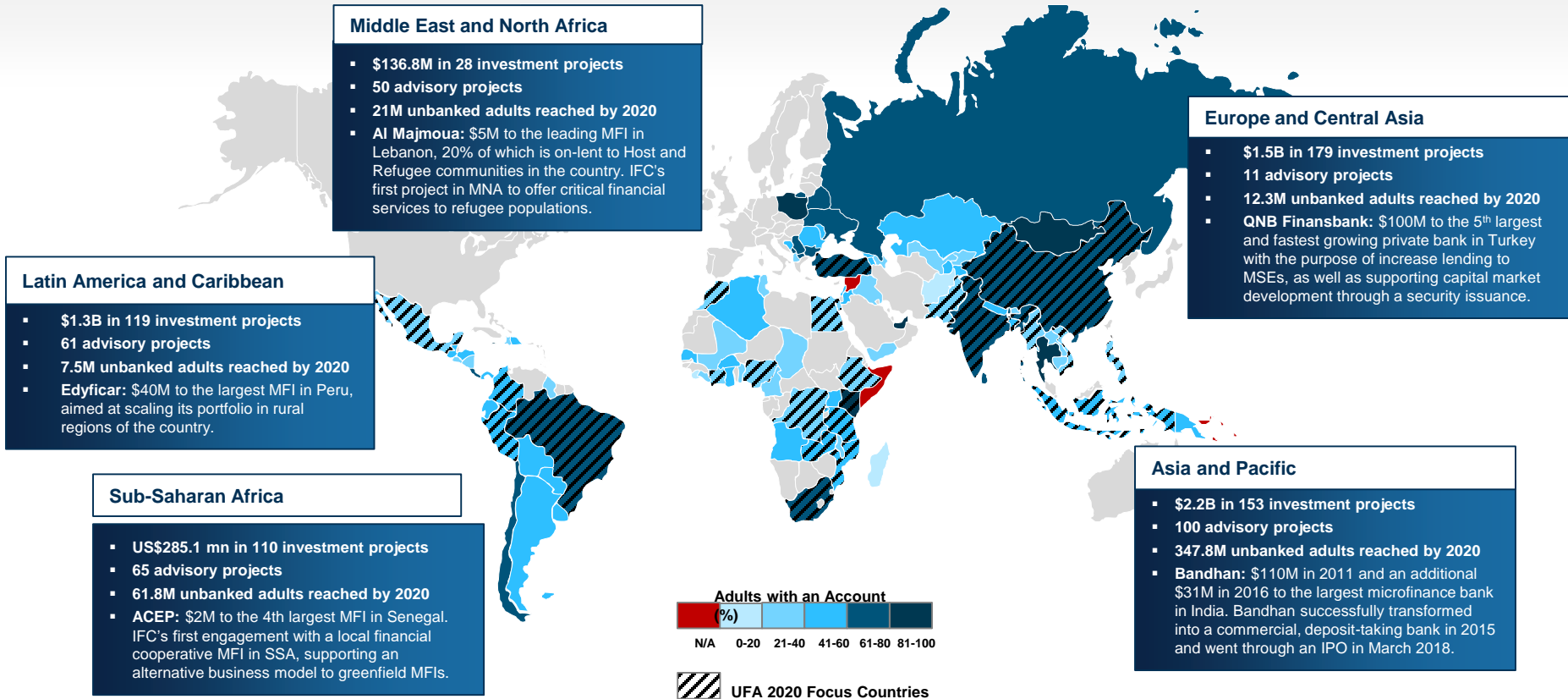


FIG banking clients hold 11% (\$5.2 trillion) of total Emerging Market (EM) banking assets* which gives us the capacity to increase development impact

