



**2015 MasterCard Foundation Symposium on Financial Inclusion**  
**Thursday, November 19, 2015**  
**9:00 a.m. - SoFI2015 Welcome**

**JASON REINDORP (EMCEE):** Reeta Roy is the CEO of the MasterCard Foundation. She is a passionate advocate for economically disadvantaged people in developing countries, and believes that everyone deserves the opportunity to learn and prosper. She has created a foundation that is focused on elevating the voices of the people we serve. There are many in the world who look at Africa and see problems. But Reeta sees the opportunity of an amazing population of young people. These young people are smart and focused and really intent on helping those around them if they are simply given the opportunity to do so.

Bob Christen will speak after Reeta. He, of course, is a very well-known figure in financial inclusion. He's had an amazing career and has made a tremendous impact on the financial inclusion sector. He's practically defined it. He's the President and Founder of the Boulder Institute of Microfinance, and currently holds the position of professor of practice in the Maxwell School of Citizenship and Public Affairs at Syracuse University in New York. Among the many things he has done in his career, he worked in a senior position at the Bill and Melinda Gates Foundation, and was a senior advisor for CGAP at the World Bank. So first, I would like to welcome Reeta Roy to the stage. (*Applause*).

**REETA ROY:** Thank you, Jason. Good morning everyone. One more time? Good morning. Let me just also acknowledge Bob, and Bob's fantastic partnership. I also want to call out Doug Bailey who's sitting right here. Doug is the Chief Human Resources Officer at Unilever. He is also a member of the MasterCard Foundation Board. And I'm really glad that he could be with us today.

Welcome, welcome to Cape Town; welcome to our Symposium on Financial Inclusion. We are gathering here at such a pivotal moment for our sector. Earlier this year, the World Bank announced that the number of people who are financially excluded fell from 2.5 billion to 2 billion. So it's a dramatic reduction. It is impressive, and it also demonstrates that the hard work and the leadership of many people, many people here, is finally paying off. Worldwide we see political commitment rising. We see the fact that many countries, more than 50 countries, have actually set financial inclusion strategies, they've set targets. It's widely acknowledged

that financial inclusion is a key enabler of the new Sustainable Development Goals, particularly the quest to end extreme poverty. We also know, and we can also see, increasingly digital payments infrastructure is in place, and technology will continue to be a huge driver in bringing costs down and ensuring that the financial services are accessible.

I think equally importantly, we see transformative business models emerging, several of which are represented by companies right here in this room. So, collectively, all of these signs point to the fact that financial inclusion is within reach. Governments and business are now stepping up to achieve universal financial access by 2020. And while I can't see where he is in the room, I want to call Daniel out from MasterCard, the company that founded our Foundation ten years ago. MasterCard has committed to reaching 500 million unbanked clients by 2020. I don't know where you are, Daniel, but it's a call-out for you.

So, progress has been impressive, momentum is building. What do we do now? I hope that you agree that there is even more work ahead of us, much more work ahead of us. And it's also time not only just to increase access to financial services but also usage of financial services. I think that now, more than ever, now is the time to ensure that we absolutely put clients at the centre. If we are to reach the two billion who are exceeded, then we need to look and we need to view, we need to see the client, and we need to appreciate the client in a completely different way.

In fact, we just need to ask: who is the client? Who is she, and what does she need? Is she a domestic worker? Is she a migrant? Is she a farmer? What is her day like? Is the greatest barrier that she faces the barrier of distance to a financial service provider, or is the greatest barrier lack of confidence and the fact that she doesn't see herself served by a financial services provider? Which is it?

A recent article by *Harvard Business Review* made the observation that organizations which are profoundly focused on clients have such a deep empathy for people who use their products and their services. These organizations do not speak in transactional terms. Actually, they use highly emotional language to describe the aspirations, the desires, the experiences of their customers. And I think each of us here can understand client centricity in a very personal way, and all of us are consumers of products and services that we use every single day.

