



## Symposium on Financial Inclusion

### ***Awarding the Clients at the Centre Prize***

***(Emcee) Roger Morier:***

We come to one of the highlights of each of these symposia and that is rewarding the Clients at the Centre Prize. We started this a few years ago. Every year, we choose one financial services company, which is offering the services to poor people in an innovative way, but it is doing it in a particularly client-centric way.

So, we have three finalists who have been selected from all the entrants. I'm going to ask you to be empathetic because they're going to be standing up in front of you and trying to persuade you to give them the prize. I'm going to ask you, as well, to be tough because you're going to be giving away \$150,000 of our money. So, just keep that in mind, as well.

So, let me welcome Mike Williams, who is an Associate Program Manager at the Foundation. He will be leading the prize ceremony. *[Applause]*

***Mike Williams, Associate Program Manager, Mastercard Foundation:***

It seems that local greetings are in order. I've only lived in southern Africa. *[Speaking African]* Maybe a little Canadian flavour, as well. What's this all about, eh?

And so, welcome all to the third Clients at the Centre Prize.

Following that great innovation-centric session, we're going to dive into some very real experiences driving digital innovation for financial inclusion with some extremely innovative organizations and companies.

And, who doesn't like a little healthy competition? In fact, it seems that our digital friends left a note up there, something about friendly wagers being only payable through Apple Pay, Alipay, M-Pesa, BitPesa, Stripe, Square, Paystack, ZPay, Orange Money, TECO Cash, MTMP, Zoono, and WorldRemit. Another one that says, "No Cash – Digital".

Also, before our pitchers come up to share their stories I'll stress that everyone here plays a vital role in our session. YOU ARE the decision makers.

This year I was privileged to be part of the team that organized the prize and, of course, got the opportunity to rigorously review every single application. Our team read through 88 applications this year from some very innovative organizations, companies, and individuals.

I typically fancy myself an innovative young chap and I'm sure you can tell since I have a fake flower on my jacket. But I'll admit that, reading through these applications, I really owe all of the applicants this year a thank you for bringing me back to earth. They are truly the innovators of our world.

Applications this year were largely drawn from countries across Africa. In fact, over the three years of the prize, more than half have come from the continent. What's inspiring is that these applications we received are primarily focused on having a positive impact on low-income segments, whether it be their economics and financial standing, their education, their health, their sense of social belonging, but really all through financial inclusion-related modalities. In fact, I did a quick calculation. And for the evaluators in the room, don't hold me to any sort of rigour for this one please. The number impacted by these 88 groups that applied were well over eight million people.

In parallel to this we've also seen great sector diversity. The prize has engaged fintechs, NGOs, public sector and private sector companies, financial institutions, social enterprises and MFI's.

We've had large institutions in the midst of transformation and we have small firms looking to scale. Needless to say, it was quite a range of applications that we received and this diversity to us speaks volumes. It truly reveals that:

1. Client matter and they matter more and more as technology drives greater connection between client and firm. We see a systematic shift: that institutions are placing greater importance for understanding the needs, behaviours, and the value proposition of and for their clients. And then, really putting in the work to empower their clients to utilize their offerings in a meaningful way.
2. Client-centered innovation is worth the investment. There is a willingness to develop ideas, prototypes, learn, adapt, and then redevelop to make the business case work for institutions.
3. We're finding that client-centered innovation is not just a new product or a service to plug into another mix of them, but really client-centered innovation is a business model, it's an innovative process. It's a new client segment, for that matter. It's really about creating the greatest experience and value for the customer as a core competency of your business.

And, to exemplify many of these points, I wanted to welcome the 2016 Clients at the Centre Prize winner, Ahmed Cassim from Hello Paisa. *[Applause]*

Ahmed, last year when you pitched yourself, you mentioned that you had 500 staff already. You had 5,000 outlets. You had remitted 200 billion rand and you had 260,000 customers. What have you been up to in the last year?

**Ahmed Cassim, Hello Paisa:**

So, 2017 has been the year of further improvement. The team is now close onto 700 highly committed individuals. We remitted two billion in 2016. 2017 is much better. We are on track for a 200% increase. We should end the year with six billion remitted. The number of customers has also increased about 30%. We're closing on 400,000 customers now that use our services.