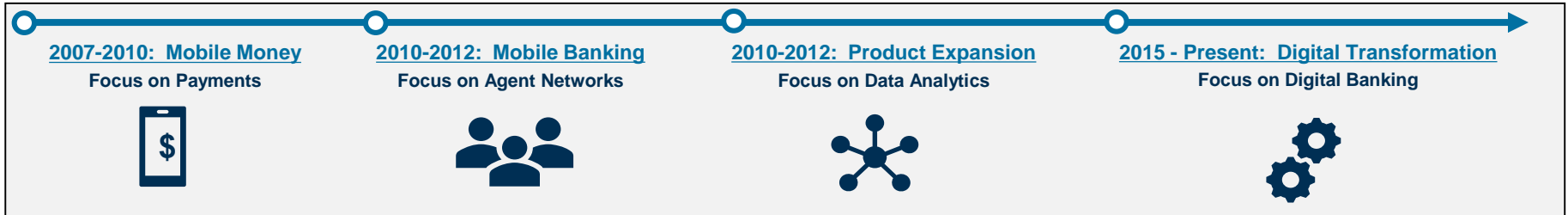


* FIG banking clients hold 27% of total non-BRIC EM banking asset ; Note - Excluding - Kosovo, Iraq, West Bank and Gaza, Cote D'Ivoire, Guinea, Liberia, Mauritania, Rwanda
 ** Actual reach as of CY16 based on 2017 IFC Reach exercise

Over 20 years, IFC Microfinance has delivered significant global impact, with more than 600 investments totaling over \$5.5 billion and 298 advisory projects in 95 countries

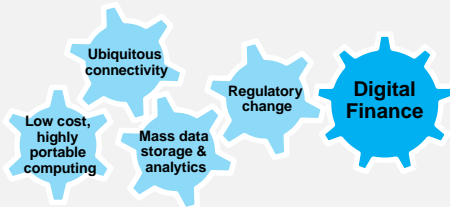


Digitalization of our portfolio – IFC’s work has evolved with the industry



Background

- Innovative financial channels, products and processes provide significant opportunity to better serve customers, and expand service to previously un(der)served segments.



- Digital transformation of FSPs** leads to improved customer experience, revenue growth, reduced costs, and strengthened risk management.
- Continued IFC investment in DFS** will further advance the **WBG financial access and inclusion agenda** and enhance resilience and capacity to cope with and support solid and durable inclusive growth.

Lessons Learned

Use of technology and innovative delivery channels is necessary to reach the last mile.

Technology can play a significant role in targeting beneficiaries, particularly when used to create linkages with the real sector (e.g., through agri supply chains). However, DFS may not be the only solution to reaching the most marginalized.

Data facilitate financial inclusion goals.

Traditional FSPs routinely cite a lack of data in their inability to serve the unbanked. Leveraging data allows the unbanked to “accumulate creditworthiness” as a stepping stone towards more diversified product offerings and/or larger loans through traditional FSPs.

Partnerships synergize FSPs and technology firms.

While telcos have helped drive access and some fintechs are making progress in inclusive finance, partnerships between traditional FSPs and technology enablers have tremendous potential to deliver responsible, inclusive finance that is tailored to the needs of local populations.

