2015 MasterCard Foundation Symposium on Financial Inclusion
Friday, November 20, 2015
2:00 p.m. – CEO Conversation: The Challenges in Becoming Client Centric

JASON REINDORP (EMCEE): We are going to build on this keynote now and Kim Wilson is going to moderate a discussion with our panel, go a little bit deeper on the topic. For those of you who don't know Kim, she is on the faculty of the Fletcher School of Law and Diplomacy at Tufts University, and co-author of the book, "Financial Promise for the Poor: How Groups Build Micro-Savings." On our panel, we will have Jesse Moore from M-KOPA Solar, Stephen Mukweli from PostBank (Uganda), and Elsa Patricia Manrique Ospina from Banco Caja Social. So if I can invite Kim and her panelists up to the stage, we will carry on with the show.

KIM WILSON: Good afternoon, everybody. I am very excited about this panel. We're going to continue exploring some of the themes that we've discussed over the last day and a half. But I wanted to let you know that I've been hearing you. You've been talking a lot about listening, and so I've listened to you. For example, last night at cocktail hour, I asked around, "What did you like about Ignacio's talk and what didn't you like about his talk?" First of all, maybe some of you don't know, but actually Ignacio is not his real name. He will be happy to tell you during break. But what people said was, "We loved the conversation about colors and days of the week, and there was all this exciting stuff, but we were a little concerned about that first joke." And do you remember what it was? The joke about the past, the present, and the future come into a bar, and what was the punch line?

ELSA PATRICIA MANRIQUE OSPINA: "A little bit tense."

KIM WILSON: So everybody liked it, but what I kept hearing over and over again was that it really wasn't about financial inclusion. So I thought I would crack a joke. So, I only had 12 hours to think of it, so here we go. This is about financial inclusion, so of course, it's about digital. Digital and digital walk into a bar. Digital "he" says to digital "she," "Let's transact now," to which she responds, "Not until afta the first data." He mumbles to the bartender, "I can see it all now. She'll be high maintenance, she'll require a dog, kids, and way too much storage." (*Applause*). Off the cuff.

Okay, so let's move on and let's talk a little bit about what we're really going to talk about. Let's go to the first slide, great. So evidence suggests that no conference is complete without—

get your clickers ready because you're going to have to choose. So evidence suggests no conference is complete without a theory of change, a debate, or a party. Which is it? Okay, here we go. Get your vote in, 13 more seconds. Let's see what you said. Ta-da. (*Laughter*). A debate, party, theory of change. Okay, that's what you said. This is why data is so important. Let's see what the right answer is. (*Laughter*). Sorry. It's theory of change. See, you have to listen to the data.

Next slide please. Data shows that experts deem a theory of change credible when it's rigorous, it's relevant, it's righteous, it's never proven or disproven, or it's number three and four. Get out the clickers. It's your turn. Again, we're going to have to pay attention to data. All right, let's see what you said. Rigorous, relevant, okay righteous didn't do too well, it's never proven or disproven, and then, okay, we did pretty well on the bottom one. Let's see what the right answer is. Nope, nope, huh-uh, huh-uh, that leaves us C and D.

Last one, this is your last chance. This is like the theory of change. It follows then that a credible theory of change is most likely found at Harvard University or Tufts University. (*Laughter*). Right? So think about the theory. All right, let's vote. (*Laughter*). Let's see what you said. (*Cheers, applause*). No! If it's never proven or disproven, if it's righteous, it's not going to be found at Tufts. It's going to be found at Harvard! Right? (*Laughter*). I mean, come on.

Okay, so I had to ... Harvard and Tufts are both in Boston, and I realized, and actually after quite a few faculty meetings, that I wasn't going to find a theory of change at Tufts that was credible because it had to satisfy these other conditions. So I walked across the river, and let me just show you what I found. Here's a great bit. Okay, I hope this is right. Okay, I found a very credible theory of change, and these people wrote this book, and actually way back in the 80s and in the 90s, they were the people that coined terms that you've heard of such as, "client-centric, customer-owned, lifetime value of a client." These are all terms that are kind of part of our parlance now. These guys did it, and they came up with the real theory of change, and let me show it to you.

