The MasterCard Foundation Symposium on
FINANCIAL INCLUSION 2015
with the Boulder Institute of Microfinance

2015 MasterCard Foundation Symposium on Financial Inclusion
Thursday, November 19, 2015
3:45 p.m. - Afternoon Keynote Address – Ignacio Mas

JASON REINDORP (EMCEE): Before the break, I didn't get a chance to share my own customer experience, and because I have control of the mic at the moment, I am going to share it just for fun.

I used to live in Seattle, and if you live in Seattle, then you're very familiar with Alaska Airlines. And they had a problem for a while which was simply that they didn't have enough customer service agents. So people like me would get very familiar with being on hold and hearing a very particular voice, a man's voice that used to always say, "Thank you for calling Alaska Airlines," and after a while it just, you know, it just was always in your mind. Unbeknownst to me, they addressed this problem which was delightful, and then they added another benefit, which was a surprise. And so basically, they added more agents, but then they also created a system that recognized who you were based on your phone number, and served this information up to the agent before they actually picked up the call. So, after they made this change, I called in to check something. I was prepared to be on hold forever. It just so happened that the man who does the recordings was the agent that took my call. And so I was sitting there on the phone and all of a sudden, I heard, "Thank you for calling Alaska Airlines, how can I help you, Jason?" (*Laughter*). I thought that was a very nice touch on their part. Anyway, thank you for indulging me with my story.

So the popularity of mobile money systems for sending digital payments is hard to disagree with. What's interesting however is the fact that most of these digital accounts, as we were saying a little bit earlier, remain empty. While mobile money is wildly popular for payments, it's just acting as a pass-through. Many, including our next speaker, see this is as a huge missed opportunity, and a genuine constraint on the growth of payment ecosystems. Our next speaker, Ignacio Mas, believes it is time to put money management, and not just instant payments, at the center of digital financial propositions. Ignacio is Executive Director and Co-founder at the Digital Frontiers Institute, a new organization which is creating a professional development network and training course around digital money and payments. He is a Senior Fellow at the Fletcher School's Council on Emerging Market Enterprises at Tufts University, a Research Fellow at Singapore Management University's Sim Kee Boon Institute for Financial Economics, and an associate with Bankable Frontiers. But wait, there's more. I've got more here, I've got more. Ignacio worked as a senior advisor in the Financial Services for the Poor program at the Bill and Melinda Gates Foundation, and at the Technology program at CGAP. He has also been adjunct professor at the Booth School of Business at the University of Chicago. Wow! Please join me in welcoming him to the stage. (*Applause*).

IGNACIO MAS: Well, it's a privilege to be here giving me an opportunity to share my thoughts and where I see the industry, what the challenges are. Thank you, MasterCard Foundation, for giving me the opportunity to be here. I don't subscribe to the God of science, so all I'm going to tell you are some thoughts that are in my mind based on lots of conversations, based on a lot of work. So please don't ask me to prove anything that I say. Just take it or leave it; it's up to you. I don't ... a lot of what I'm going to tell today is work that I initiated with Microsave in field research we did in Bangladesh in India. We also worked in Kenya with Equity Bank where I had the privilege to work on the development of the proposition for the banking proposition for the Equitel service that you might have heard about. And more recently, I picked it up with CGAP, with Antonique and Gerhard, formalizing a lot of the thinking and it's been extremely stimulating. And, of course, all the front partners, Wendy Cohen, Kimballs (sp), and many other people. So this is just my summary of what I know today, taken just like that.

I've been associated with mobile money for a long time. But I can't say I'm hugely excited of where the industry is at. There's a lot of challenges, some operational. We heard about some of them in the previous panel. But I think there's one core problem that we keep ignoring. It's this issue of the accounts being empty. I am going to exaggerate a lot in this presentation. Start getting used to it. But all accounts are empty. Okay, forget about the top 10%. Yeah, okay, there's the top 10% who are salaried anyway, who are not VUCA, who know how to use the stuff. But for most people, the accounts are empty.