Active DFS Projects

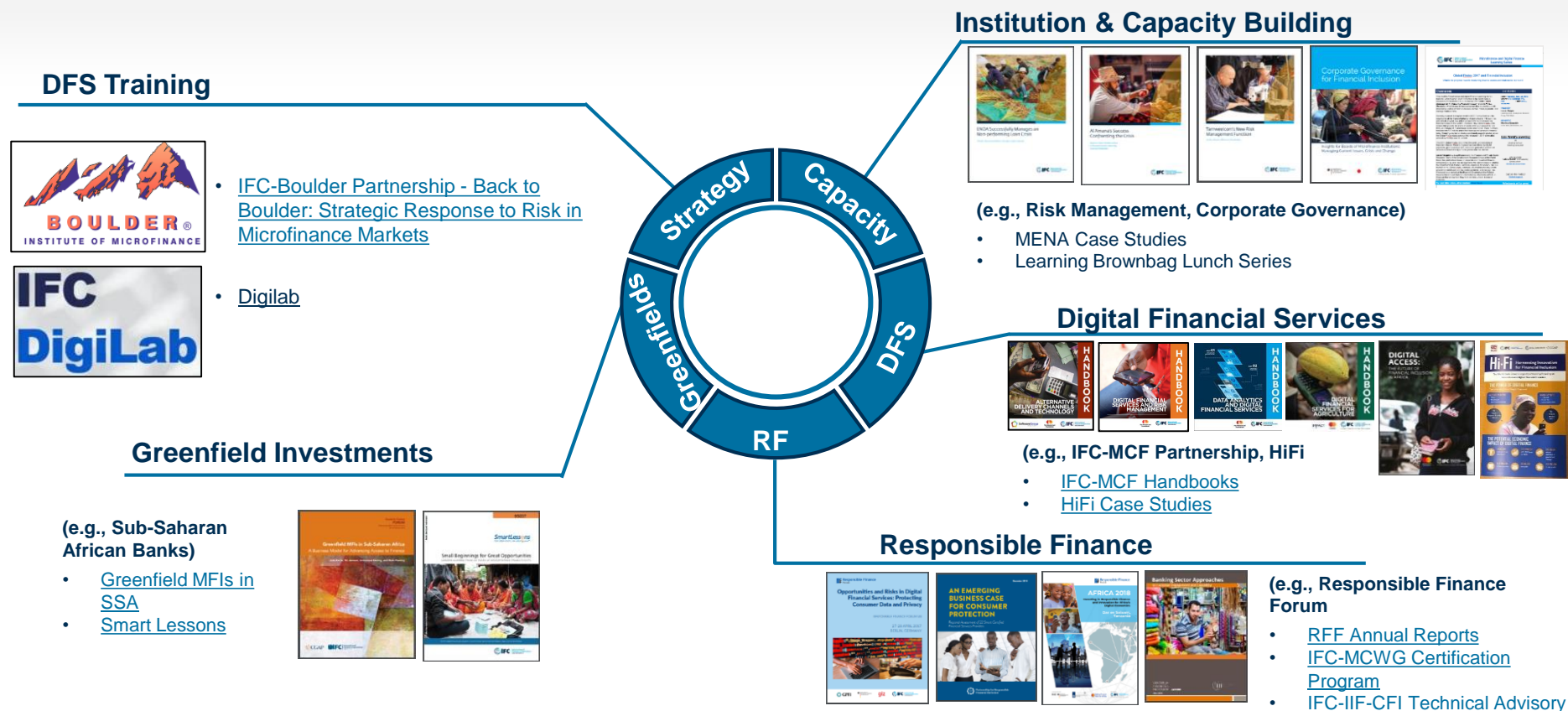
105M Total number of new people reached through Digital Financial Services

43 Number of active investment projects

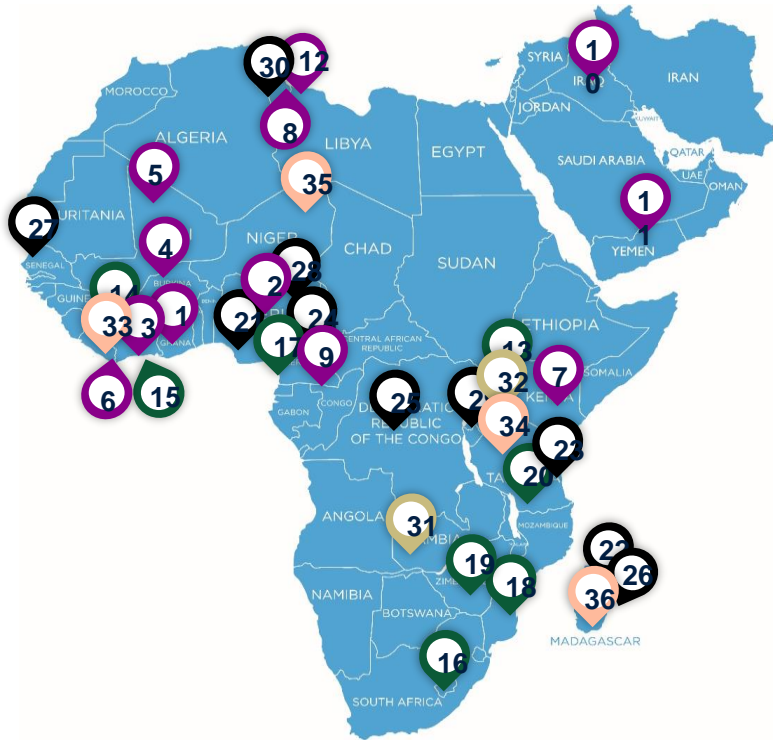
\$401 Total Digital Financial Services/Fintech portfolio outstanding

53 Number of active Advisory projects worldwide

IFC's thought leadership and collaboration with global strategic partners



Projects in Africa and Middle East



Banks

1. CAL Bank Ghana
2. FCMB
3. Fidelity Bank
4. ABI Burkina Faso
5. ABI Mali
6. ABI Cote d'Ivoire
7. Co-operative Bank Kenya
8. Attijari Tunisia
9. AFG Cameroon
10. Ashur Bank Iraq
11. Al Kuraimi Bank Yeman
12. BH Tunisia