**Mike Williams:**

Wow, that's pretty amazing. [Applause] And so, I think everyone here is quite interested to know what did it mean to win the Mastercard Foundation Clients at the Centre Prize last year?

**Ahmed Cassim:**

So, at the Hello Group, we've been quite fortunate in the sense that we've won some prestigious awards from illustrious organizations like SWIFT and Ernst & Young Entrepreneurs of the Year. I'm not saying that because I'm here, but I think the Mastercard one gives us the most pride because when you speak to the people in the know, they look up and they think, 'well, you must have done something amazing'. Also, they think, 'you must be a little bit clever'. So, that actually helps, as well.

The credibility and the indirect introspection that this contest forced us to do in truly questioning if we're client-centric or not, and how can we even be more centric? Again, it's been an amazing achievement.

**Mike Williams:**

I know people are always curious what happens with the prize. Can you tell us what did you do with the prize?

**Ahmed Cassim:**

What we did was a very, very intensive survey to the customers whose lives we have changed and try to understand what were the experiences with regard to financial services. Were they included, were they excluded? What did they like, what did they dislike? What would they pay and what would they want for free? How are we going to add value to their lives? The very important part is that we've taken all of the inputs and it now forms the foundation of all of our new products. So, truly listening to the customers, we did do a very good job of that before last year. We're now doing an even better job around that. Using all of *their* experiences, wants, needs, desires, to build our products.

**Mike Williams:**

What's the new and exciting stuff happening at Hello Paisa?

**Ahmed Cassim:**

So, in the remittance world, it's been life-changing in the sense that customers no longer needed to use illegal channels, not know how much they were going to pay, and feel humanized and welcomed. We're following that up and in 2018, we hope to be even bigger than 2016 and 2017. We're working with a partner bank in South Africa to launch a mobile digital banking product.

So, what that means is that the same individuals who were excluded from formal remittances are excluded by the big banks in South Africa. No offense if there are any bankers here from South Africa, but it's not regulation that stops you from servicing these communities, it's 'risk compliance', lack of profitability. I would dispute all of those assumptions. So, we are working are including these individuals into the banking world. I would love to tell you next year how many thousands of customers have now signed up and actually have a bank account where they store their hard-earned cash, they've got a bank card that empowers them. Hopefully, some history and can offer them credit and insurance and stuff. 2018's objective is to launch this bank effectively.

**Mike Williams:**

That sounds very exciting. I'm sure everybody would agree. I would like to thank you for coming and joining us and sharing your story again. *[Applause]*

So, that's pretty exciting what's happened with Hello Paisa, and to hear about what they're doing with the prize.

Speaking of the prize, I'd like to now welcome this year's three 2017 Clients at the Centre Prize finalists.

- Jorge Camus, co-founder of Destacame in Chile and Mexico
- Vaibhav Lodha, co-founder of ftcash based in India
- Buhle Goslar, Director of Customer Intelligence at JUMO based in South Africa, but operating in several countries

Also, as we head into the pitches, I want to introduce the great external team that we put together to help us narrow down our applicants from 88 to 3.

- Jake Kendall, Caribou Digital
- Leesa Shrader, Mercy Corps
- Pam Eser, UNCDF
- John Won, IDEO
- Hedwig Siewertszen, AGRA
- Antonique Konig, CGAP
- Juliet Munro from FSD Africa

*[Applause]* So, these judges scored the applicants this year with the following in mind. Please pay particular attention because you'll be asked to really make the same decisions on the following achievements when you vote after the pitches.

1. The applicant's understanding of their client needs, behaviours, and their aspirations.

2. How the applicant defines and measure client centricity and how they respond to their findings, learning, and measurements.
3. Is this solution of the applicant unique in their market and do they show a really good understanding of their market itself?
4. The long-term impact, viability, and scalability of the company and its imitative.

Let's welcome our first pitcher, Jorge Camus from Destacame.

***Jorge Camus, co-Founder Destacame:***

Destacame is a free digital financial management platform that empowers people by giving them control of their financial data to improve their financial capabilities and gain access and improve their access to financial products.

Let me introduce Ricardo. Ricardo is from Chile. He is 45 and has two kids. He owns a small shop in Santiago and he needs to improve that shop. He goes to a bank and the loan is rejected because the bank says, they don't have enough information of Ricardo.