Now what's odd is that this is not a rejection of digital money. This is a rejection of digitalizing one of the functions of money, because it turns out that if you build a good system, and that's a big if, people will use it to send money home to pay bills and stuff like that. So the means of payment function, turns out, that you can get people interested in doing that digitally, but not their store of value. Can you have a product that does half the function of money? And what I want to argue is no. Can you think of any other type of money that is really good at payments, but not good at all for storage or value? Can you think of something like that? If gold wasn't a good store value, would it be a good means of payment?

Well, I can think of one example that is like that, and that's the Zimbabwean dollar at the height of hyper-inflation. Could you use it to make payments? Yeah, absolutely. You can go to a store with your wheelbarrow and pay with Zimbabwean dollars. It was legal tender and people had no problem taking it. But what was the first thing that the store would do as soon as he received your wheelbarrow? It was converted back into US dollars. What's the problem with that? The problem with that is that when that store owner has to buy something, he's not going to go back to Zimbabwean dollars. He's just going to transact in dollars. To me, that's what's happening in digital money.

Digital money is cash in, cash out. If we were customer-centric about it, I wouldn't even question why we call it digital money because the customer experience is, I'm being told you want to send money home, you go to this store, you hand them some cash, and your mother goes to that store and she hands out some cash. Where's the mobile in all of this? Yeah, of course there's technology in between, but any business, you know, there's technology behind the scenes. This is a cash-to-cash service, so the irony of digital money is that it's made cash more efficient. So far from being cash light and all that, it's made cash in Kenya really efficient because now cash doesn't need to move from the little local circle, and that's it.

So to me, that's a statement of reality. The question is why is that a problem? You can't kind of imagine you'd want to live in a country where Zimbabwean dollars are your currency. But why? What's the problem? I want to highlight two problems with that.

First, from the customer point of view. You go, yeah, thank you very much for taking my cash and moving it 200 kilometers to my mother. Thank you very much for paying that bill. But frankly, was that my biggest issue? Was that really the biggest problem I had? No, the biggest problem I had was getting the money in the first place, accumulating it in the first place. And where are the mobile money operators for that? Nowhere to be seen, because it's just like, oh, well they're really going, it's just, "Oh call me when you've got the money and then I'll help you with it." "Well, I thought you were a financial service provider, I thought you were a financial institution. Where were you in the job of helping me get there?"

So that's the first problem that I see. Don't get me wrong, if I was a provider, I would be hugely tempted to do the over-the-counter thing and forget about wallets and stuff like that as a provider. But as a sector, we cannot afford to do that because we need to solve people's, that issue that I have sending money home, help me from the day one of that issue which is the first moment I'm thinking, "Oh, I need to send money to my mother." Help me every time I'm setting aside a little bit of money aside to fund that transaction. Help me if I don't get to that amount by the day I need to send money to my mother and give me a little bit of credit. And yes, please help me move it. We're just coming in at the last step.

So that's the first problem that I see. The second problem that I see is from the provider side. How do you want the business case to work on this unless you have a national monopoly and everybody has to go through you? But how can you expect this to work when you're not using this machinery to get low-cost funding through floats. You're not getting any float benefit. You're not getting much customer information because they just transact once a month with you. Thank you for paying that bill, and thank you for sending money home. Really? Is that the pace at which we need to accumulate insight from our customers in order to drive the kind of customer experiences we're talking about? You need to get them on a much more high frequency transaction basis. But no, we're not collecting that information, which is why we need to run around looking for alternative data sources and databases that other people have because we don't have our own data in the sector.

And the third problem, and you might not be moved by these things if you don't think that your issue is banking, your issue is payments, but you should be. Because if I don't have money in my pocket, why would I want to transact electronically? If I treated you all for dinner tonight, and that's an "if" hypothetical, I'll pull my credit card. Why? Is it because I have some superior understanding of how credit cards work? I still find them a minor miracle every time they work. No, it's simply that my money is electronic, so why wouldn't I want to pay electronically? But my money is in cash, why do you want me to go to that store to do a cash in, so then I go to that store and pay like half a kilo of rice electronically. It makes no sense. So if you don't electronify my money, you will only be able to electronify a tiny proportion of my payments. That's my central premise. Because we need to get out of this mindset that payments is now. My biggest issue is that payments that I need to make tomorrow, next month, because my problem is that today's payments are obliterating tomorrow's payments. That's the problem that I have. What are we doing to help them? So yes, it's all about payments.