MFIs

21. AB Microfinance Bank Nigeria
22. Access Bank Madagascar
23. Access Bank Tanzania
24. Advans Cameroon
25. FINCA DRC
26. Baobab (MicroCred Madagascar)
27. Baobab (MicroCred Senegal)
28. Lapo Microfinance Bank
29. UB Rwanda
30. Enda Tunisia



MNOs

13. Airtel Uganda
14. MTN Cote d'Ivoire
15. Tigo Cash Ghana
16. Vodacom Lesotho
17. MTN Cameroon
18. Vodacom Mozambique
19. Econet Zimbabwe
20. Vodacom Tanzania



Fintechs

31. Zoono Zambia
32. ABC Uganda



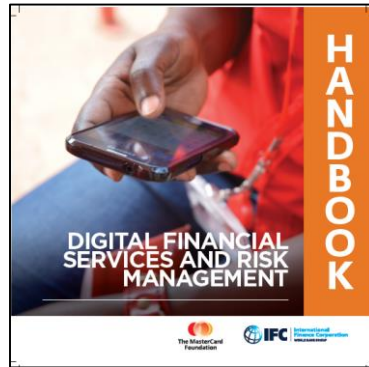
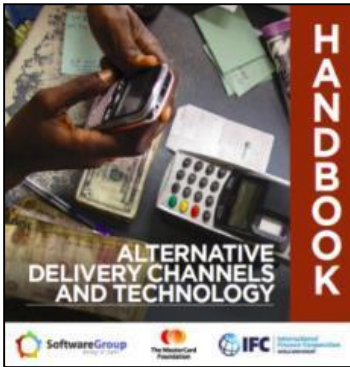
Market Level Programs

33. Cote d'Ivoire Market Program
34. Tanzania Interoperability Project
35. DFS & Agri Niger
36. DFS & Agri Madagascar

The FIG Advisory team in Africa offers clients expertise, experience and technical advice on how to deploy alternative delivery channels and develop associated products and business models. We work in partnership with clients to address the most critical challenges in scaling mobile money and agent banking.

Background -

Partnership for Financial Inclusion DFS Handbook Series



IFC's Mobile Money Toolkit © is a combination of both the best publicly available information and original content and newly created materials. It includes documents available from CGAP, USAID, the World Bank, GSMA, and other organizations that are doing research in the realm of mobile money. Each part contains a number of documents or tools, some specifically designed for this toolkit, others collected from the public domain.

http://www.ifc.org/wps/wcm/connect/industry_ext_content/ifc_external_corporate_site/financial+institutions/resources/toolkits/mobilemoney_toolkit1

Notable DFS Advisory Programs

Mastercard Partnership for Financial Inclusion

- A \$37 million partnership between IFC and Mastercard Foundation, launched in 2012, to advance microfinance and digital financial services in Sub-Saharan Africa.
- Works with banks, MFIs, and MNOs across the African continent to develop and test innovative business models aimed at expanding financial inclusion. Harness these projects to share industry insights, e.g. the DFS Handbook Learning Series.

Harnessing Innovation for Financial Inclusion (HiFi)

- A \$64 million partnership between DFID and the WBG, focused on using innovations to expand financial services, particularly to women and those living in FCS countries.
- Provides technical assistance to FSPs to develop tech-driven business models to deliver financial services to the underserved, as well as expertise to help countries develop national payment systems.

Graham Wright

Founder and Group
Managing Director

MSC



MSC is recognized as the world's local expert in economic, social and financial inclusion



International financial, social & economic inclusion consulting firm with **20+** years of experience