Okay, customer loyalty drives profit and growth. All this can be found in here. Customer satisfaction drives customer loyalty. Customer value drives customer satisfaction. Employee productivity drives customer value. Employee loyalty drives customer productivity. Internal quality drives employee loyalty. All right, so what does that mean? And leadership drives internal quality. So I think this gets us back to our leadership.

So in this theory of change, look at the top two. Internal quality, what is that? Well, that's really a black box. You have to read this whole book about what goes into that black box, but that's what we're going to be discussing this afternoon. What is the secret sauce that drives internal quality? Because it's that quality that's going to drive retention, loyalty, cross-selling, all the things we've been talking about.

Who's going to help us today? Well, we're going to have Mr. James Mwangi who has spoken to us. Thank you for joining our panel. We're going to have other leaders join us as well. Stephen

Mukweli, thank you very much. And by the way, notice that not only do you have to be awesome to be on this panel, but your surname must begin with M. We have Jesse Moore who's with M-KOPA. Stephen is with PostBank of Uganda. And Elsa Manrique who joined us just two weeks ago, thank you so much for coming all the way here from Colombia, from Banco Caja Social. Thank you very much, panelists, and let's begin. I'm going to first ask you to talk a little bit about your organizations, and then we're going to get into what's your secret sauce, what drives that internal quality?

STEPHEN MUKWELI: Thank you, Kim. I have just three slides to share with you. But before I do that, let me share with you a small short story. At PostBank, we are focusing on the middle and bottom part of the market and serving SMEs and culture. The majority of our customers is in rural areas where about 80% of the population leave. How do you get to such a market? The traditional brick and mortar is very expensive as we know it. And in Uganda, some regions are sparsely populated, so even if you put a branch, you won't have sufficient traffic to make that branch viable.

We adopted mobile banking vehicles where it was a branch on wheels going into rural places, but even that wasn't giving us the numbers we were looking for. Then, we went for linkage banking to work with agents. But the law came in, in between, because the central bank authorized us to have agents on the condition that they only pay out but not collect the deposits, because the law says to collect deposit, you must be authorized by the central bank. So we had a challenge. We had agents who were just doing half the job, and again that was not coming through.

So an idea arose where we said were linked to the circles. These are savings and credit cooperatives. By nature, they can collect deposits among themselves, and also lend among themselves. Again, along the way government piqued an interest in the circles and they became very excited and then the police came in, and we had to ease out, because it was getting a bit too political and wasn't good for our business. Then, village savings and loan associations emerged. I'm going to share with you how we worked with them, and bring this case because it resonates with customer-centric approaches and driving profitability. I'm going to show you the linkage between working with these groups, and a business case for it. It's not charity, but it's a good business proposition.

Okay, there we are. That is a banking hall. No need for air conditioning. Natural air, and as you can see that is a village savings group. In the middle, there is a green box. The way this group operates, they get around once every week, they collect their savings, they put that savings in that box, it has two locks, and then the chairman and treasurer, one keeps one lock, each had one lock, dual control. And they take it home to the chairman's house. They meet again the following week, and the circle continues. If they want to lend, they take their cash and lend out to their members on a weekly basis.

Trouble is, there was a challenge in the safety of the cash box. There is instances when the chairman's house would be broken in and the box is taken away, or the chairman himself would disappear with the box. So, these groups had a challenge of having a secure way of keeping their money. They were providing banking services, but totally disconnected from the formal sector. So we offered the solution of linking with them to provide them with banking services where instead of keeping money in the box, it would be kept at PostBank. And then, they would access it.

The way we do our products is they would meet weekly and collect savings. All members have the right to borrow. They can save what they want to save. It's not a fixed amount, but they do it regularly. Now we have connected them through a solution so that they can now transact, instead of transacting from the box, they can transact through the bank using a mobile phone. For dual controls, there's a way for generating a TAN, which is a transaction authorization number. It's a split number where the chairman will have some digits, the treasurer have some digits, separate digits before they can authorize the transaction to go through. There are no monthly charges. So we really try to give them free banking. So how do we make money? I'll come to that.