I do think that if you want to get to the storage of value function, the first thing you need to do is not ever use the word "savings" for the VUCA segment. Why? Because you're going "blah, blah, blah," and all they're hearing is, all that's going through their head is, "Well, savings is what I do when I have excess money, except whenever does that happen? When do I have excess money? That's never my issue. My issue is not having excess money. My issue is there's too many things I want to buy, too many payments." So it's purely a payments problem. And that's how you have to present it to the customer. Help me make sure that I can make today's and tomorrow's payments.

So why are accounts empty? By the way, I don't subscribe to the conventional wisdom which I think is the prevailing view, "Oh that will come naturally. Let's just make sure that we put enough digital money into their accounts, let's make sure they can pay enough things with it, and the stuff and the people will be able to sort themselves out." I don't think so. The proposition of how I want to receive my money, the proposition of how I want to spend it, is entirely different to the proposition of how I want to hold it. One thing has nothing to do with the other. And the same way that the store was very happy taking my Zimbabwean dollars, but there's nothing to keep it that way.

So what is the core problem? You may have heard of "The Hitchhiker's Guide to the Galaxy?" It's like an old, you know, very prescient, it's a sci-fi comedy. And this hero through some process that I forget what it was exactly, but he gets to ask God a question. God turns out to be a computer. He's called Deep Fog. But let's leave that aside. He gets to ask God a question. So he's saying, "What question am I going to ask God?" And he decides, "Well, I'm going to go for the big one. What is the meaning of life?" Anybody know what the answer of the meaning of life is, and be prepared to be shocked here. 42. The answer, God says, "42." Now what's the moral of this story? Is it that God lies? No, the meaning of life really is 42. Is God a prankster? No, no. The meaning of life is 42. The problem that we have is that we cannot interpret the answer that we were given. How is 42 the meaning of life? The question is no longer "What is the meaning of life?" but "How is it that it's 42?"

So now let's go to Punza, remember VUCA, and she goes, "Oh powerful mobile phone, what is my financial situation? Am I going to be able to make that payment?" And we know what the answer is. "42." We call that check balance. How is that connecting with anything that is going through my head? That's not my issue. Please don't give me my total net wealth. That's a pretty depressing number, 42, pretty much in any currency. What I want to know is: how am I doing for that school fees that I need to make, and what if my daughter gets sick tomorrow? How am I going to deal with that? And all you can say is 42? Is there any puzzle as to why those accounts are empty? The question is not why they're empty. The question is why we thought they were going to be full in the first place.

So it needs to correlate with their thinking, it needs to be intuitive. Just to explain how this ought to work, let's just look at what they do today, because they like that a lot better than what we are offering from a storage of value point of view. So if I have a little bit of money, what am I going to do? I'm going to stick it in different types of jars, some have a top, but some are open or under the mattress. Those other boxes, some are metal, some are wooden, some have a key, some don't have a key. Some that have a key, I keep the key; sometimes I give the key to someone else putting more distance between me and the key, me and my money.

As I go through this, and I've only begun, think of how charged with feeling and emotion this is, and compare that with 42. There's these boxes that you actually have to break to get your money in there. There's these boxes that actually move around and have a negative interest because they eat. There are these boxes which are richer relatives and the money guard that I give my money to. And then there are collections of people, all the informal savings groups that exist everywhere. But what I really want to see is, we keep saying informal financial options are very bad, and that's probably true. None of these options are very good, but the collection is pretty darn good. Why is it good? Because I know exactly how to use these. Try to replicate the cow as a savings product, good as it is as a savings product, and start thinking that there are conditions in the user manual that we need to go with it. Disclaimers about risk, warning your cow can die at any point in time, but this is not a problem for them because this is so intuitive.