180+ staff in **11** offices around the world



Projects in **~50** developing countries

Our impact so far

300+
clients

>750
publications

Assisted development of digital G2P services used by **700 million+** people

Implemented **>750 DFS projects**

Developed **250+ FI products** and channels now used by **50 million+** people

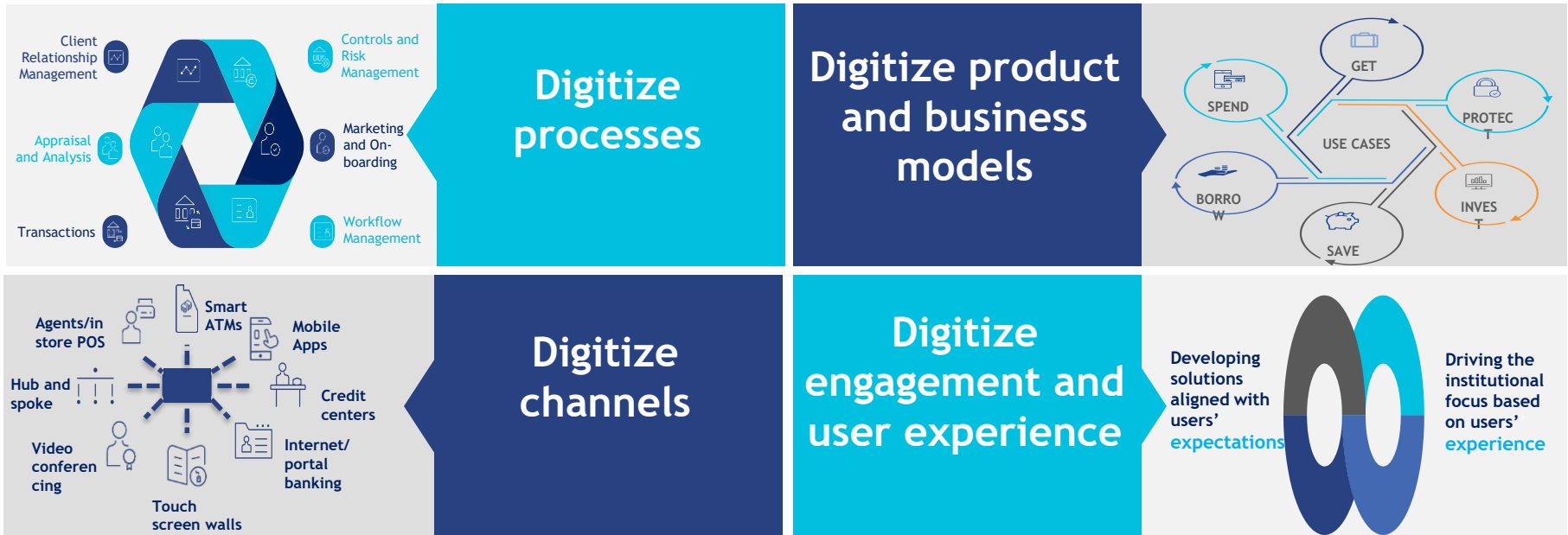
Trained **8,000+** leading FI specialists globally

Some of our partners and clients



Too many focus on just processes and channels

Digital transformation is offering the right combination of: 1) digital solutions/tools, 2) delivered digitally, 3) riding on digital technology, and 4) providing seamless user experience.



Digitize processes

Front-end processes

- Lead management
- Complaints and redressal
- Account opening

Client relationship management

- Lead generation
- E-KYC
- Facility application
- Targeted marketing
- IVR/SMS responses
- Geo tagging

Marketing and on-boarding

- Financial analysis
- Loan utilization checks

Appraisal and analysis

- Loan repayment
- Bill payment
- Savings in/out
- Facility renewals

Transactions

- Authentication

Controls and risk management

Back-end processes

Client relationship management

- Lead management
- Segmentation
- Targeted customer service
- Automates offers for valuable customers

Work flow management

- Documentation and filing
- Responsibility sharing
- E-approvals
- Schedules and reminders

Appraisal and analysis

- Credit scoring
- Credit bureau checks
- Financial analysis
- Loan utilization checks

