# The MasterCard Foundation Symposium on Financial Inclusion: Clients at the Center

## Day 1 ~ July 16, 2014

## Keynote: The Quest for Customer-Centricity

### Roger Morier - Emcee

We're moving now to the keynote address for today. It's centered on the theme of these symposia, *Clients at the Center* of our thoughts and actions. IDEO is a human centered design company. It's been helping organizations around the world make that journey towards customer-centricity for most of the last decade. It does this by co-authoring new products and new services, by developing new organizational capabilities and norms, and it does it by developing methods and mechanisms and processes for continuous customer-centered discovery. Our keynote speaker today is here to give us some highlights about what they've done and how they've managed that process, and how they have led in the way of customer-driven innovation. And she's also going to share some insights and lessons learned along the way.

Leslie Witt is an Associate Partner at IDEO, and she leads its San Francisco Bay area's Financial Services Domain. That Financial Services Domain group is a group committed to reimagining the products, services, systems and the institutions that shape people's financial lives and behaviors. Much of her recent work is focused on innovation, and a lot of that within the financial sector. But she also has deep experience in other areas, including brands, hospitality, organization, and services. So please welcome Leslie Witt and her thoughts on the quest for customer-centricity. Leslie. (Applause).

### Leslie Witt ~ IDEO

Hello, everybody. I'm from IDEO. IDEO, for those of you who aren't familiar, is sort of a motley crew of folks from a variety of different backgrounds, all committed to design and innovation. And at the core of everything that we do sits this philosophy, alternately called human-centered design or design thinking. And what it is is a quest for the kind of wonderful intersection of three points of view—figuring out what's desirable for people, what's viable for a business, and what's feasible in the landscape of technology and the regulatory environment. But we start with people. So although these three

circles look equal right now, probably a more accurate description would be to have that people one kind of throbbing and pulsing and enlarging. And there's a variety of reasons that we do that, but functionally a lot of it is because we believe it actually shortcuts getting you to the right answer. And so whether you're saying being customer-centered, or being human-centered, that really sits at the core of everything we do.

Okay, great, but how? How do you actually find the intersection of those things? For IDEO, it's about utilizing a process that we've honed over the course of decades. It's going to look shockingly simple. In a lot of ways, it actually is. We go out in the field, we heavily believe in qualitative insight gathering, although we're data friendly as well. But kind of researching, immersing oneself in the competitive landscape, in analogous inspiration, in the lives of the people that we're designing for.

Synthesizing—this is kind of an under-respected part of the process—but actually making sense of what you've learned, not just jumping from observation to solution; but saying, "What can I extract, how can I search for deeper insight, for deeper empathy? What am I seeing that is not just kind of evidence of pain, but true opportunity for the people in the organizations? Let's ideate and explore. How could we newly, equipped with technology and business model innovation, how could we newly meet those needs?" All right, that's our best intuition. How do we go out and prototype, test that, understand what our own sense of what works for users actually works for them, if it does. And I'll tell you what, as all of you who have gone out in the field and prototyped and launched service and products, your first best guess is never perfectly right. And so the value of prototyping is really to hone in on a better set of services, prompts, products, et cetera, and then test and refine.

And courtesy of the fact that most of what we do in this space lies in a digital landscape, we like to think about that testing extending throughout the life of a program. Right? A sort of life in perpetual beta. So what that looks like kind of in a different diagram is that there's a lot of divergent thinking, kind of swells of exploration focused in on convergence. And bit by bit, we're seeking out closer and closer to the right-ish answer. We've applied that process across the design of products, increasingly services, including digital services, the design of system, and the organizations, to kind of build the organizations that actually have the capabilities to act in this way and deliver them.

But design for money. So that's actually what I call the domain that I lead. Financial Services Design had very little cache within our overall design group, and what we realized was that it was actually in a lot of ways not the right term to describe what we were doing because people don't talk about financial services. They rarely call a bank an FI. They're often not seeking out money services from those organizations, as many of you know. Technology companies play a role, retailers, you know, it's a vast, vast landscape that's shaping the way that people can and should interact with their money to achieve better outcomes.