And it's intuitive in two ways. First, each of these things is suggestive of purpose. With the clickers, we can do a little poll. I can give you a little description of a type of money. Is it inheritance, is it money that I found just down this street, or is it my hard-earned salary? And I think we would all agree pretty much where it should go. So it's intuitively suggestive of a purpose. No one needs to tell me what this is for. In fact, the one that people don't do with these jars is, "Oh, school fees, and this is medical. Oh, which was which?" No, they know it. The last thing they do is write a little note and sticker and say, "school fees." No, they don't. And yet that's what we need to tell them all the time. This is a school fees account.

So it's suggestive of purpose, but let's keep in mind in the VUCA world, my favorite latter there is the one that we generally ignore, the "A" for ambiguity. Because when you face uncertainty, how can you budget? What was the first thing you put on that top line of your budget when you have no idea where the next dollar is going to come from? How can you even think of budgeting? If a risk had happened tomorrow, throw everything out of kilter. How can you even think of budgeting? So it's all dealing with ambiguity. And when you cannot do a budget in any formal sense or informal sense, the last thing you can think of is money having specific purposes.

So yes, all financial management is about separating money, but it's not separating it in the way that we're used to, which is this is rent money, and this is this money, and this is that money. So that's, for them, they have an idea what type of money this is, but they feel free to reclassify things as needs emerge. I have this money which is school fees, and the problem is you do research and you'll ask them what's that money and they'll say school fees. Don't make the mistake of taking them too literally, because if tomorrow my daughter gets sick it's going to be up to me to interpret whether school fees is a legitimate use for that money or not. Is that right or wrong? No, it's a personal matter. Do I think, is it legitimate for me to think, what's the point of paying school fees if my daughter's going to be sick and not be able to go to school at all? I'm going to put my money in there. Some people might say no, because education is just the future of my family. I would rather sell my motorcycle than access that money. That's a legitimate answer too. So it's all fuzzy, and we always talk about goals. People don't have concrete goals beyond the next set of bills.

So it's all fuzzy and we need to be giving them these issues that are suggestive of the class of money that it represents rather than the specific purpose. I think they attach much more of a moral hierarchy to different types of money that correlate with different purposes.

It's intuitive in even more powerful way, all these instruments, because not only do I know what kind of money goes where, but I kind of, it's very intuitive in the terms of use. And the terms of use basically I will summarize into three things. There's new terminology that I've invented. Prods, Locks, and Outs. Prods are the things that prod me to save. So when the cow is kind of forcing me to feed it, I have to feed it. That's a little bit of savings that goes in there. The savings group is long on prod. The jars are not long on prod other than psychological prod because this is for school fees, this is for the future of your family, and it's a mental prod but there's no other type of prod.

Locks are the things that prevent me from going in there. Some are obvious. The cow indivisible. My money guard, the little peer pressure thing, you know, like always asking for money on Fridays. What a coincidence. And some locks are mental. Again, is it legitimate for me to access this money? It wasn't for school fees because my daughter got sick. That's a mental lock.

And then there's the Outs. The outs is when something catastrophic happens, forget all that, give me my money. Those are the outs.

When I think about the cow, it's full of discipline, but it's liquid too. You can sell the cow. Right? And to me, that's a main lesson of how people manage their money. When you are rich, and by rich I don't mean rich. By rich I mean salaried. When you have predictability, how do we manage this thing that we need both discipline and flexibility? Everybody needs that. Well, we submit a portfolio. This is my flexibility money, and we call it checking account; and this is my discipline money and I call it retirement account and time deposit.

Poor people can't operate like that. Every dollar needs to be doing double duty. It needs to be discipline money when I really don't need it, and it has to be flexibility money the moment I really need it. Every dollar. And that's what's hard. We don't know how to do that because we think we need to deliver them just discipline or give them the flexibility. We need to do both, and that's what these issuers do. They deliver both at the same time. Cow is discipline money very obviously until it's not.

So, at the end of the day, what is it that people use to manage their money? Yeah, there are some prods and locks that have to do with the particular choices of the instruments that they have. But fundamentally is the stories they tell themselves, the fact that this money is for the future of my children. So, it's all about separating money not on the basis of a budget, but of stories that you tell yourself. Because every money has an origin story. Is this hard-earned money versus money that I saw lying around on the ground versus inheritance? And where the money comes from will determine which pot it goes into. And that has to be consistent with what are you doing now with that money, the handling of that money now? And that needs to be consistent with what are you thinking this money might be for? And good money management is essentially connecting these things in your head. Yes, offer me those prods, locks, and tools that reinforce this story, but fundamentally it's about the story. And then paid, okay done, transaction done. But don't come in just at that stage please.