When was the last time you were wowed, just thrilled, by a product or a service that you used? Do you remember that? When you felt that the service was so personalized that it was intuitive, easy to use, it was convenient, it was right there when you needed it. Was it at your favorite store? I know it wasn't at your airline. Probably wasn't; it wasn't at my airline. Was it in your home? To be a client is to be seen, it's to be acknowledged. It means being respected, understood. Now, all of us here have a particularly tough task. We are trying to focus on a client who lives in difficult circumstances, a client who does not have an address, a client who's invisible, invisible to the financial system. So stepping into her shoes is not an easy thing to do, and yet at the same time, if we can understand the emotional value that she ascribes to a service, then we're in a position to actually create value for her, but also create value for the institutions that server her.

At this Symposium, you're going to be hearing from colleagues from outside the financial inclusion sector, from industries that have long invested in understanding the lives of their clients, who have oriented their entire business model around meeting those needs. We'll also be hearing from friends, from leaders who are in the financial inclusion sector, organizations which have embraced a deep orientation to client centricity, and who are not only leading profitable business, but businesses which are growing like Equity Bank.

I think James is sitting right there. Equity Bank has completely transformed conventional banking, turned this model completely on its head. Instead of viewing the poor as unbankable, Equity recognized early on that they are the market. We're going to be hearing from other leaders at Microcred, at Janalakshmi, at Cellulant. And so it's going to be very, very exciting to hear what they have to share with us.

At the Foundation, I think all of you know this from working with us. We believe so deeply in the agency of people to change their own lives, and increasingly in our area of work in financial inclusion, and frankly across the Foundation, thanks to our partnerships with many of you, we are moving deeper and deeper into trying to understand the lives of the poor. We want to find ways to elevate their voices, to elevate their views. We want to make people who are invisible visible to all of us.

So, later today, we'll be launching a global data hub called *Insight to Impact*, and we're working together with FinMark Trust and the Bill and Melinda Gates Foundation to launch this initiative. This hub will work with several financial service providers to gather data, to analyze that data, but that data will reveal how clients currently use financial services and how they would like to use financial services. And our intention is to make this data widely available so that all of us can benefit, all of us can be in a better position not only to understand the needs of clients but to go further and serve them.

Since the last time we gathered at the symposium—I know that many of you have led change in your organizations, many of you are already taking steps to make the lives of your clients visible throughout your organization. So over the next two days, I ask you just to think about what else? How can you go further? What else can you do? And to take a moment of inspiration, we will be hearing from three very inspiring leaders today. Three individuals whose organizations are finalists for the MasterCard Foundation Clients at the Centre prize. Some of you know this is a prize which intends to shine the light on companies that are doing highly innovative work, highly impactful work in meeting the needs of their clients. What's great is that you'll hear from them, and you will select the winner of the prize.

So we have many, many reasons to be optimistic as we gather here at this symposium. We have the winds of inclusion behind us. We have momentum, we're going ground, we're making progress, and we can do better. We have leaders among us who are using client centricity to absolutely redefine financial inclusion. So I hope we take a moment to be inspired by them, to be inspired by each other, but most importantly, let's have a fantastic symposium. Thank you for listening to me. (*Applause*)

**ROBERT CHRISTEN:** Good morning, everybody. Thank you, Reeta, and I particularly appreciated the empathy, that concept that is so profound, and that I think as we've grown as an industry, is one that perhaps we've lost some of the capacity institutionally to express. And that was a very important point to bring out in the context of these conversations. What I thought I would do is put a little bit of context to the symposia as a series, and talk a little bit about where we've come from, and where we're going. And then, kind of let us go from there.

I don't know if some of you who were in the first one remember how Claudio González-Vega laid out some of the concepts for innovation in financial services, and talked about how fundamental the innovation was, the technological innovation of micro credit 30-40 years ago, right, how this allowed the industry of people who cared about the financial lives of poor people to overcome information asymmetry, right? To solve that most fundamental problem of even being able to make an unsecured loan to people who had no guarantees in the classic sense, and how profound that was as a revolutionary innovation that transformed in fact our ability in the whole developing finance community to be much more effective.