Transactions

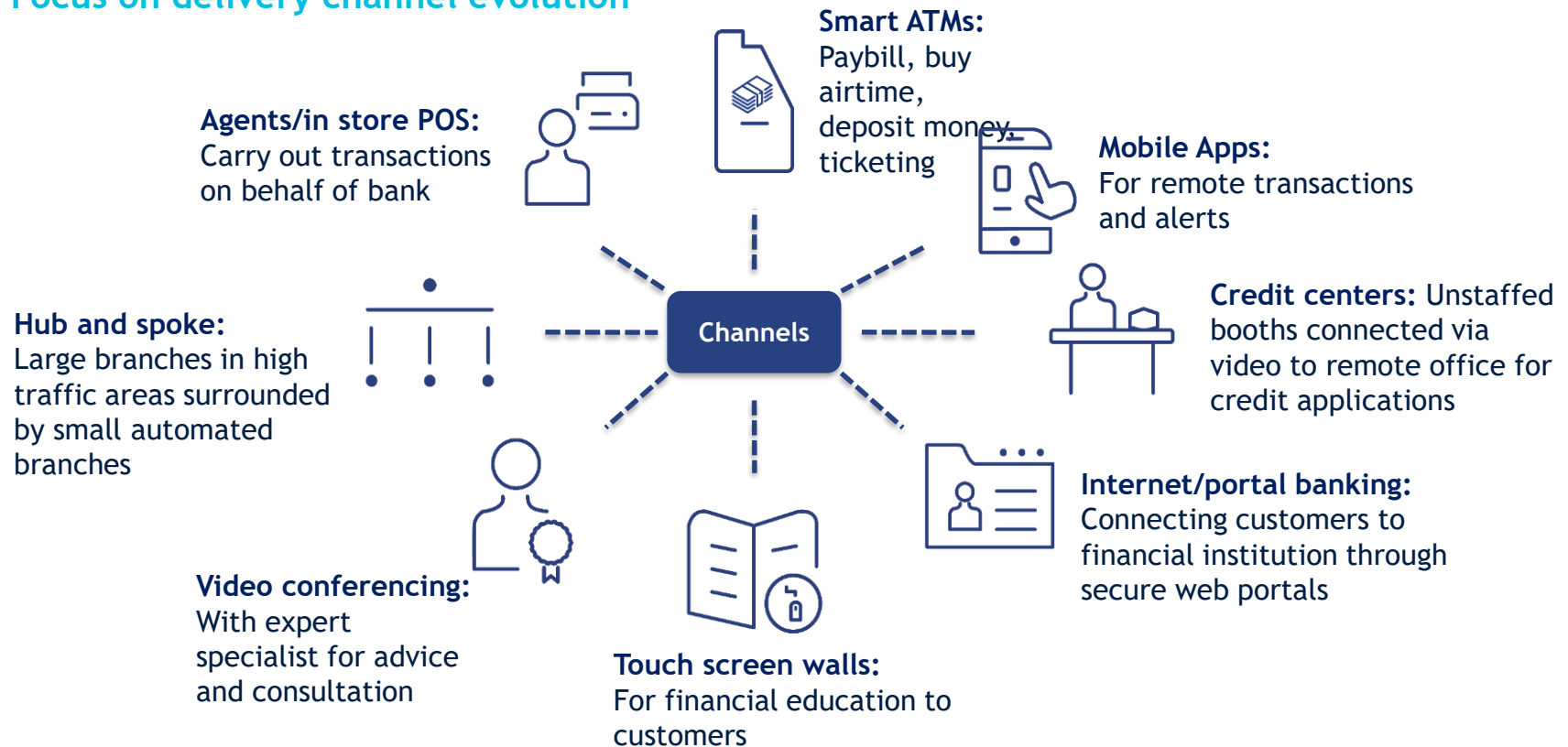
- Loan disbursement
- Loan repayment
- Bill payment
- Savings in/out
- Facility renewals

Controls and risk management

- Risk mapping - concentration, portfolio, single borrower
- Control breach alerts

Digitize channel presence and expand access points

Focus on delivery channel evolution



Use cases - digitally delivered products

Opportunity to focus on use cases not products

Get

- **Digital:** Remittance, Fundraising accounts
- **Formal:** G2P
- **Informal:** Income, Wages, Remittances, Loans

Spend

- **Digital:** Merchant, Utility and Bill Payment
- **Formal:** School Fees
- **Informal:** Grocery, Medical, Lifestyle, School Fees

Borrow

- **Digital:** Digital credit by banks/ MNOs, Fintechs
- **Formal:** Banks, Non Bank Formal
- **Informal:** ROSCAs, SACCOs, MFIs



Protect

- **Digital:** Freemiums, Wallets, Micro-insurance
- **Formal:** Mandatory insurance products
- **Informal:** Social savings/insurance

Save

- **Digital:** Mapped savings accounts, Group Savings, Wallets
- **Formal:** Banks, Non-Bank Formal

Invest

- **Informal:** RoSCAs or AVECs, SACCOs, MFIs
- **Digital:** Mobile money based government bond for investment
- **Formal:** Not applicable
- **Informal:** Income supplementing and subsistence assets

User engagement and experience is fundamental to success of digital transformation

There are two fundamental aspects to focus upon to build the user engagement: expectations and experience