How they access their money, these are the agents I was talking about where they can access their money from. Again, the central bank told us not to use the wire agent, so we had to change and call them cash authorization centres where they can go and access. But the platform is also connected to mobile money, so they can go to an MTN mobile money agent and transact. They can go to a PostBank branch and transact. So the flexibility is there for them to be able to transact without being restricted and being able to lend and borrow themselves.

Now, this is the business case. We started in 2011-2012, but we picked up in 2013. You can see the groups at the end of 2014 were 20,816. As I speak, we now have over 28,000 groups, and we have just over 500,000 members who are now having accounts at PostBank through their groups. Deposits are now over $70 billion. We grew last year $6 billion, and where we make the money is from the float of these deposits we collect from the groups.

Bottom line is it's a profitable venture. We're not losing money. We don't charge them transaction fees because when they move things on our platform, we don't charge them anything. But they're able to have the good service, the trusted service without the hassle. Again, customer-centricity here is, we are offering them the service the way they want it, not the way we want to deliver it, because we don't disturb the model of the village banking. They need, they set their schedules, they need to transact, and then we just connect them, and the banks, WSBI, they give us a solution, an IT solution which enabled us to link these groups to our core banking system. We are able to track the performance of each group and the performance of each individual in the group. Thank you very much. (*Applause*).

ELSA PATRICIA MANRIQUE OSPINA: Good afternoon. Thank you to The MasterCard Foundation and Boulder Institute of Microfinance for making this great event possible, and of course, for inviting us to be here and share our experience. So I represent Banco Caja Social. This is a local Colombian bank that serves about two million active clients through 268 branches and 6,700 employees. We were founded 104 years ago by a Spanish Jesuit priest, and we are part of a social foundation that seeks to contribute to overcome poverty in Colombia. The foundation has remained as our major shareholder for all those 104 years, and understands the bank as an instrument to fulfill its mission.

And, recently, this is a journey that we've been in the last three years. We have addressed, like, this very big challenge focusing on markets where financial services can be a real leverage to improve the quality of life—this is basically for low-end income households, as well as SMEs—and pursuing differentiation based on bringing the brand attributes to life. The brand attributes were redefined in 2011 and are: values and respects clients; easy and simple; creative and bold; clear, coherent, transparent, and trustworthy; and finally, our aim is to become, or be, known as a friendly bank, which is quite a challenge for a traditional bank. So our journey in these past three years is basically to make these simple five attributes come to life during the customer journey.

JESSE MOORE: Good afternoon, thank you very much for the opportunity to be here. Cape Town is obviously a very lovely place to come. It's a very popular conference venue as well for good reason. I want to build on that Cape Town conference theme to try to explain my company M-KOPA.

A lot of people often ask, what are you guys? What is M-KOPA? Is it a financial services company? Is it a solar company? In fact, in the last few weeks, I've received three invitations to come to conferences in Cape Town. One was for an energy conference, one was for a mobile phone conference, and one was for a financial inclusion conference. I obviously didn't come to all three. I think this one is the most important to come to which may give you a little bit of an indication of where we ultimately lie.

But the truth is, M-KOPA is not an easily definable business because of one thing. We started the business without a care for what type of company we were. We started to try to solve a massive customer problem. We knew we wanted to use mobile technology because we as founders were experienced in that. But the whole business began by trying to solve a customer problem, and we said it's got to be a massive pain point. One of the reasons, or one of the ways we define massive is it had to be valued at a billion dollars or greater, a billion dollar problem/billion dollar business opportunity. You only live once, right? So you might as well try to start that big a company. And massive was just a way to try to explain that it would really have to hurt people to stick with what they were using, and they would want this so badly that the marketing would kind of take care of itself.

So making a fictitious name for this customer, but let's call our customer here Mary. She is actually in Eldama Ravine in Kenya. Her massive pain point which is frequent across not just Kenya, east Africa, lots of parts of this continent, is she spends a lot of money every day on energy, she's not connected to the grid, it's too expensive, and she will spend by our math and survey work a little over 50 cents a day or about $200 US dollars a year on inefficient energy substitutes. That's largely kerosene, phone charging, and other forms of lighting. If I look at that over a 5-year timeframe, that's a thousand dollars that she's just burning, literally burning and getting very little in return for. So that's our massive problem. Across Kenya alone, that's over a billion dollars a year. So we felt like, okay, great, we've got our billion dollar problem. Let's try to start to work at that.