When we looked back, probably about five years ago at our overall portfolio, and IDEO kind of has its fingers in a vast realm of different industries, we were a bit shocked to realize that roughly 10 percent of the work we do sits within this design for money space. But it makes a lot of sense. One, about a decade ago, we kind of put ourselves on the map in this space with the design of a program for Bank of America called "Keep the Change." How many people out there are familiar with this program? Okay, a good number. It's pretty basic. It was driven by an insight that women who were the target segment for Bank of America in this case, a lot of middle class women in America are very good at spending and have strong desires to save, and a lack of efficiency in actually doing so.

So one of the things that IDEO looks for is, how do we take existing behaviors, map them to a kind of unmet needs, larger goals, and meld those world views? Not say, "Well, you're doing it wrong, you should simply X, or you should instead do Y." And what this was, is a service, and it still exists, where every time you're swiping that card, every time you're doing something that's fundamentally part of your everyday life, that's embedded in what you're very good at doing, it's just simply rounding up that change and depositing it in a savings account. So some complex machinations on the back end, but from a front end kind of user experience, an incredibly simple, easy-to-understand program. So we kind of got on the map, and we realized that human-centeredness had a strong role to play in the design of financial services.

But there's a lot of macro things happening as well, right? All of us are holding one of these little computers in our pocket. We had the financial crisis, and especially in the US, the rise of a new regulatory regime, and a lot of pressure on the banks to change. The rise of big data and the possibilities offered up by data analytics and data science to better tell us what we can and should be doing to better target, to better inform. A ton of innovation kind of happening in the developing world that's inspiring and putting

pressure on the developed world to actually kind of rise up and meet the newness and rethink the regimes of old.

And then last but not least, and this relates a lot to one of the discussions we were having yesterday around customer empowerment. The transparency of information, and the way that that's empowering customers to act and compare, and taking an organization or an industry that was highly commodified already, and making it even more so. Which the flip side of that, from an institutional perspective, is that it's forcing banks to radically rethink the way that they actually differentiate their services. So all that has led to quite a lot of desire for design services to engage in the landscape of money, and I'm here to share with you kind of five lessons learned, kind of five case studies if you will about what I'm calling "Money Design for the Middle."

IDEO actually does a fair amount of financial service design for the poor. I've had the pleasure of working in tandem with CGAP and with Yanina Seltzerquite a number of times. IDEO has a dot.org whose work in this space is solely focused on financial inclusion. But instead today, what I'm going to share with you guys is some of the money design lessons from the middle, because I think their quest for customer-centricity might be kind of one step, a little bit further afield, but has a lot of extractable lessons that reside in this landscape as well. So hopefully you'll feel the same way.

All right, so first, and kind of most important, design for delight in their success. We don't always think about delight when we're thinking about the design of services, but it's actually an important benchmark to hold yourself to because when you think about the range of services that people interact with in the remaining world, a lot of those put delight square at the center. In 2008, PNC Bank came to IDEO and said, "Help us reach and retain a younger audience," the kind of ubiquitous quest for the millennial. And unsurprisingly one of our core insights was, well how can we actually focus on positive money experiences? Like, what can they do with funds that aren't already allocated? Now in some ways you can say this is just a reframing of budgeting, right? Unallocated funds are what's left over once I've budgeted, but no one fundamentally enjoys budgeting. And courtesy of the data landscape that's offered by online banking, and the fact that many of these folks have direct deposit, online bill pay, there's a lot of intelligence that can be gleaned beyond the kind of bank account balance. So providing insight into what have you already spent, right? You don't have $2,000 in your bank account. You have $300 in your bank account because you don't actually get paid again until all of those bills get out. But that's an incredibly simple and empowering way

to say, how much of this should you shift into reserve, how much can you think of as free, and what does that enable you to do in terms of making smart, at least semi-conscious choices? So kind of a hybrid account structure, a three-count structure sitting underneath an amalgamated service, but a really kind of simple heuristic of engagement. So you might be saying to yourself, "I don't know if that's delight". You know, it starts to edge a little bit closer.