Developing solutions aligned with users' **expectations**

- Users expect
- ▶ Efficient services
 - ▶ Fair pricing
 - ▶ Explanation in user language
 - ▶ Access to services as and when they require them
 - ▶ Easy to understand services
 - ▶ Immediate recourse in case of a problem
 - ▶ Transparent processes
 - ▶ Trust in processes

Driving the institutional focus based on users' **experience**

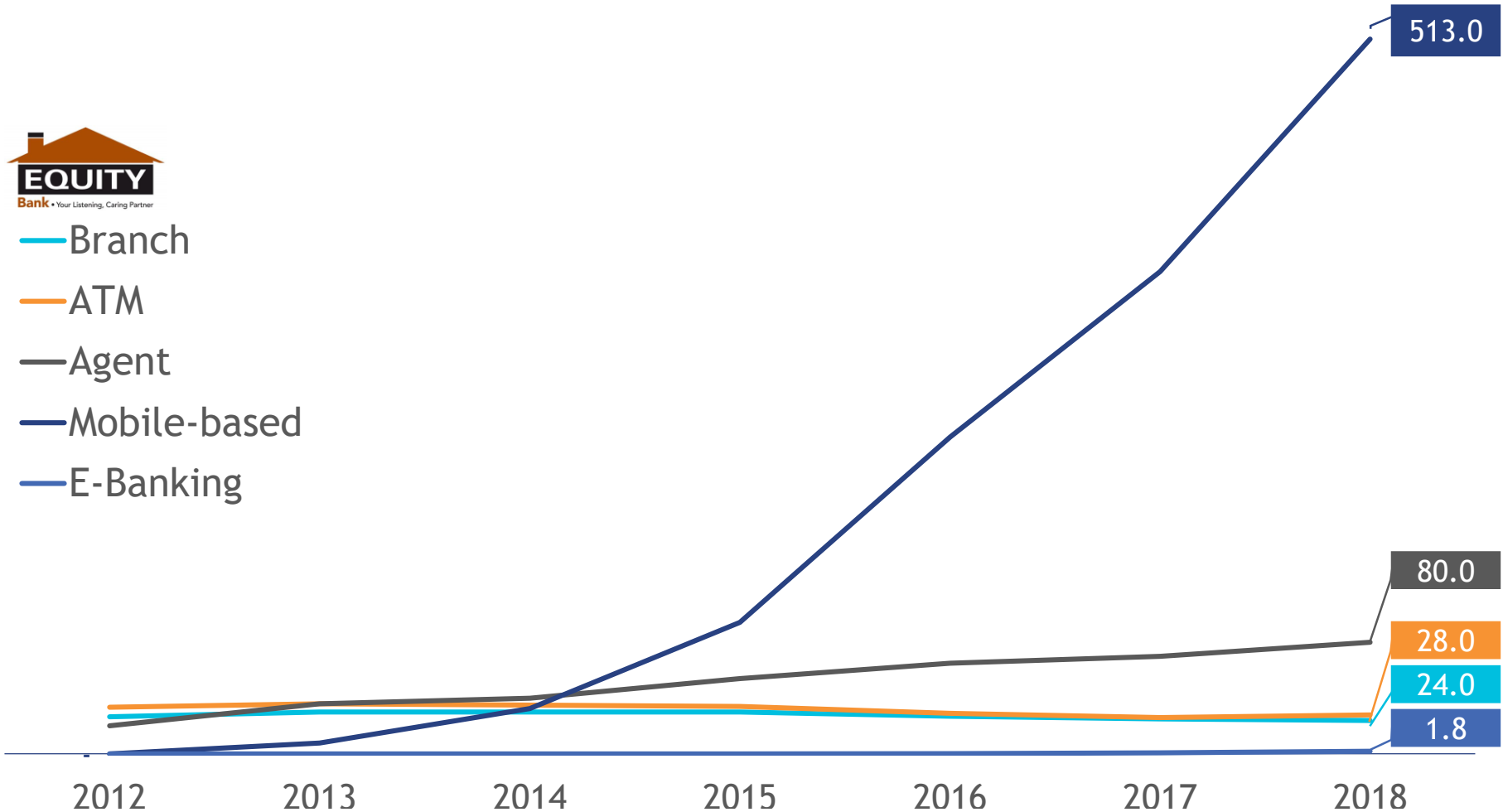
- User experience is fundamental to adoption. This can be achieved through:
- ▶ Mimicking users' behaviours and attitudes
 - ▶ Clear, obvious, and intuitive services
 - ▶ Assessing adoption bottlenecks and resolving them
 - ▶ Implementing design thinking to personalise experience