What we've done, again, without worrying about what kind of company we are, is we've developed home solar systems that displace the need to buy any of that off-grid energy. You replace that by taking one of these solar systems in your home. We did not create solar systems. They have been around. Our innovation was financing that in a scalable way. So anywhere in Kenya or Uganda, and Tanzania now, I can, as a customer for a low deposit, get a solar system in my home on credit from M-KOPA, and then I buy that system over time which is a combination of buying the service and buying the device. I send in all of my money which is about 50 cents a day to buy the credits to use the system for one year, exclusively over mobile money. So we've become a very big mobile money client, if you will. We've generated over seven million transactions in three years, and we're now getting close to 300,000 homes that are making the switch.

And just leading into the customer-centricity, or being customer-focused, again, it was sort of elementary to us because it's where we started. But a lot of this has to do with being always open to talk to customers. So you're seeing photographs of our call centres, of our trainings, of our sales. We are very, very active. One thing about the call centre. We were asked at the beginning to consider putting the call centre in a cheaper office location far away. And the principal said, "How would we ever put our call centre far away from the management? It should be right here so we can hear the customers." And the other thing we leverage a lot of is data. So I'll get into that maybe in questions. But having connected devices and using mobile money leads to having a ton of great data which is another way to indirectly be able to listen to your customers all the time. Thank you. *(Applause*).

KIM WILSON: Great, so, Elsa I'd like to start with you. Well, talk a little bit about what's in your black box, what's your secret sauce. But maybe to illustrate that point, you can tell us perhaps of a time of struggle, and maybe a little bit of the dark side, and then what you had to do to drive that internal quality.

ELSA PATRICIA MANRIQUE OSPINA: Okay, well as a traditional bank, we have a lot of great challenges—processes, legacy systems—and putting them all together with a customer-centric orientation has proved to be really, really hard. I think we're just beginning the journey to be honest.

What has worked? Well, inspiration coming from our owner, true leadership commitment. Our president's profile, he is very, he comes down, he's not up in the ivory tower. So that has helped a lot. We had a nice conversation during lunch, and I had this other perspective from a self-employed free man who said that maybe we were putting a lot of issue about leadership because we're all employed and, in some organizations, bosses are almost like God. But then, from that perspective, maybe leadership may hinder, not a good leadership, may hinder all the possibilities that people really want and have to help other people. So maybe that's how I would say that we have a president that just leaves people to give what they really want to do, and to achieve what they really have to give others the tools they need to improve their lives.

We also have great front line employees with a great service attitude, and all the customer service; we are usually on the top because of our front lines. They really feel the need of the customers, and they really want to help them. And the strategy area I lead has, like, the role of being the custodian and developer of a relevant value proposition. So again, we're just starting, but at least we have somebody in the company that's speaking about relevant value proposition, and pushing like all the product line processes, people, service just to challenge their mind and think in another way.

So again, our great challenges are processes, systems, performance, metrics. That's still a great challenge. Colombia is entering a little downturn in its economic cycle, so we're in the planning process for next year. And so we thought, well we'll do things different this time, and we don't only want to protect our portfolio of being deteriorated, but we want to care about clients. But then you see the metrics and the risk area. They don't have any clients. And their metrics, they only have the percent of well-performed loans. And then you go to the commercial guys, and they don't have clients and their metrics. They only have the number of products they're selling, and the number, the volume of disbursements.

So I was thinking, how can we align next year's performance with really caring about clients if all the areas and people that are outside in the field don't have even that metrics about how many clients we have served, how many clients we have not just put aside because they didn't have how to pay us, but that we really took care of them and did a good job understanding their real financial situation, and coming back to them. So metrics again is a huge challenge. I hope that when I come back we can do a little bit of this for 2016.