But one of the other things that we did was say - again, kind of tapping into a core desire of especially the middle class in the state is this desire to save but a lack of ability to do so. And so we came up with this mobile game, mobile intercept called "Punch the Pig." You could establish how much your piggy is worth, you know, ten bucks, twenty bucks, and it pops up and kind of gives you a prompt to engage. And if you punch it, ten bucks goes into your savings account. If you don't, nothing happens. And so utilizing a lot of these triggers to say, "How do we help you establish an intention, and then actually achieve the outcome you're desiring" is a big part of what mobile services and a lot of the digital services are actually enabling right now. It's been very successful for PNC, kind of two times the expected growth rate. It's 20% of their new accounts, and it's helped them to actually rethink what is a product, and to reimagine the way that a discreet service that targets a particular segment can actually come together and have them rethinking and not leading with this is a checking account, this is a savings account, but instead that this is a whole set of services that come together to suit a need.

All right, next lesson. Invest in really knowing your customers. So what does this mean? State Farm came to us with a very similar challenge. How can we help our brand evolve and appeal to millennials. Are you all familiar with the State Farm brand? It's an insurer in the states, very Midwestern, very kind of staid, practical, kind of your dad's or even your granddad's insurer. Not exactly like the most millennial, digital savvy brand. So we went out and, you know, a lot of times there's a demographic target that an industry is looking for, and we're more about understanding mindset. And what we realized was that there was an aspect to the millennial mindset that applied well beyond the millennial demographic, but it was around independence, around self motivation, self empowerment, a real zeal to learn, and that that presented an opportunity for State Farm to rethink engagement. Along the way, we also co-realized that their journey was going to be a lot longer than one project together, and that instead of kind of launching from insight to action, from saying like, "Hey, we saw this and we're going to launch this new product that has self-empowerment and motivation aspects to it," that that would be

a really inadequate way to think about reshaping their organization which was really underpinning what needed to happen.

So instead what we did together was shape an entirely new offer—it's not one that they monetize—that's focused around a coaching zone. It's both digital services, it's physical space, that is from a selfish perspective a research laboratory for them to in an ongoing way understand the need sets of millennials. So here's their little tagline for what's called "State Farm next door." It's your local community, drop by, hangout, collaborate and learn, no cheesy sales pitches we promise, plan for your future space. And they've lived up to this. They have never made a sale in this space. That's not actually the intention. They staff it with researchers and financial coaches. All of the coaching is for free. And in terms of sort of, you know, if you're standing there in the audience deeply skeptical of how this could possibly be worth anyone's investment, they realized that it cost less for them to build this service and upkeep it than they were spending on signature pens. So when you think about it in terms of a kind of marketing spend, and the value that they glean from this in an ongoing way, it suddenly, it helped them to kind of recalibrate the mental model of what those costs actually were.

Here's just a little peek. It has some simple digital tools that help people kind of do some self guidance, and kind of prep for the classes. It has a lot of community coaching. I was really pleased the first time I went here about six months after it was opened that it's a very thriving coffee shop. And you know, that was one of their metrics of success. They broaden one of the kind of local community Java spots in Chicago. It's right near their headquarters in a kind of cool downtown area. They have free WiFi. So it's all around this kind of community level of generosity with a little bit of financial coaching slipped in on the side, and a huge amount of value for them in terms of ongoing connectivity and an ability to kind of listen and learn, to be there with the pulse. So prototype opened in August 2011, it's still kind of up and running and doing quite well with no desire to kind of scale this into its own retail presence, but quite a lot of satisfaction in the notion of framing it as a learning lab.

