



2015 MasterCard Foundation Symposium on Financial Inclusion

Thursday, November 19, 2015

4:30 p.m. Clients at the Centre Prize

SUMAIYA SAJJAD: Hi everyone. I know that I've got two things working against me right now. One is that Ignacio was just on stage, and all of you want to talk about that. And number two, I'm the last session in this agenda for the day and the person standing between you and a cocktail and catching up with colleagues. But I'm going to have to request you to hang in there for just a little bit longer because your participation in this session is absolutely critical. As Jason mentioned, this is the session on The MasterCard Foundation's Clients at the Centre prize, and the prize will only be awarded once you have voted with your clickers. So speaking of clickers, please have yours handy. If you can't find it, maybe look under your chairs or flag down an usher. They might be able to help you out.

So before we get into the more exciting part of the session, which is going to be the presentations that our prize finalists make, and I will introduce them in just a little bit, I want to give you a little bit of background on the prize. So for those of you who have been attending SoFI since 2013, and as I look around the room, that's actually quite a lot of you, you're going to remember that Ann Miles had come on stage and announced that The MasterCard Foundation is going to recognize a financial service provider anywhere in the world who's really doing something interesting and innovative to address client needs. So we went back to our offices and we started jotting down some criteria, parameters, to guide this prize, and we realized that it's actually really difficult to design a prize. You know, there are a lot of prizes out there that are aimed at driving innovation or encouraging innovation, and we wanted this prize to do that. But a lot more. We wanted this prize to recognize solutions that are addressing real needs, all the things that we're talking about today, all the things that all of the presenters have pointed out today.

So we started working with an organization called Innocentive. They specialize in crowdsourcing solutions and hosting competitions and prizes such as this one. We also consulted with many of you who are in this room, and we asked you to push back on what this prize should be about, and a lot of you did that very openly, very comfortably, and we thank you for that. So then we launched this prize earlier this year, and we received over 125 applications from over 40 countries. We were quite taken aback by that in a very good way. And the applications came from a range of organizations. So we had traditional financial

service providers, banks, MFIs, and then we had some emerging players. So organizations that are a lot more technology focused or technology driven, we had agent network management type organizations. So all in all, it was an amazing pool of applications to go through, and a lot of applications to go through.

Speaking of that, I do want to give a shout out to all the judges who worked with us, starting with Gerhard Coetzee who you heard just earlier this afternoon from CGAP's Customers at the Center team, Kim Wilson from the Fletcher School of Law and Diplomacy at Tufts University who you will hear from tomorrow, Lisa Schrader from Mercy Corps, I know is in the room, and Graham McMillan from Citi Foundation, who unfortunately is not with us. And there were also a lot of MasterCard Foundation programme managers working with these judges, and these are the judges who helped us bring it down to the top three who are with us today.

Just a little bit, very briefly on what these judges looked for. What were we looking for? So you know, tying back to what we have been talking about today, first and foremost, what we looked for was how do these organizations identify client needs? What kind of internal processes, tools, people, teams do they have in place that enable them to gather client voices, bring those in the organization, take them to senior management, and translate them the way in which they deliver products and services and meet client needs? So we were really curious about how these voices influence decision-making and the feedback loops are effectively used.

Then, we looked for how the organizations defined client centricity. So in their own words, what is client centricity mean to them, and how do they measure that? You know, what indicators do they have for their own selves that told themselves that they're making progress? And then we asked them how much progress have you made against those indicators?

Then we looked for what view that organization takes on in order to reach more customers. You know, how do they plan on delivering impact over the long term, reaching a large number of low income customers? And in particular we wanted to understand what the organization's view for sustainability and scalability is.

Then, of course novelty. But it wasn't just looking for innovation for the sake of innovation. We wanted to look at how this organization is a little bit more unique or how they might have changed the way they had been doing business to the way that they're doing business now, or also how they might be a little bit more unique than other stakeholders or other competitors that they have in the market.

And then last, we looked at how the organizations are sensitive to what's happening in the market around them. So that could be competitors, that could be policy, what's happening in the regulatory space. So being aware and conscious to all of that.

The way this is to going to work is that each finalist organization gets exactly six minutes on this big click here to make their pitches. So what I mean by that is that they might not be able to go through all five criteria. But I'd like you to keep this in the back of your minds when you're listening to them because it should come out indirectly in some way or another. And then two

other things to point out. To save them time so that they can really use the full six minutes to talk about what makes them client centric, they're not going to describe their organizations or mention their role within that organization in detail. So you have that information in your program guide if you want to reflect on that while you're listening to the presentations or afterwards. So I'm going to invite them one by one. They've got six minutes each, and then the audience is going to get two minutes to kind of think about it and then we're going to vote to see who is going to be awarded the Clients at the Centre prize.