This is what happens to 70% of the population in Latin America and all over the world. The root of this problem lies in between the asymmetries that exist between people and the financial institutions that prevents financial institutions to do correct risk assessments. That's why in Destacame, we put the person in the centre of our business model. It is the person who signs in Destacame freely and voluntarily, who gives us his consent and we go to different data sources such as telcos, utility companies, credit bureaus.

We gather his information and present it in an organized way so the person can take control of his information. And now, it's the person who decides what to do with his information. He could understand or brag his financial health, or he can send his information to a financial institution. When the financial institution gets the information, they pay us a fee. But, they have way more information and a deeper understanding on that prospective client so they can give more and better financial offers.

When we began Destacame, we started by building up a credit score for those people who didn't have enough financial information. This score was built based on the payment behaviour of people of their utility payments, such as water and electricity. And this score has shown to be awesome.

We have been able to decrease 75% of the default rate of those who, according to Destacame, are good payers. But, by listening to our users and understanding their financial information, we understood that we could help other two groups.

1. First, those that are rejected because they don't understand their financial health and don't have enough financial education.

2. Those we call, 'debankerized' because they have been pulled out of the financial system because they either have or had a past due debt.

For the first group, we're giving for free their financial report so they can understand their financial health and, moreover, understand how the financial system sees them, and do whatever they need to do to improve that information.

Also, we have built several financial education tools in the platform so the people can now understand better when they are applying for a credit.

For the second group, we built a model where they receive special offers so they can pay at a great discount their past due debt as a first step to be rebankerized. With this group, we went a step further and by partnering up with a financial institution, we are granting microcredit that we'd like to call 'rebankerization credit' so people can start rebuilding their financial history so they can demonstrate to banks that they have solved their problem and are ready to return to the financial system.

This is the power that can be done when people take control of their data and that is the most important thing at Destacame. The market has responded greatly to this. In only 18 months, more than 500,000 people have signed with Destacame in both Chile and Mexico where we have operations. Three hundred thousand people visit the platform every month. More than 40,000 free application have been made and more than \$20 million has been collected in past due debts. But, these numbers are important only because they demonstrate that Destacame has a valid and sustainable business model that allows us to scale in the future.

Imagine that just in Mexico, where I live, more than 60 million people are unbanked. So, if we are able to help in one country in a short time six million people, imagine what we can do.

A few years ago, when I studied at MIT with my co-founder, we dreamed of a world where financial exclusion has ended. We have demonstrated that by giving the power to the people to manage their information, this can be done. With your support and the Mastercard Foundation prize, we will be able to help more than 300,000 people to learn more about their financial health and make the first step to be bankerized.

We dream with a world where everybody, as Ricardo, gets the credit that they deserve. Thank you very much. *[Applause]*

***Vaibhav Lodha, co-Founder, ftcash:***

Today, I'd like to introduce you to Bunkhash, who's my newspaper vendor from Mumbai. Now, Bunkhash has been delivering newspapers for the last 35 years in the local neighbourhood to over 400 apartments in the area. He starts his work at 4:00 o'clock in the morning and ends about 8:30. After that work, he actually does menial jobs to make ends meet.

In 2014, he came to me every Sunday morning to collect his dues for his newspapers. And, my immediate reaction every time I see him on Sunday morning used to be, "Bunkhash, please come later. I don't have the cash at home. I'll drive to the ATM today, and I'll give it to you tomorrow". And, I delayed the payment for almost five months. So, typically delayed payments have not been a concern for Bunkhash, in general, but this time it was. He seemed concerned. So, I asked him, "what happened?" The reason, he started telling me was that he has a lot of deals and debts in his EMIs. He has an EMI office by spending, offers rent that he is not paid. He also has multiple suppliers that he is supposed to pay that he has not paid. Moreover, just last week, his daughter fell ill. Because of that, just two days back when she coughed blood, they had to take her to the doctor and it turns out she has tuberculosis. Because of that, it became a problem for him because all the working capital money that he was using for his business ended up going to her treatment. Bunkhash ended up going to a money lender, but the money lenders turned him down saying that they were going to charge him 40 to 50% interest rate in India. He was just not able to pay that because that is really high margins for his business to be able to afford.