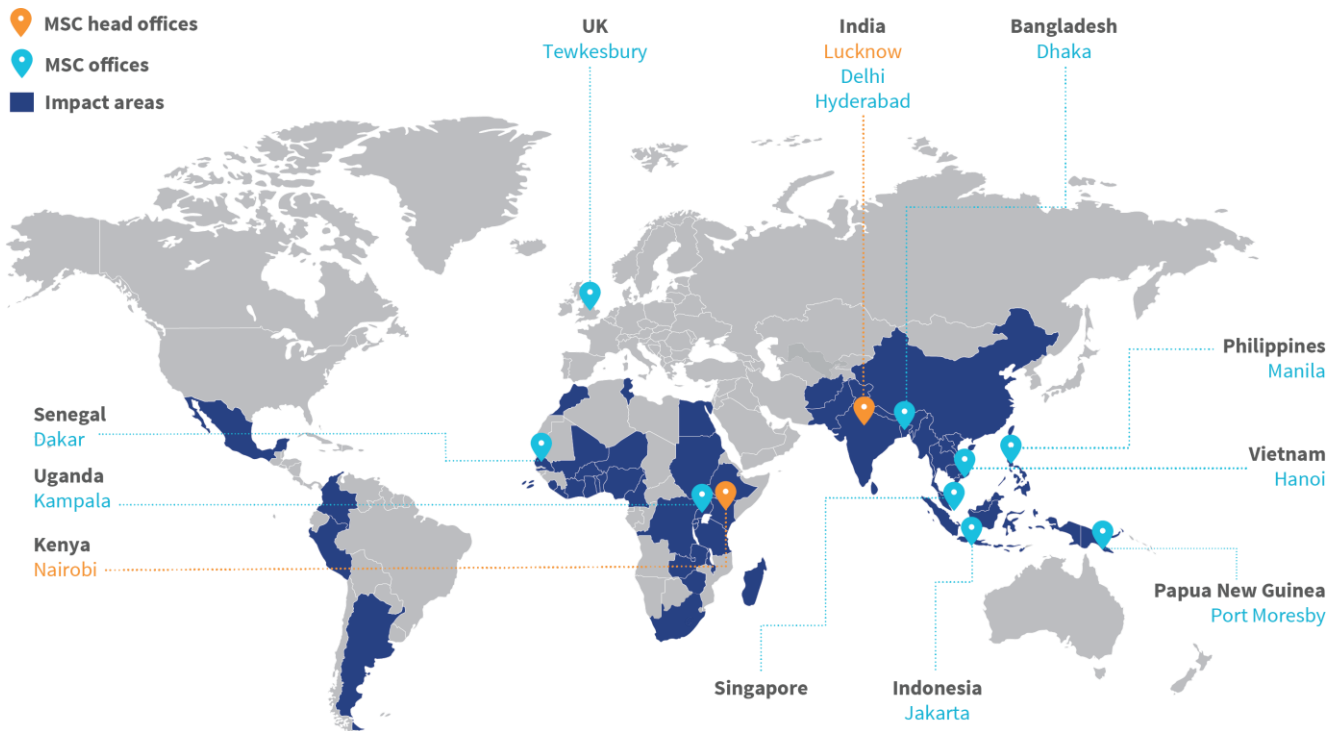
Equity Bank demonstrates the potential and power of digital transformation: ~80% of transactions are now self initiated

Transactions (2012-18, millions per annum)



- Branch
- ATM
- Agent
- Mobile-based
- E-Banking





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Q&A

1

For questions, please use the Chat box on the left-hand side of the Webex session.

2

To ensure your question is seen by the moderator, select “**All Participants**” from the drop-down menu when sending the question.

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WHAT'S NEXT

1

Webinar recording and related materials are available on the [FinDev Gateway website](#).

2

Continue the discussion on this topic on Gateway LinkedIn Group. **Join the group via the link shared in the Chat box.**

3

Register for two upcoming webinars in the series:

- [Making Change Happen: Lessons From Microfinance Institutions](#)
- [The Role of Technology in Digital Transformation](#)

Links will be posted in the chat box on the right panel of the webex screen

Thank you

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