I am going to start, we're going to do this alphabetically by name of organization. So we'll start with Mathilda Strom from BIMA. (*Applause*).

MATHILDA STROM: This is my first X Factor experience, so please be gentle. I work for a company called BIMA. BIMA sells insurance to low income subscribers in emerging markets using mobile technology and crucially, a physical distribution network of agents. So, we've reached 20 million subscribers in 14 markets in the space of five years, and that's across three continents.

So why is insurance important? Customers who I speak with in our markets tell me that insurance is for rich people, it's not for me. BIMA was formed on the fundamental principle that insurance is for everyone. It's not just for the rich. And it's especially for those people who face challenges that could mean their kids don't get to go to school anymore or they can't put food on the table. So it's extremely important. So why has nobody solved this problem yet? And it comes down to things that you're all aware of. One, education of the customer base; and two, cost of providing this kind of a service to this kind of a mass scale.

So what BIMA has done is effectively try to solve both of those problems using technology and using an agent force, and doing it in a client centric way. And there's no secret sauce, there's no silver bullet. Whether into food or weaponry, either one of those two things, you can't solve it by one solution. So what we do is we're very client centric across every single stage of the customer journey. So this is a picture of Wilson, one of our agents. And I'll talk you through each of the stages of the customer journey here.

So customer insights. Steve Jobs didn't do any market research on the iPad to ask people whether they wanted something that was a cross between a phone and a laptop. It's the same thing we think about insurance. You can't ask these people whether they want insurance. They'll talk to you about when do I get my money back and what happens if I don't die or get ill? So, what we do is run simulations, get people out there, get ten agents, get them in the field, get them talking to customers, and get a reaction. If nobody buys it, they don't want it. So in Uganda, we went out and when we were going to launch our product there, we put two products at different price points, same life insurance cover, and people actually said the lower price option seemed like a scam, it was too good to be true. So we had to put our prices up a little bit.

In terms of product design, we normally start with what we consider to be one of the most, well, what our customers say has the biggest impact on them financially, and that's the death of

the breadwinner in the family. That's life insurance. So, we start with that normally, but then we start to learn what people want in those countries. In Bangladesh, they're always talking about savings, "When can I get my money back." In Ghana, they like education. In Tanzania, it's about health. So we start developing our products and layer it on after we've started with the life insurance product. In Bangladesh, actually, we had somebody when we were selling a health insurance product come up and say, "Would you take my blood pressure?" So what we did was say, okay, maybe we need to marry insurance and health. Maybe it's only in the western world that we consider those things different, protecting your family is all the same thing. So we started to hire doctors and put them on phones, and people could call doctors. Now we have four markets where we have a tele-doctor service also layered on to our insurance products, because of that customer who came up to us and asked about the blood pressure.

So we take payments over mobile phones. That's really the key solution to the cost. So instead of charging \$12 up front which a customer doesn't have, you can charge 2 cents every day from the prepaid credit. That's virtually nothing. Then it's affordable. It's not only for the rich anymore.

The next part is distribution. So we use mobile technology to make life simple for the customer. So it takes less than five minutes. You answer five questions and you have a life insurance policy. You can do this all on your phone yourself, you can get helped by an agent. I can't even sign up for a life insurance policy in the UK in less than five minutes. So I'd rather live in these markets and be able to buy that so simply.

But the most important part is the agent network. We have 3,500 agents just like Wilson in this picture who are out in the streets every single day educating customers about insurance and why they need it, answering questions like "when do I get my money back, what happens if I don't die?", those sorts of things that can't be answered through technology. You need the human touch. We don't stop there. So our agents are from the same communities that these people are from. We have these relationships where they talk to our agents and say, "How come you're educating me about this? What are you doing here, what's the point in you spending time with me?" And then that agent becomes really happy and says, "I'm going to come back tomorrow and tell you even more about more of the things we can do for you."

And what we do is actually after that, we have a quality assurance check. So it's not enough to just educate somebody once. We call them back. We call 15% of our customers back within a few days of them being registered and ask them if they recall what it was they paid for. "Do you recall how to claim?" If they don't, actually our agent's commissions are penalized based on if the customer remembers. And that's really important to us. The customer has to know what they've bought. Otherwise, they won't value it.

And the final part is engagement. So claims are the only tangible product that we have in insurance. So we make sure that we pay a claim within three days of receiving documentation, again faster than the industry average. We've also created these sort of tele-doctor services that we hope will encourage engagement.