So, that's when I immediately felt devastated. I went to the ATM, withdrew the money and gave him the extra cash. But this was something I was discussing with my co-founders. We realized that we have all faced these issues in the past and we have met multiple Bunkhashs in our life, but we have not really solved the problems.

What can we do about it?

So, we started researching on this subject and we forget that, actually, this is a much bigger problem, especially where I came from in India. There are 60+ million micro-merchants in the country. And, the number of people who are merchants who actually have access to digital payment and credit is less than 4%, which effectively means that it's a much greater problem.

So, when we researched more, we found out that every hour there is a debt that happens in the country for someone who's not able to pay his loans or is stressed because of a loan and this leads to suicides. So, eventually, we said, let's prepare a product accordingly. Let's figure out why these loans are not given out.

So, there are three reasons why these loans are not given out.

1. The origination cost of these loans is very expensive. At the same time, servicing is very expensive, as well.
2. In most of these loans, banks and financial institutions find it very difficult to do credit analysis on these merchants on-the-go. The recollection on these merchants is also very difficult because they have to pay it on a monthly basis and these merchants are not very financially prudent to be able to give these loans on time.

That's why we created ftcash as a platform. ftcash works on a simple payment and loan solutions together. We give out a payment solution which works from software to hardware. It's an all-

inclusive payment solution. It has all options of credit cards, debit cards, mobile wallets, everything integrated in one platform. It comes free of cost without any upfront costs or monthly rentals to merchants and it works on QR codes to mobile applications on every single unit. So, merchants can sign up fairly quickly with us, in less than five minutes, and they're able to accept digital payments immediately with us.

At the same time, we have an automated data-controlled lending platform that works with these merchants who are on our payment platform, as well. These are non-secured loans that are given which have flexible repayment options.

Now, the funny part about this entire system is that we work with payments and loans together in such a way that the digital loans that we give out have a proprietary algorithm in the back-end, which works on the transactions of these merchants, which has DSMS data, the location data, the call records of these merchants that we track. And, we will do a psychometric analysis to understand the intent of the merchant to pay back their loan.

The reason why we are better than most lending systems is because the origination costs for these loans is much cheaper for us because the merchant is already on our payment platform. The KYC and the digitization of the underwriting help us to make servicing of these loans cheaper.

Lastly, the recollection of these loans on our payment platform make it even a lower cost for us, in the overall sense.

We have been doing this in Mumbai and India now for the last 2½ years. We've gone to about 25,000+ merchants that we have been servicing. We're doing it in more than 150 cities in India. We have a delinquency ratio of less than 2%. And, we have a payment platform that is processing over \$18 million U.S. dollars on a yearly basis right now.

We grew over 100 x in the last 18 months. We were incubated by PayPal and we are supported by the Global Startup Program. Forbes actually stated us as one of the fastest growing financial inclusion companies in India.

If we are able to win this prize, we would use that money to go to some of the remotest parts of the country. Thank you. [Applause]

***Buhle Goslar, Director of Customer Intelligence, JUMO:***

I would like to share with you what I think has been four critical drivers in the journey that JUMO has been on toward customer centricity. And I think it's been a really interesting journey because essentially you're wanting to put the customer at the center of a business that is primarily a technology business.

One of my favourite quotes is this: *"The purpose of a system is what it does"* by Stafford Beer



What I like about it is that when I enter into a situation like the situation that all of us work in now, and we see that people are being excluded, it means that fundamentally that is the purpose of that system. And, I think what's been exciting for us at JUMO is to be able to come and become part of this community that's in this room that is really building a new system and make our contribution with what we are good at.

So, what have we done?

JUMO is a multi-sided technology platform. And, we have looked at the problem. I talked to people like Calvin, who is a truck driver in Zambia. He does commutes between Lusaka and Goloseekwe. One of the things that he really worries about is providing for his family is:

1. While he is away if there are any emergencies.
2. If an opportunity presents itself, how does he get funding?

I would say to him, "why can't you borrow from friends and family, it's cheaper?" He says, "But they have the same problems I have".

The other thing is, if his children are sick while he's on the road, emergencies don't keep banking hours. And, those are some of the things we're trying to solve on our platform where, essentially, people are able to borrow and save real time, any time.