Another critical issue is information systems. So being here with you, with such a very attractive presentation and very innovative data analytics, that's not what happens in my bank. We really have a lot of information but we can't use it. So people that are serving clients, they don't have good systems that show them all the data. We have two million active clients, so it's not just like such a personalized business. We do have all the transaction information but we don't do anything with it. We don't have like the capacity to really exploit all this data information, and we do have it because we know, or the systems know—we don't, but the systems know everything that our clients do, where they transact, what channels they use, etc. But then we don't have the capability of putting all that together and making it information that really makes everybody think about the client and the customer.

KIM WILSON: Just a minute. You were telling me a little bit at breakfast about a very specific example where some of these forces that you're talking about, capacities, came to bear. Would you share with us a little bit about how the value proposition had to be tweaked?

ELSA PATRICIA MANRIQUE OSPINA: Yes, okay. So I'll try to be short. I have my notes so I don't miss any. So this is like a micro-entrepreneur model we were trying to improve. And to be just a little bit of context, in the '80s and the '90s, we served this market spontaneously. That means that when the micro-entrepreneur came to our branch, and we just offered whatever product we had—savings, transaction accounts, term deposits, consumer loans, microcredit, etc. But then, we had, like, this competition coming from outside, and this was this new microfinance model that was implemented, like, in the '90s. The typical model that has these officers that go and visit the client in their business, and with that information, they have a better understanding of the financial situation of the client.

KIM WILSON: Was this the model the bank created, or was this coming from the outside?

ELSA PATRICIA MANRIQUE OSPINA: It came from the outside. This is, like, the typical IMF model, but then the bank said, "Oh we're losing our clients because these people are going outside and visiting them while we're waiting for them in our branches." So we tried to replicate that model inside the bank. But then this model is just a microcredit model. It's not a true value proposition because it does not have savings products, it does not have any transactional accounts, term deposits.

So in the end, what really happened is that we realized that we were not giving more to our customers, to our banked, to our own banked customers, but that we were giving just microcredit to them. So when we realized that, we started maybe two years ago to go back to the market and that was a real challenge, because the people that were working on that project, they were just oriented about processes, systems, risk management. So we really had to stop thinking from the door of the bank and inside and just go outside and understand the market. We found out that really micro-entrepreneurs in Colombia are not just one market, but we can segment them. This is the unbanked which are the typical of this IMF model. But then we had a lot of banked clients that have been with us for 10 or maybe 20 years. So we are really trying to broaden again the value proposition in order to permit them to have, again, savings, transactions, term deposits, even consumer loans, and microcredit of course. But, like, to really broaden their value proposition in order to serve them better.

KIM WILSON: We're hearing this term value proposition. It all sounds so easy. You went out and you talked to clients, and then you tweaked a little bit. But again, getting to this internal quality issue, what had to happen? Did heads have to roll? What took place inside of your institution to make this value proposition come alive?

ELSA PATRICIA MANRIQUE OSPINA: Well, a lot of things happened. First, leadership of course. We had a new president coming in because the bank was doing very well in profits, but it was definitely losing market share in the markets that the foundation and we as a strategy area care for. And so that was like the beginning of changing this product view and making so much emphasis in profits, go to beyond in trying to remember our double line mission and bottom line mission. So we had the new president, and we also had a change in the risk management area, and we even had to change the project leader just because sometimes people are so committed with what they have created that they lose the capacity just to take distance and be a critic. So we just had to change a lot of the team that was developing the project so that we could go outside and remember the customer and be in the customer's shoes, and open up our minds again.

KIM WILSON: I'm going to ask the same question of both of you. But first, I want to turn to Stephen and ask you this question which is, we're talking about deep-seated, talked about a change that had to happen. It sounds like there were some painful moments in that. You shifted as well. You found a whole new market. CARE sounds instrumental in helping you identify the market, but what had to happen inside to make that change possible?

STEPHEN MUKWELI: Thanks. I think just like Patricia said, we have a saying that the fish starts rotting from the head. So leadership is very, very critical in driving change. You have to live what you're saying. So, we started driving this process right from the top with board engagement, and then also number two, like James said, getting the staff on board, empowering the staff because you can't be customer-facing when you're staff-facing. You need to empower the staff and give them the direction. So through that process, you get people to start appreciating the importance of the customer, or the people or the sector they are looking at.