All right, third lesson. Focus on behavior, not demographics. The Social Security Administration, which is the US's kind of social welfare offer for retirees came to IDEO and asked us to help them get more boomers to file for retirement benefits online. Now as you can imagine, a government service is extremely concerned with demographics. Right? They're extremely concerned with equitability. But demographics are very hard to design for. This is where we were starting out. This is not what we designed. Who

wants to guess what year this was? Anybody? What year was this when this was what the Social Security site looked like? (Audience response off mic). Close! This was 2009, and if any of you can remember all the way back to 2009, this did not exactly establish a high benchmark of confidence in terms of digital services. This was about at least 10 years outdated I would say, and when it comes to the use of digital channels, it's a huge proxy for trust in an organization. Right? We're extremely familiar that around face-to-face services, we're familiar with that around the build-out of retail branches, and here they were, one of the US's largest government services looking to engage with people on one of the most important financial decisions they'd make in their life, and they looked like a joke. I mean, if we're totally honest, people would come here and they would see this and think they had gone to the wrong location. From a functionality perspective, everything that they could do for you was already present.

So when it came to help us get more boomers to file for retirement benefits online, they already could, but they weren't. So why? And one of the things was simply design, that there was not a way that this lived up to the kind of standards of now, even the standards of online banking. And the reality is, this is something that escapes far outside the government, far outside the financial service industries, but they were guilty of benchmarking themselves to their peers. Whereas the reality is that all of your customers benchmark you to the rest of their lives. The other thing they were guilty of is also a kind of common symptom, which is that they were taking their internal organization and simply telegraphing it to the users. So the primary use case for why people came to them was to look for retirement benefits. They have a kind of evenness of all of the different things represented that they could do, and that did not, from a user-centered perspective actually answer to the navigation that people were seeking.

Back to the sense of design for behaviors. We went out in the field, and in this case did only qualitative research. I think we ended up interviewing around 24 people which is a shockingly small sample set when you're talking about a government service that eventually aims to serve kind of all 350 million US folks. But you know, if we even just focused in on the boomers. But we found over time that particularly, and what we're looking to do is identify some core attitudes that provide inspiration for design, that a lot of that qualitative core sample starts to reveal kind of habits and norms that are applicable at scale. We would often go out and test that and understand kind of what's the size of that segment, what nuance might you add, but the four that we found in this case were the passenger, who wants their hand held through the entire process. In this case, our advice to the Social Security Administration was try to maybe educate this

person a little bit more, but you're never going to convert them to digital channel usage. So make it more efficient to engage with them in your offices, but don't kind of spend all of your efforts and times attempting to convert. It won't work.

You can however build one coherent platform that services the needs of the last three. Someone who is an explorer, who really wants to understand kind of deeply, what scenarios play out in which ways? They want to fool around, think about if they retired at 68, but lived to be 102, or what if they, what if they die at 72, how does that actually pan out? So they're actually kind of playing with the variables in order to feel confident in the decision that they make. A pathfinder is more linear in attitude. They want to be comprehensive in exploring everything about the decision that they're trying to make. And last but not least is the bypasser, who just wants to do what they're there to do and already know. And you can design one coherent platform that serves all of those diversity of attitudes.

One of the things that we do to kind of gut-check whether or not we actually are identifying good spread in terms of the attitudes that we're culling out from our sample set is to see if we can actually imagine ourselves within them. Does anybody feel here that they can actually self-identify as one of these four types? Yeah? I'm getting at least a few nods. You know, for us, that's one of our kind of simple, quick test metrics. We're kind of the first test audience. And it's a good gut-check to understand if you're, if you can't map yourself at least in some simple way, that might be recourse to say I probably don't yet have a good swath. So what came to be was a radical redo of their site, a robust digital prototype with all the specs. This has never gone to market.

So one of the things I wanted to do was share at least one story, at least one public story of some of the work that we've done that has not been market successful yet. I like to say "yet" because I hold out hope that this will get built eventually. But it's actually a good segue into the next point because the zeal of the organization to design something new, to design something that was kind of benchmark in the world, led them to believe that they did not need to attend to the constraints of their back end systems. So there was a lot of utopian zeal for what might be possible, without a lot of in some ways practicality about both time to implementation and cost of implementation without actually thinking about what their system could support in the world of now. There has been ongoing use of the behavioral segments and it's helped recalibrate an attitude internally in the States around how the government can aim for equitability but actually

design in a lot of ways for greater diversity without adhering to a strong kind of demographic core.