So, as I said, we're a multi-sided platform. What we've done is we've said we will go to the people who are the holders of data of the people that are essentially invisible. And, the biggest holders of data are mobile network operators. And we will also go to the people who are the holders of the cheapest sources of capital, which are the banks, and we will bring these together and deliver products to customers at a really low cost.

So, what's a really low cost?

So, we're currently able to service a customer for 95 cents a year, which is really low. A lot of people have said to us, "can this model work?" What we've seen is that this model is working because we have been able, since we issued our first mobile loan in 2014, to issue over 20 million loans which, for us, is a great vote. We've reached over five million customers. We're operating in six African markets and we've just launched in Pakistan. So, we think that we're really making progress there.

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The second thing that we're doing is we design for the lives that customers really live. So, we have made sure, for instance, that our first-generation products are USSD-based because it's allowed us to reach more customers. We've also made sure that when we build our credit models, that we just don't focus on credit scoring, that we look at other issues.

One of the issues that we found is that a lot of customers really struggle with the variability and unpredictability of income. What we've done is we've actually started to build models that allow

us to be able to get to those customers using better affordability assessments, give them bigger loans, but also to structure our product in a way that allows them to repay these loans over flexible terms. Because that's what customers really want and that's what we delivered in our second-generation products.

The third thing that we've really learned is that it is critical that we're very intentional in how we look for impact. And, we really look to impact our customers at an individual level, so not just impacting them in the sense that we know that of the customers we reach, 30% of them report earning under \$2 a day. We know that for 80% of them, it's their first access to formal financial services.

But we've asked ourselves, what else?

We've started doing two-way USSD surveys. We've talked to over 10,000 customers over the past year getting free text verbatim feedback from the about how they are experiencing our products. We've taken what they've said to us and we've pulled that in to what we're doing in credit risk, to what we're doing in product design. And, that is really what is informing how we go forward.

So, what am I saying here? We're building an engine that allows us to consume customer insights, whether it's what they do on the USSD menu or what they say to us directly. And, we're blending the transactional data, which is also feedback, and the actual voice feedback that they give to us. What has been amazing is that the whole company has really come behind this initiative and it makes it so much easier to prioritize projects because everyone can see that this is what the customer is saying.

The last thing I want to talk about that has been incredibly powerful for us in this journey has been collaboration and partnership.

What do I mean by that? Clearly, we're a technology business. There are many skills that, even though I am fortunate enough to have been tasked to build this team within the business, there are many skills we just don't have. So, what we've done is we've leveraged a lot of what really exists within this ecosystem, collaborating with people, whether it's CGAP, Smart Campaign. We leveraged those skills and we bring them into our business and we make changes.

So, last year, we actually did a Smart assessment and out of that was a diagnostic assessment. We identified areas which were weak spots for us. What we did was we then built a set of customer operating principles, which we used to engage with our partners so there's accountability across the value chain. We make sure that even though there's shared accountability, the customer stays at the centre.

We would put the prize money basically towards more insight, research, in the MSME communities because two out of three of our customers are MSME's. And, if we really want to

help them to build sustainable livelihoods, it is linked obviously to helping small businesses thrive.  
[Applause]

**Mike Williams:**

I just want to remind you to make your decisions based on four key themes:

1. Who showed the clear understanding of the client needs, behaviours, and their aspirations?
2. Who can you tell that defines and measures client centricity and the response to their findings?
3. Who understands and is unique in their market?
4. And, finally, who has the potential for long-term impact and scale?

Please get your clickers ready ... we're going to start voting now ... the voting is now closed.

I would like to welcome Ann Miles, the Director of Financial Inclusion at the Mastercard Foundation to the stage to reveal and announce the winner of this year's 2017 Clients at the Centre Prize.

**Ann Miles, Director of Financial Inclusion, Mastercard Foundation:**

I have to admit I almost get more nervous at this point during the day than any other time. I'm nervous for you.

Results: Jorge Camus, Destacame - 28.3%  
Vaibhav Lodha, ftcash - 14.5%  
Buhle Goslar, JUMO - 57.2%

*(Presentation of the Prize)*

**Buhle Goslar:**

Thank you so much. [Applause]

**Mike Williams:**

So, we'd also like to acknowledge obviously the two other applicants. Please, Jorge and Vaibhav. Let's given them a round of applause. [Applause]

This brings us to the end of the Clients of the Centre Prize.