So what we see is that all money management is about the art of time—the before, the during, and the after which is where mobile money and digital money generally has lost the plot. There's more money problems in real time. We're so enamored with real time, which is a pretty powerful thing, that we think all customers need to be operating in real time. No, no, no. Each individual transaction is real time, thus service as a whole, the value proposition is not real time.

And the other thing that stories are composed of, one is the timeline. There's no timeline, there's no story there. And the second one is the cast of characters. So who are the cast of characters in money management? The past, the present, and the future walked into a bar. It was tense. That's a summary of all money management stories. Now think how many products you have that deliver on this. So I'm picking a story that is very negative of mobile money. Let me tell you how we can solve this. And I'm going to tell you some ideas. Please don't take it literally. I just want to illustrate how this can be done. How we come back to a world of intuition. A world of intuition.

I got some money today, and by the way, there's two key words for me—intuition and control. Because why did that person in "The Hitchhiker's Guide to the Galaxy" ask God the meaning of life? He was trying to get control of his life, and by understanding he was going to have more control over what happens. Which is why Punza also asks the question of, "How am I doing in my financial, all these things that I need to pay for in the future?" It's all about control.

When you get paid, if I get money, through a mobile money platform, what can I do to exercise control? To exercise, okay, I've taken control of my money. I've actually matched that money to a story. What can you do? Cash out is the only option I have. I can do nothing else with that money. Cash out. And that's why the money gets cashed out, because it's the active act of taking control of that money, and then you can start putting it in jars and doing whatever you like with it. I've taken control of my money.

So the question is, how can we give that sense of control the moment you get the money on your phone? Because that's the right moment to exercise control. The moment, the most virtuous moments around money is when you get it because you're remembering how hard it was to earn it. If you wait, you know, a few hours, a few days to bank, that money is gone.

So what can we do to give that sense of control on the mobile phone? Well, and by the way, forget about doing it by giving them multiple accounts because if don't use one, why do I need five? And forget about asking me which account you want to move money from and which account you want to move money to. I'll stick with this stuff, thank you. So how can we do it intuitively? How can we do it so it feels like I'm exerting control over my life?

Well, imagine I got money today. Now, today, school fees are not due today because if it was, I would just send the money. But the school fees are due December 15. I'm going to send money to myself on December 15. It's my December 15 money. December 15 money is whatever I've made it to be. I'm in control. It's not what you think it is; it's what I think it is. I now feel I contributed a little bit of money to December 15 school fees. If you check balance, you'll see December 15. And I project meaning into that, like I project meaning into the jar.

Okay, but not everything has a timeline. How about this? I'm going to send some money to Friday, because the fact is, I like rewarding myself with my friends. And if today's Monday, I'm sending money, I'm able to send a little bit of money to Friday, I'm going to feel good for two reasons. First, because I want to really feel good on Friday. I'm going to have a good time, and I'm not going to embarrass myself because I can't pay the rounds. But secondly, what I'm telling myself when I'm sending money to Friday is, "And the rest of my money is not Friday money. It's not drinking money." That's what I'm telling myself. So on Friday, what's the last thing I want to do on Friday with my Friday money? The last thing I want to do is to cash out. Why? Because if I cash it out, it joins all my other money and now all my money is Friday. So I'll want to pay electronically, hopefully, fingers crossed, at the point of sale. So you pay with Friday money because moneys are different. So that's an example of how the storage of value will help you with digital payments. You have to link it into their story.

Another example, okay, so we talked about I'll send money to Fridays. I'll send the money to December 15. Send money to colors. This is my red hot money versus my ice blue money, or spend it on yellow, whatever you want it to be. Segment your heart out. For young people, don't use primary colours, I'm not in kindergarten anymore. Musical bands, or cars, this is my Ferrari money versus my Subaru money. Imagine if people talked like that. I got some elephant money, and I've got some gazelle money. Do you think they will drink out of elephant money? No. And yet, there's no lock. It's just purely mental. You're just inviting them to play a story around that money.