And with that innovation, we were able to reach some scale economy, right? We have built some significant organizations that have reached the lives of hundreds of millions of people with a, you know, admittedly fairly narrow product, but nevertheless, something that has clearly been of some significance. You know, it's not for nothing you get a Nobel Prize out of the deal, right? So clearly this had some energy behind it.

I suspect, however, that we've hit a bit of a wall. You know, I think if we looked around, we would see that we have sort of come to a place where we have a series of business problems, which I will get to. Right now, it looks to me like we are on the verge of the second innovation, technological innovation, of the sort that Claudio was talking about, that allows us to address the second big challenge in making financial services available to poor people, and that's the cost challenge, right? And so the advent of the digital world provides hope, not yet proof, but hope that we may be able to construct channels and systems that take 90% of the costs of that recurring transaction out of the relationship. And I think most of us would admit that we don't want to see our banker every single time we do a financial transaction. We're perfectly happy for them to sit in their offices somewhere else and not engage with them personally, right? And so in fact, the opportunity to take 90% of both costs out is something that's yet unrealized, right? I mean, we are all in this room playing with alternatives and ways to figure out new business models. It's a profoundly transformative moment that we're in right now.

Claudio made a second point that day. The first was the importance of these two profound technological innovations in our capacity. He made a point that hasn't been remarked on much since which is: technology and technological innovation determines winners and losers. For each technological innovation, you have some people that benefit, and others that don't. The classic old school example would be a 52-week loan. You know, clearly it's going to exclude a whole series of people that don't have a regular enough income to pay every week for 52 weeks. So that's exclusionary; at the same time it includes.

I thought that's a really profound insight too, that every technological innovation creates winners and losers. And now, maybe this digital world will create a whole new category of winners, people who can now perhaps participate for the first time in something that was inaccessible previously. I think that's pretty neat, you know, because for many of us if we were honest, we have not in fact reached the bottom 40% of clients in many countries because our tools, our innovations, have not yet allowed us to build successful business models, to allow us to get to that level in a way that makes sense for us institutionally.

So we built these great platforms. We built 200 or 300 institutions in the world that now have some true capacity for outreach. And it's only about 200. It's not more than that, okay? And what we have now are institutions that have the wherewithal, the profits to reinvest in the next category of financial innovation, technological innovation, who have the tens of millions of dollars necessary to create those networks, to form parts of that ecosystem that up until now you know, none of the classic institutions were able to do. The tens and tens of thousands of microcredit operations have no chance of participating in this next wave. It's really those few highly capitalized, highly profitable organizations that can even contemplate the future, which is a very interesting moment.

However, we've got some core business problems, don't we? We have high dropout rates. We have balances that do not increase in deposit accounts. We have slow uptake of products that we offer. We have insurance that's not widely understood that needs to be piggy-backed in on top of other services. We have slow growth, slow and declining growth. We have a series of core business problems that affect many of you here who are my fellow travelers. You know, we've been in this journey for decades now, some of us, too long. You know, maybe we should be spit out. But basically, we have some issues we need to confront, right? That if we don't confront, we're going to have some problems.

It seems to me that the future belongs to understanding clients for the first time. I think we understood clients ... we had some key insights 30 years ago about how clients were interacting in the informal sector that provided some useful material for developing that first round of credit alternatives. You know, I think we understood how they operated in informal sectors and markets, how they borrowed and lent. It seems to me that the way we're going to solve these business problems we have today is to engage in a much more deep way with the financial lives of clients with their goals as families, and figure out a way to be useful.

Now, I don't know about you, but I would like to live a useful life. And when I think about utility, to me, that's actually the highest form of impact. It is "how can you do something that helps people to achieve what they set out to achieve in all the ways that they see most fit"? And that's why I love this field. You know, let's a pretty non-paternalistic field that basically believes in people.

So anyway, it seems to me that if we started to look at clients and put clients at the centre in a way that goes beyond just simply saying, "Well, I've got a lot of clients. Hey, you know, I'm cool. I got bunches of clients. I'm all about clients. I wake up every morning and do stuff with

clients.” So what are we talking about that’s different? What’s client centricity that might be different than the way we’ve operated thus far?