The last two lessons I wanted to share with you are a little bit less about the human-centered-ness outcome, and a little bit more about busting through what we see quite often in the financial service space as organizational methodologies that provide an answer, a fairly easy answer as to why not. So we'd love to be customer-centric, we'd love to improve our user experience. The problem is we have these outdated legacy back end systems and there's nothing that we can do. In this case our advice is, you know what, let's take a ride on the dinosaur. And that's precisely what we did with Wells Fargo.

In 2012, we launched with Wells a redo of their Wells Fargo ATM interface, their self service channel. Nothing changed about their back end system, nothing changed about their physical infrastructure. We inherited the status quo in terms of system capabilities, but radically overhauled the user experience that sat on top of it. It was very prototype heavy approach. This was operating in a space that was known well to them, known well to us, and we went out with three mental models and three prototypes of engagement. You could be extremely swift. Everything about the ATM experience could highlight efficiency and speed. You could be extraordinarily transparent, which was to say, how could we rethink this channel to give you everything you might want to intersect with in terms of your banking experience. It turned out that in a landscape that is mostly activated on in public, this felt invasive to people. And then the middle one, or our kind of lovely maitre d' here, we could be more tuned. We could say, how do we use the system knowledge that we actually already have about what you do when you come to the ATM to reflect back to you that we know what you personally want?

And so what resulted is a nicely designed, graphically clean experience. It was an update, a large update on what their visual design was. But more importantly, a personalized banking experience that reflected back to each and every customer what it was that they actually did when they went to the ATM, which for most people was the exact same thing every time. So every time I come, from my family checking account, I never want a receipt and I always get $60 in cash. And the system is smart enough to reflect that back to me. It's had a lot of success with users. It's been deployed across their old infrastructure, across all 12,000 ATMs, and the high customer marks have been received for a level of kind of productive personalization that does not feel invasive.

And then to the other halo, to the other kind of methodology that provides an easy excuse as to why not, and that's the regulatory environment. I wish I could, but those regulators, like, that's just, it's not going to pass. Like that's the reason that we are not innovative. And so our recommendation is to shift from a compliance mindset to a customer empowerment mindset.

And the story I'm going to share from this is a bit of a horse of a different color, but we decided to work with the regulators. So coming out of the US portion of the global recession, the Consumer Financial Protection Bureau was born, and they came to us and said, "Okay, we're not actually asking you to work on the regulatory and oversight dimension, but we would love for you all to help us identify what customers want. The idea is that we're a customer reporting agency. We're here to kind of play the cop." And that was their existing sense of brand identity. This was what they came to us with. They had, you know, you can probably catch the metaphor. They're the cop on the beat, they're there to protect you from the big, bad banks. And we went out, and as IDEO does especially in the kind of qualitative research portion of our programs, and we sought out people who should really want a cop on the beat, who had been used and abused by the financial services that they had touched. And what we found was kind of 201, that wasn't what people were looking to have. They didn't really want a cop. Instead they wanted to be empowered to make better decisions. They were kind of like, they didn't love banks, but a bank is a bank, and they actually just wished they were smarter, that they were more on an even playing field.

So the metaphor that we deployed in the development of their brand identity was actually one of a lighthouse. How can you provide institutional guardrails that help kind of everyone collectively get to safe harbor? And then since then, we've been working on customer engagement platforms, less around reporting, and again more around empowerment. And two of those have gone to market. They're focused on making wise decisions around student lending. They're focused on making wise decisions around home mortgages. They also have an institutional arm in terms of providing some level of standardization to institutions so that people are empowered to compare and make wise choices. The banks are starting to catch on, and you could just say that's the lull that's happened after the forced kind of new regulatory environment. But they're seeing that if you're going to have to engage customers in a particular way, it's actually a great opportunity to rethink that engagement model. So I'm really excited that that's what you all are here to do today as well.

So five lessons: Design for delight and their success, invest in really knowing your customers, focus on behavior and not demographics, take a ride on that dinosaur and stop blaming the legacy back-end systems, and shift from a compliance mindset to empowerment. Thank you very much. (Applause).

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