So that's what we need to do with digital money. Bring story back. And how can we fail at this? What digital in general is really good at is gaming. How can we fail at creating little stories in their heads about how they're managing themselves? How can we fail with gaming? And digital is great at social networking. How can we fail at engaging their social networks and their money management just like they do in the social environment, in the savings group environment? How can we fail? Well, we can fail. Obviously, there's vision on hold until everybody has smartphones. Let me tell you that. But in the time being, sending money to Thursdays and sending money to Thursday because that's when my ROSCA meets and I want to make sure I have enough money on Thursdays. I'm a small businessman, I send money to December 1 because that's when I need to repay my credit, and I know that that line of credit is everything in my business. If I don't get that line of credit repaid, I'm out. So you're giving me the means to manage that debt.

If I'm a farmer, my problem is the opposite. My problem is I get all this money all in one go. I'm going to send this money to January 1 because that's when the land preparations period is, and then to fertilizer time, and with the rest I'm going to pay myself a salary because my family and I need to live for three months. I'm going to send some money to December 1, January 1, February 1. So that's just to give you an idea of how we can solve this.

And let's put back intuition, and get people to feel in control, not only in control of their money, but in control of your product because that is what they have always done.

How does this all work on the business case side? Well, in financial inclusion, this was where the willingness to pay was, and so we churned this round and round and round. Then along came M-Pesa and says, "Oh no, there's another thing that drives willingness to pay. It's called remote payments." Round, round, round, round. And these things are not engaging because what I really want to submit to you is that this machinery is not complete until you have that. Not because savings is good for you, forget that. Because if I'm convincing you to keep your money electronically between one thing and the next, that is what's going to drive more payments. Because if I save the money for school fees on December 15, by sending money to December 15, of course I'm going to pay it electronically. Why would I want to cash it out and then walk the money over? Of course, I want to do that. So put me in a natural long position in digital money, which then drives my willingness to pay for it electronically.

And if I'm doing all that, you're bringing into daily usefulness for me, not just this once a month, send money home, pay a bill. And if I'm using it daily for savings and for payments, is that not the customer insight that we need for driving credit? Because I see how far out in time you're managing your different parts of money. You're sending money to different horizons. I see how readily you contribute to them. Wouldn't I want to give you that extra money once that you're not able to make it? And of course, the storage of value helps me repay those credits because I can plan when the money needs to appear magically for me to repay that loan, as I was saying for the small businessman. That's a proposition.

So savings, is there money in low balance savings? No, there isn't because that's the wrong question. You need to see the whole proposition around the customer and that is the basis of the engagement. I would like to insist on one thing. What we're trying to do in developing countries is diametrically opposed to what happened in rich countries. In the US and Spain, first we electronified money. First, they convinced us that keeping your money in the bank is a good idea. And then they said, "Oh, since your money is electronic, here's a card. Would you like to pay with this?" We said, "Yeah, love it." "And here's a mobile phone, would you like to pay with this app?" Love it. So first, we electronified money, then we electronified payments.

What we're doing in developing countries is the opposite. First, we're electronifying payments, and make no mistake we're not electronifying money because money is a state. Digital money is a state that the value is in after you receive them, before you use it. So just making a payment digital does not electronic money make. So we're electronifying payments without money. Can you really do that?

So just to summarize, I can summarize or I can turn it to the audience. Let's turn it to the audience. Oh, no, I do want to summarize one thing. No, it's actually a grand finale more than a summary. That was the summary. So, really the key thought I want to get out is your job is not to create products. Your job is to give them the tools that they can give meaning to, and let them inject their meaning into things. And to me, that's the essence of empathy and respect, where I'm not passing any judgment as to what it is that you need or how you're going to be using it.