I see, sort of, four things that I would think about with clients. First, finding people we don’t know how to reach. You know, how are we doing with the 600 million farm families, the 350 casual labourers, the people that go out and work on a farm three days a week? How are we doing with low level salary employees? The narrative hasn’t included them much up until this point. So there’s a bunch of people we haven’t known how to reach very well with our product offering.

Number two, how to support a broader range of family goals? Life cycle goals, different things people are trying to accomplish during the arc of their lives. You know, do we have the right kinds of products that meets some of those major goals and major life events in a way that addresses the chief ways in which people are vulnerable.

Number three, increasing the range or the value propositions that make our offerings more useful, really understanding those financial lives and how the cash moves through lives, and how the goals come in and out, and designing products that are far more tailored, in terms of being useful, you know, really making an impact. So they’re not reorganizing themselves around finance, but finance reorganizes around the way money flows through and helps them reach their goals.

And fourth, redefining the quality of relationships. As we’ve grown, and as hyper standardization formed the basis for a sustainable industry, the question is: have some of us lost our way in terms of the quality of those relationships? Empathy, things like the work on ethical finance, the sort of dimensions and the qualitative nature of our relationship. Are we profoundly respectful of clients, or are they just a mass of folks that we are trying to help and have? To me, those are the things that form the basis of a qualitative change in the way we address our clients.

So I’ve just kind of been starting to wrap up here. The arc of these symposia has been, in the first one, we thought we needed to call attention to client centricity, that there’s a key moment in the progress of the community of us, many of you here fellow travelers, who have been at this for some decades, some fortunately quite new with this, which should bring some fresh perspective. But you know, trying to see whether we all kind of buy into the proposition that it’s time now to really, really “get” clients, understand clients, and figure out what’s the most helpful way we can engage with clients? How can we really help them achieve their goals?

We’re refocusing the first symposia on that kind of understanding part. You know, is there a call, and is it time to really get to an understanding, a deeper understanding? And the second symposia last year, we used a client journey framework to kind of look at the different stages of understanding, getting folks connected to us, getting people to use our services more. You know, one of the things that, you know, Bill Gates said to me when I was at the Foundation, I said, “You know, it’s easy to get people to open accounts; it’s hard to get people to fill ‘em with

money.” Right? And so the whole youth thing, you know, are we really getting to a place where people are using the services that we’re putting out there?

And then, finally, sharing, getting excited and propagating those products to neighbors, right? The word of mouth continues to be the chief marketing tool.

And this year we’re going to be taking three sort of major themes. One is leadership, and this is where we’re going to start. You know, how fundamental is it, to moving to the next level, to have leadership? The customer experience. You know, another dimension in addition to the client journey is the quality of that relationship and how people are interacting with us. In the business case, we have tried throughout the three to make the case that becoming much more focused on clients makes good business sense, that there is a good and profound reason to do this that goes beyond the social mission, but that it is most fundamental to our long term success.

So, there is a final page here. Yeah. Anyway, I hope in the next couple of days, you know, you have plenty to talk about, that we can figure out if we’re making any progress, or if there are some things that we ought to be doing that we may not have noticed before. But this stuff is really hard. It’s easy to give yourself a free pass on clients at the centre because we’ve got so many of them, okay? And they’re coming every day and they’re happy and they smile, most of them, sometimes they complain.

But the thing is, it’s really hard. The idea of client centricity is deceptively easy. It’s intuitively attractive. But the reality of building an organization that is radically redefining its client proposition, that consistently focuses on a great customer experience, requires super highly committed leadership at the very top; it requires skills and change management that we do not have in our DNA. Most of us have built locomotives that go down that track and do not vary, because that’s how we’ve been successful and we have not built the kind of organizations that have change in their DNA because it has not only not been required, heaven forbid we innovate too much, because innovation would detract from sustainability, profits, and accomplishing great outreach.

So this is hard. It’s hard to figure out how to get that DNA that takes on change into an organization that’s built not to change but just to do something. Many of you have won awards in excellence, for best place to work, you know, because you have really got it down. Now this world requires different skills. And finally, it requires a keen sense for business. Thank you very much. *(Applause)*.