What we did, like I said, PostBank we have the majority of the customers in rural areas. We also had a challenge there because about 60% of our staff are [inaudible]. This is not an age where you want to be in the wrong process. So you have to create incentives for them to be able to be there, but we have now mainstreamed it and started offering, and all new hires have to start by going through rural branches before they come to the urban places.

KIM WILSON: So you've given it kind of dignity by requiring it. Everyone sees it as part of the mission. It's not a marginal product for people. They have to participate in it. That sounds like a lot of work, to get all those young people to agree to go back to the village and do the heavy lifting around this product when they probably think working in headquarters in the city is a really exciting thing to do.

James, I'm going to turn to you. What have you gone through? What kind of deep-seated change in order to bring about the customer-centricity or customer value that we've been discussing?

JAMES MWANGI: Thank you very much. There's been many changes that we have had to go through. The first one had to do, and it was very painful, about change of leadership, change the board and change the top leadership, to allow the transformation of the organization. And changing leadership on the board is very difficult and very painful, those who have gone through that process.

The second change was about systems. How do you design systems that respond to the needs of the customer? We moved from a manual system, where it took us an hour to process a withdrawal, to now where you do the withdrawal by just the click of a button, and you pay, you don't even withdraw. You transact to whomever you are paying, just the click of a button. That transformation of system was also very, very painful.

And then lastly, is really creating discipline. People like freedom, but success requires a fanatical discipline of doing things. And sometimes when people are in power, the system that keeps them aligned to their objective, sometimes installing those systems. There's always resistance to change. We've gone through a lot of resistance, particularly in automating. For instance, now we're going through a very difficult moment whereby this year, we launched this retail on the 24th of August. But within this period, now 76% of all loan applications this year have been done through the phone. The 2,700 credit staff can't see their future, and suddenly you see that transformation from over-the-counter processing of loans to self-service platforms. There was a lot of resistance within the bank because, what do I do? Am I going to be declared redundant? When you tell people no, you'll be an advisor, we need now to turn ourselves into a marketing organization, they can't believe.

And lastly, it was an issue of when you look so different. Because when we did the changes, Equity looked very different from the other banks, you become a suspect if you don't look like the others. And I remember, 15 years of very rapid growth, give us more problems from the regulators. We were being regulated, supervised at least twice a year because even the central bank never believed it was sustainable. And for the market, we just said, no, just wait and see. This is a bubble waiting to bust. So sometimes you can't imagine rebuilding a brand after you've been positioned that way in the market. So there are many challenges that we have gone through.

KIM WILSON: So when we use words like "systems change" or "value proposition," these are very fuzzy words. Now you're saying there's a lot to them, a lot of sometimes very painful processes. Jesse, you have the youngest, I believe, organization. Maybe you haven't had to go through any kind of shift inside to align yourselves to the customers. But can you think of a moment when you did have to consider that and what you did?

JESSE MOORE: We've had our changes, but so far we haven't got quite to that stage because we are only three years really in market, sort of a five year old company, but three years really running now. So I don't think it's fair to say we have the depth and the experience of the other three banks here today.

But I think what we're beginning to experience is people come to us and they say, "Hey, you guys have this great technology you can put solar systems into people's homes and then allow them to pay over time. I've got a product, could you incorporate that as well, please? Because I'm having a hard time selling it." And a lot of people also come to us with the knowledge that we have this technology, we have the ability to put SIM cards in things, and they say, "Well, why do you put SIM cards in other stuff?"

What I find dangerous about that, and I think a lot of business wisdom is built around the fact that you get a core competency, you get some sort of asset, and then you take that asset and you resell it as many ways as you can. So M-KOPA should be, in theory, reselling this asset, which is we put SIM cards into things and we can collect data. But all of that, everything I've just said and most the pitches we get to leverage the technology we have, rarely do I hear, "because this is what the customer wants." Right? It's like, "I'm trying to sell a product I can't sell. Maybe you fix my problem." Well, the problem is probably your product because maybe you haven't talked to the customer and you don't really understand what they need.