And you know, I just found this quote. It's a bit of a, no reason other than in some way I think it links to the conversation. Pixar, great storytellers. Oh yeah, the connection with storytelling. Right? Everything is about stories. Great storytellers, Pixar. They come up with these 22 rules of storytelling. Let me show you what rule number one is. I just find this amazing. "Admire characters," (read customers) "for attempting more than what their successes have been." And that's every cartoon. Every cartoon, you're just wanting the guy to, oh, and he let me down again. But does that stop you from wanting the guy to succeed next time around? No, the more he tries, the more you admire the cartoon. Is that how we think about, is that how bankers typically treat their customers? I don't think so. So give them the tools to try and try again and try again, and eventually they're going to make it.

So I'll just leave it here, and we're just going to have a discussion around all of this. We have eight and a half minutes. Any comments, questions? Oh, we need mics. Or we can stand very closely. (*Laughter*).

MALE: Thanks, Ignacio, as always, great. For too long, we have been converting people's stories into our mental models, into savings and loans. And I've been thinking that one way to summarize what you, of course, go very, very far in all this insight and depth. But one very simple visual I've been playing around with for the last 5-10 years is nets and let us. Can we create let us and nets? Let's in terms of when you fall, you don't break your back. And this could be saving, it could be access to credit, it could be insurance. It doesn't matter. These are our names, these are not people's stories. Similarly, when I get an opportunity to rise up, and my visual is people playing in the circus. The jokers are able to do all these maneuvers only because they know when they fall they will not break their back. Can we offer people those opportunities?

IGNACIO MAS: Absolutely. For me, when we go to digital, and this kind of came up in the previous panel, the products, what do we do with products? And the problem we have is that we continue treating the mobile phone purely as a channel. And the banking experience is the same as it's always been. The digital transforms the product, it kills the product, it kills the channel. It's like ... it's killed music as a product. It's killing the newspaper as a product, the books, and everything. But is that a negative view? No, because in the place of the product has emerged something much more powerful which is the experience, the customer experience. I get to experience music the way I want it. So music is no longer a bunch of product. It's a set of tools that people are making available to me to stream the thing that I want, to find the music that I want. It's tools.

So to me, that's the shift we need to do, from products to tools. Why is that a good thing? Why is that a good thing? Because if you want to do everything as packaged products, I need to know everything about you, if the product is right for you, and everything is, know about you for the product, is that segmentation issue that we were talking about. But I think we can create a minimum common denominator of tools that works for all of us. And we think of them in very different ways. They're sending money forward, whether to a day of the week or to a color. The housewife is assuring the school fees. The husband is repaying the loan from his microcredit. The farmer is paying himself a salary.

Think of this, a small business, and this is how I'm going to run my small business. I just need to make sure that every Friday I have so much money to pay the salaries of my, or the wages of my people. I need to make sure that every first of the month, I have enough money to pay for rent. And I need to replace that machine that's been on the yellow because the machine is yellow. The same tools that were helping with school fees is my accounting system as a micro enterprise. That's what we need to be looking for. We need to be looking for those generalized tools that people can use in entirely different ways and give meaning by themselves. The more we try to fit people into products, the less we'll succeed, and that's a learning of all digital. It's not my idea. Does that sort of address your ...?

TUGHRAL ALI: I'm the guy who believes in owning the customer. I have a question: you know, that was a brilliant model that you presented, and your findings exactly match our findings when I was working for EasyPass in Pakistan. There's one element that we feel is very critical and that is the social contract. So you can have the technology in place, but the reason why people, at least in Pakistan our experience was people did not prefer the mobile wallet, they wanted to go to the over-the-counter channel, was because investing in mobile wallet required them to believe in a system which they'd never used before. So the social contract very much tied into the middle man and it's been very hard to actually get them away from that. So what are your views on that?

IGNACIO MAS: No one's born knowing everything, right? So the critical question is, how do I get this person in a frame of mind where, A) this person wants to learn, and B) wants to believe that this works? We need to put them in that space. If they're not in that space, no amount of education is going to do the job. So for me, it's all a value proposition issue. Obviously, behind the value proposition, then there's a lot of education stuff, and channel stuff, and agents and so on. But have you put them in the position where they want to believe that they can operate this account, and use it? No, because what's it for? I have no use for it. But really? I mean, every time I make a little bit of money I need to run to the store in order to send some money to Friday, and some money? No, I mean, I think if that was a good idea that worked in their minds, and that's an "if", then they would want the control to do it wherever I am and not having to go to the store.