What makes us unique? It's that we've reached scale. So we've got 20 million subscribers. We're growing 700,000 every single month. We've got 14 countries across the three continents, Latin America, Africa, Asia. And we're reaching the people we hope to reach; 80-95% of our subscribers have never had insurance in their lives before. This is the first insurance product they've ever had, and 93% of them are living on less than \$10 a day. So they have insurance. It's not just for the rich.

So if we're lucky enough to win this award today, we are going to come up with, or we're trying to work on a BIMA customer feedback framework where, in Ghana, we want to pilot a study which now allows us to bring the scale we've reached, and sort of understand what their behavior, needs, and experience are, and create more products and more engagement. So I hope you'll help us do that. Thank you. (*Applause*).

SUMAIYA SAJJAD: Thank you, Mathilda. I'm not allowed to reflect on the presentations because I might influence everyone in this room. But thank you for sticking to the six minutes.

Now I'd like to welcome Teshome Dayesso from Buusaa Gonofaa in Ethiopia.

TESHOME DAYESSO: In Ethiopia, only one in 10 people have a deposit account with a formal provider like a bank or an MFI like Buusaa. The majority of them rely essentially on informal financial mechanisms such as ROSCA's. In our country, we call it [inaudible] or [inaudible]. Or they also put cash under the mattress or even keeping away, as Ignacio said with friends or relatives. Now the question is why people stay away from the formal financial arrangements, and especially why they continue to save with their informal financial mechanisms. For financial inclusion experts in this room, how can we get these people, and millions of these kinds of people, to start paying attention to their savings behavior?

The lady you see on this photograph is Abawah. We met on [inaudible] Street where she runs this business, a small food service business. She's currently saving with Buusaa to realize her dreams. This is the story of how Abawah is paying attention to her savings behavior.

Abawah runs this business seven days a week, almost every day, but the challenge she faces is she only has two hours sales time in the evening, from 5 to 7 o'clock. My customer service officer met Abawah while she's running this business. She proposed to her to open a deposit account. She assisted her also to make that account opening with an initial deposit of \$2 per week. After a few weeks of experience, Abawah decided to increase her deposit to a \$5 deposit per day five days a week. She's already made 94 deposits now, never missed a single deposit. She's never also withdrawn. She has a dream. Her dream is to ensure a position of a business space of this open-air restaurant.

Now, make no mistake, this is not only a story about financial inclusion. Let's look at the case of Solah (sp). Solah is a licensed wholesaler of vegetables with a vision to join the vegetable export market. Solah has already three bank accounts. He has tried several times, but he couldn't succeed in ensuring regular deposits with his bank. Currently, he's saving with Buusaa. He deposits about \$35 a day, three days a week. He has a big dream, he has a ten years old

boy, his son. He wants to ensure to guarantee a good college education for his son. For Buusaa, it means probably a business relationship of nearly about ten years down the road.

So what does this tell us? Well, the way we financially manage to do our business definitely influences probably people's saving behavior. And changing our business practice is not an easy task. For example, in Buusaa what we did is, about a year ago, I asked all my senior managers to move out of their office on the fifth floor and go out and work with clients at point of customer interaction.

They joined small teams separately, and they directly engaged front line staff, as well as friends, through a series of face-to-face meetings and working sessions. They tried to learn and test from ground up and we came up with doorstep deposit delivery as a better solution for our clients. It's working, making it in most cases inconvenient for our clients not to save. And for you guys, I think you too can help. But when you do that, there's nothing to formalize that you can copy and paste, but make sure that the true voice of your customer is listened to. And while you are breaking away from organizational silos, find your best way to come over it. Thank you. *(Applause)*

SUMAIYA SAJJAD: Wow, a minute to spare. Now I'd like to welcome Frederik Eijkman from PesaTransact.

FREDERIK EIJKMAN: Thank you very much. PesaTransact is the single largest independent agent network in Kenya. We operate about, or manage about, 2,200 agents under the brand PesaPoint. We offer through these PesaPoints various payment services. Of course M-Pesa is mobile money, but also we offer some of the agency banking services which are available in Kenya. We're trying to do that extremely well. So make sure that the client is not being disappointed because the agent doesn't have float, or we're just making sure that the client can do any transaction at the agent. So a one stop shop, a kind of financial supermarket for the Kenyan customers.

We're trying to put the client at the centre, as I said, with float management so that he will not be disappointed and he can do any transaction. But we do that through our agents. So agents are at the centre of our operations, and we manage agents for growth, increasing the average revenue per agent is at the heart of our operations. We do that since 2004 when we started a small, sort of, check discounting business in western Kenya. That happened to be a cash out area when M-Pesa was launched. And in 2007, we helped Safaricom to overcome the first liquidity problems that any payment platform that later was launched was facing. Safaricom copies our aggregator model, but we were helping like kind of a wholesale agent to rebalance the agent accounts in case they were running out of float or running out of cash. Sixty percent of our agents come and rebalance with us, or with our subsidiaries, and sometimes once or up to five times a day to maximize the number of transactions.