So I think it's hard or challenging to us as M-KOPA having a great bit of technology not to get carried away with technology for technology's sake, but starting with the customer, what's the problem we're trying to solve, and if the technology is part of that solution, wonderful. There's certainly a lot of things we'll be able to get in to the company, so I'm not saying there's no opportunities, but it's really important, especially with the senior leadership, to evaluate those opportunities based on solving somebody's problem, the customer's problem and making technology an answer to the problem rather than just an answer in itself.

KIM WILSON: I see on technology for technology's sake, but also that you can't dilute your, you're probably running lean right now. You're in a high growth mode, and you can't really afford to follow every opportunity. So you're going to screen out the ones that don't make a lot of sense and pursue the ones that are in your core competency. So one thought comes to mind is we can't always be customer-centric. Can we really afford to be demand-driven? It sounds nice, but maybe there's hard choices that have to be made. In your case, it's convenient because you can say they're, you know, a hammer looking for nails. But even if they're legitimate opportunities, I'm sure you all have to say no from time to time. I don't know if that's come up for you, but...

JAMES MWANGI: There are conflicts. Customer-centricity is not necessarily aligned with regulation and the regulator's perspective of financial discipline and security of depositor's money. The two might at one point in time, but it is not always aligned to the staff interest. Like what we have said, giving a choice and control to the customers means you start losing control, and they start wondering, "Will I lose my job?" So you can see those are not always aligned, and when they are not aligned, leadership must rise up to resolve those conflicts, and sometimes the decisions you make are fairly difficult and painful. But the organization has to move on. But centre [inaudible] must be the customer because that's the ability and scalability of an organization is significantly dependent on the customer's decisions and you have to influence the decisions that customers have to make by the decisions you are making yourself.

KIM WILSON: I think we've heard four powerful stories about how organizations have either started up right away with alignment to the customer or had to shift. I'd like now to turn to the audience, particularly to our finalists, our prize-winning finalists. Would you all raise your hand if you came here from Zambezi or our Client at the Centre Prize? I can't see your hands. You all, congratulations, have the first chance to ask our panelists a question because they are the future, and you might expect to see your business go through some of these growing pains. If you have a question, please ask us. It's actually kind of hard to see. We can throw this open to anybody, but any questions about managing change?

MATHILDA STROM: It's Mathilda again. I actually don't have a question necessarily about the managing of the change, but we talked a lot about customer-centricity and partnerships. Do you in the group have experience with, again, having to partner with others for driving value in your business and how do you make sure those partners also are customer-centric, or do you make sure they are?

KIM WILSON: Stephen, may I ask you to answer this because I know this whole shift started with the partnership.

STEPHEN MUKWELI: Yes, we have partnered with other parties, and I think once you understand each other's role clearly, then you are going to deliver on the customer services or needs. But where the roles are clearly defined, then you can have issues. But also, most important if it's an ongoing relationship, you need a very clear, substantive argument which is available for almost any eventuality.

KIM WILSON: Do you want to take a shot at that question?

JESSE MOORE: Sure. First of all, I echo what Stephen said about the importance with partners being very clear on roles and responsibilities. But really, and not to kind of beat the drum here again, I think the partnership works if both parties are very clear on who the customer is and what's trying to be solved. And if the customer, you know, the problem can't be solved through one party, and the other party can complement that, there's an alignment at the top of really being clear on the problem we're trying to solve for what customer, the partnership can work well.

In our case, you know, we have a couple of now great partnerships with mobile phone companies and one of the problems they're trying to solve is how do their customers charge up there mobile devices. So there's a great complementarity there where a customer can charge up their mobile device, they can also now have more use case for mobile money, which is a great sort of thing for folks trying to push mobile money into new markets as we've created this very regular, habitual top up through mobile money systems. So there's really clear problems there that we're trying to solve which are aligned, and that's worked pretty well for us so far.

ELSA PATRICIA MANRIQUE OSPINA: And again, I think the most important thing is that both organizations agree that customers come first. We have had a very big challenge with this agent network. We don't, in South America or at least in Colombia, we don't have those such developed agents networks that you do have in Africa. So we have been struggling a lot. We had first a partner, then we changed the partner because the service was really very bad. And we are still struggling with it. We finally sat at the same table. We sit every two weeks and just go through all the problems we're having, and listening to the agents is also very important because no one owns the agent really. So we have this network that builds over the little shops and the agents, but they don't own them. And we are partnership with them, and so we went out and asked them. And one of the things they complained, they said, "Well, the bank's representatives come here, and the network representatives come here and they're always complaining about each other." So, first agreement we've made is, okay, if we have things to say, we say them here at this table, but never again in front of our agents, because we're really losing confidence of them. So...