So yeah, I mean, as I say, if I was a provider of mobile money today, I would probably do over-the-counter. But as a sector, we need to make sure that this kind of thing goes away because there's much more that we can deliver for people than the occasional walking to the store for their once-a-month sending of money to somewhere. So to me, that's it. We're lacking the value proposition of why we want people to electronify their money. Forget accounts. It's not about accounts. It's about why would you want to keep your money digital between the time that you receive it and the time that you paid it. No amount of acceptance is going to do that. I find it a bit strange that people believe it's all about the acceptance. And the proof of that is, if how I wanted to hold my money was based on how rapidly I can use it, people would not store in cows. I'll defer to the sides. I don't know if there's any logic to that.

MALE: You talked about stored value and if you go back in time, financial institutions made money out of the spread between lending money and taking in money. I have had a bank account for 45 years. I've never paid a transaction cost. Bank of America wanted to charge an ATM fee, a withdrawal fee and everybody returned their ATM card. Why are we charging poor people transaction fees?

IGNACIO MAS: No, it's a good question. But for me, I would never put that as a top issue. The top issue is, why would we want them to use the service? If there's enough value proposition, if they derive enough benefit from it, yeah, why not? Charge. I don't think there's any problem with that. But the more you want to charge, the more the onus is on you to come up with a strong value proposition. So, I think that's fine, and I think actually what's curious about mobile money in the early days, I've not done this analysis in recent years, but of all the mobile money systems that were around maybe three years ago, by far the most expensive was M-Pesa, and yet it was the most successful because they had a real value proposition of the "send money home, with an agent that does the work" so on and so. I would say we need to focus on the customer value proposition, and not just on the cost. Anything on this side? In the centre?

FEMALE: So I don't know if you have an answer to this question, but in the beginning, you started talking about that we've come in, and that we're not in the business of supporting the excluded in making their money and increasing their incomes, that this product is coming in at the end. Do you have a vision or a thought about coming in at the beginning?

IGNACIO MASS: I'm not sure why you are making that inference, but basically the question is how do we de-VUCA-fy... am I the first one to turn it into a verb? How do we de-VUCA-fy their lives? I mean, that's really what we're talking about. And I hope I'm giving some examples of how that happens because the farmer has taken these simple tool that works for everyone and are guaranteed to have enough money for the next crop, and are payments off his salary for survival for the next three months. That's de-VUCA-afying. The little small business that I can now manage my money by making sure I have enough for Fridays to pay wages at the end of the month, to pay rent, and for that yellow machine, that's de-VUCA-afying my business. And it's my entry point into more complex solutions. And then of course, once I'm used to that, please upsell me on your accounting platform that is so much better and, look, with this scanner, you don't even need to enter the data because it all happens automatically. Great. But what we're lacking is the entry level product that, to me, is short-term money management. Do we have time for more questions? Time is up. I want to be respectful. I'm minus 1.18. (*Laughter)*. Can we take one more?

MALE: Thanks. Do you think on mobile money, operators could either extend credit or some other tangible benefits to actually kick-start usage, like more usage of mobile money accounts?

IGNACIO MASS: Well, I mean, there's many levels at which I could answer that. At a formal level, I would have to say, well depending on what license they have. If they have a full banking license, by all means. If you're an intermediate issuer, the definition is you don't intermediate funds. But you can still work with third parties who give credit to your customers. So in principle, I don't see any problem, let's just make sure that you're not gambling with your deposit money because you're not being supervised for that.

So that's one thing. But again, yes, you can have remote payments, the thing turning here, and yes we have credit. You're not helping in between. Because we don't have no basis on which to give them credit. I just don't understand why airtime top-ups is seen now, the history of airtime top-ups is that it's the answer to alternative credit scoring. Really? On [inaudible] of 1.5 dollars? Seriously? We need to work not at collecting more information that doesn't exist. We need to work at generating the information about these customers, and that means usage. That means usage. So, yes, can you do that, yes, but is that going to be the answer? No, because you have no way of giving credit. Okay, thank you very much. (*Applause*).