So that helped us to maximize the number of transactions, maximize the revenue of agents, and in September we were doing 25,000 transactions per day, moving about \$1.6 million, and

an average transaction size of about \$65, which is 500% higher than the average in the markets. So in that way, we put the client at the centre.

You can see from the next slide that there is a difference between agents, and customer service, privacy, and security, friendly and speedy service, but cash float availability is extremely important to become a healthy agent, to become an agent that can continue offering a service consistently and keep clients happy.

So, we moved, or we've come from a long, long way, 2004. In 2007, we helped Safaricom, yeah, pushed M-Pesa up, and in 2011, we wanted to go beyond M-Pesa. We're the first to resist the exclusivity drive at Safaricom and we rolled out our own stores in a supermarket chain where we started offering multiple payment services. So not only M-Pesa, but also some of the banks, some of the other mobile operators. But that proved to be extremely difficult because every single service had a separate operation account, a separate device. And we were looking for ... that didn't work out, it didn't work out for our agents because they had to lock up their capital in various accounts to offer all these different services. So we're trying to bring them together and we found a partner in Pesa Point and PayNet that could bundle, that could integrate all these various services into one wallet, one device.

We're in the process at the moment to launch a new platform that an agent can do transactions for almost any bank in Kenya, and any other value added services. What is missing is something in between the agent and the client, a nice device which the agent can put on top of his desk, on top of his counter, and you can think of the corner stores in Europe and the US where we are selling lottery tickets or ticketing or air time. It's a nice device, and we are thinking of something with a customer-facing screen, a customer-facing keypad to confirm his transaction, to ensure he keys in his PIN securely, an agent-facing touch pad with apps applications for every service that he's offering, maybe a nice television screen to run advertisements so that our ops and customers have a channel to promote their services, of course, at a fee so that they are an extra revenue for our agent. So a nice device and we want to use the prize money to develop, test, and produce this particular device. We hope you will support us in this. Thank you very much. *(Applause)*.

SUMAIYA SAJJAD: So up until yesterday, the finalists thought they had five minutes, and then yesterday I told them they get six. So I think that's why they were able to wrap it up so nicely in the time they were given. So now all of you get exactly two minutes to think about it, to review the organizational descriptions, maybe talk about it with your neighbor, and then we're going to do the voting. For that, I'm going to invite Ann Miles, the Director of Financial Inclusion and Youth Livelihoods at The MasterCard Foundation to join me on stage.

ANN MILES: So I think you all have your clickers. So when do we start?

SUMAIYA SAJJAD: We'll give them another minute and a half, the audience.

ANN MILES: So people are thinking now—I'm looking at the clock—to deliberate on the three choices here. Thank you, Sumaiya. I guess I'll just keep up a little patter while we're all thinking

about this. I thankfully don't have to vote because I was one of the lucky ones that got to just screen all the applicants to begin with. I do promise the award, the organization that receives the award, we will ... it's kind of heavy, so we'll send it to you. Where'd the clock go? 37...36... How's everyone doing? Okay, you've got about half a minute left. They can start voting, right?

SUMAIYA SAJJAD: No, I need to put the question. Don't start voting yet. Remember Jason's instructions. The question needs to be completed, and then the options come up, and then you vote.

So I think we can pull up the voting now.

ANN MILES: Okay, there you have it. There's your question. So which organization should be awarded The MasterCard Foundation Clients at the Centre prize? So the first you heard was BIMA, the second Buusaa Gonofaa, and the third was PesaTransact. So start your clickers. Is that the seconds running down? Is that right?

SUMAIYA SAJJAD: Yeah, that's the countdown clock.

ANN MILES: 10...9...8... I'm so glad I'm not nervous. Okay, here we go. I guess we'll get it tallied now. (*Humming Jeopardy tune*). Okay, BIMA. (*Applause*).

(*Music playing*)

MATHILDA STROM: Thank you. I'm really emotional. Thank you so much.

ANN MILES: This is not an Oscar. (*Laughter*). Thank you so much, and we will send this to you because it weighs about 50 pounds if not more. But actually what we're hoping BIMA will do, they will get some financial award which is \$150,000 which they can apply to really working on and expanding the model. And in addition to that, there's also some access to some support, technical assistance on client-centered design. So we look forward to hearing from you and seeing you next year and see how far you've gone. So thank you very much.

MATHILDA STROM: Thank you, thank you so much. (*Applause*).