KIM WILSON: And that would ripple out to the customer.

ELSA PATRICIA MANRIQUE OSPINA: Yes, so again, we have to listen to the customer, the agent in this case, and then we have to make, like, a true commitment to put customers first and settle our disagreements in private.

KIM WILSON: Another question, I think we have time for one more question.

MICHAEL WILKERSON: My name is Michael, I'm the CEO of Tugende. We work with motorcycle taxi drivers in Uganda, helping them own instead of rent. And I was wondering if the panelists could speak about how they keep this customer-centric focus with really fast growth? Because one of the things we're grappling with is how do we keep the sort of customer focus and the customer-friendly DNA when you're adding a lot of people really quickly? So I'd love to hear how you approach it maybe in recruitment or just staff culture when you're adding so many staff and so many customers really quickly?

KIM WILSON: Maybe Jesse and James, do you want to take a crack at that?

JAMES MWANGI: I think that is one of the biggest challenges. But if you treat customer-centricity as an investment rather than a cost, then you spread a lot of [inaudible]. But if you treat it as an expense, it becomes a huge challenge to justify. The second aspect is the issue of culture, and I think like you have said, the biggest challenge for us is how to embed and help new staff to internalize. So essentially what we did was I became the chief advisor on culture. And basically I spent about two weeks on new staff, so it's better for me to try and groom myself within the new staff through that induction process. So when you do it to yourself, it is better than when it is done by HR.

KIM WILSON: That's interesting. So it takes the leaders, you don't delegate that out. It takes a leader's touch. Jesse, would you like to respond, and then we have a question here, and then a last question here.

JESSE MOORE: Well, I'd just like to build on what Dr. Mwangi said about the importance of prioritizing customer centricity even in growth. It was a lot easier when we were pretty small to ensure that every member of the team, no matter what their job, but we ensured every member of the team got out to the customers and experienced for several days the entire sales process and the service process end to end. All of a sudden you get big, and you're like, okay, well we can sacrifice that this month, we can sacrifice this this quarter; we'll get back to this later. But those costs are really going to be felt in the long run. So I think the importance, as Dr. Mwangi said about building the culture and the understanding of the customer, it's something you've got to fight for, really, all the way through.

KIM WILSON: And we're hearing, don't delegate it to anybody. Induction starts from the top. Your question?

SOLAN COZZO: Is this working? My question was to Jesse. Jesse, what is your distribution model, and how do you get people to understand the value that you bring? How do you build awareness? Do you outsource this through partnerships? Do you use the distributor or the mobile money company? How did you get out there?

JESSE MOORE: Great question and I've got a long answer for you, which I can give you afterwards. But the short answer is we've built our own distribution which has been really a lot of work, sometimes painful. We've got 1,500 independent sales agents across East Africa and we have about 100 sort of service points or shops from which the stocks come and go. So we've done that really on our own back, it's been a ton of effort. I would hope that in the future we can figure out how to continue or better partner with others because it is difficult to scale. But at least, that way, we know exactly what the customer experience is end to end. And I think creating a new proposition as we have, it's really important to ensure that what we deliver out to the customers is exactly what we hope to, and then we get the feedback as well through the call centre and through other means so that we can adjust on the fly.

KIM WILSON: So I actually think we're out of time. I know we have a couple of more questions. Okay, comment. Do you mind holding your question until the break? Thank you.

JENNIFER BARASSA: (*Making comment, but inaudible because microphone was not working*.)

(*Applause*)

KIM WILSON: Thank you. Thank you. So at the very beginning, we had a quiz, and it said, evidence suggests no conference is complete without, and you had a series of choices. I have to confess, I cherry-picked the data so that it would say "theory of change." But in reality, no conference is complete without a debate, and that's what's happening right after the break which we're going to go to now. Thank you so much to our panelists. (*Applause*)