



Day 2, Session 8 - Reflections on SoFI2016

Ann Miles, Director of Financial Inclusion and Youth Livelihoods, The MasterCard Foundation:

Thank you, Roger. Thank you, Tilman and the panelists for the debate. That was really interesting and quite a shift. I really hope that bodes in a different way for November 8th. [Audience laughs] That we don't see such a shift in the undecideds to a vote that we're clearly not in favour of. Anyway, that's the last of my political grandstanding at the moment.

Anyway, thank you. I really want to thank...actually what makes this Symposium successful, I think, is the participation of people here in the audience. It's pulling together some really interesting speakers, good moderators and really having good content. And, together with that, I think some humour, some candor. I think we heard some really great candor both today and yesterday. And, a little bit of mild interrogation balanced with good technical discussion. And that, I think, brings together an engaged audience and engaged participation from people here which we really appreciate because that's what makes a more interesting, I think, Symposium.

So, I want to welcome both Judith and Bob. Thank you for both being up here to, sort of, round out and close out the Symposium. I don't have to do long introductions for both but I think to be fair to both of them, and to those of you who in the audience who may not know them, which I would be surprised about but, just in case, I will start with Bob. Bob is President and a founding member of the Boulder Institute of Microfinance. Boulder, as many of you know, is really the longest-running financial inclusion professional development institute, now with over 5,000 graduates and practitioners. And, I would guess, many alum here in the room.

He's also the Professor of Practice in the Maxwell School of Citizenship and Public Affairs at Syracuse University in New York. He's held several positions including Director of Financial Services for the Poor at the Gates Foundation. Senior Advisor to CGAP which is when I first met him at the World Bank. And, we know he's had a prolific career and continues to have a wonderful way of leading our thinking around microfinance as we've moved to financial inclusion. If any of you have heard Bob's lecture around, what Microfinance 1.0, now to, what version are we Bob?

Robert Christen, President Boulder Institute of Microfinance, Professor of Practice in the Maxwell School of Citizenship and Public Affairs, Syracuse University:

Hopefully, 3.0.

Ann Miles:

Okay, 3.0, it's a great talk to listen to. And, of course, Boulder and Bob were an important partner for us in the first three Symposiums. We've given him a break and given him his life back by not having to work so hard this year but in a different capacity, and more as one of our advisors.

Judith Aguga Acon, is Technical Director of Access to Finance Rwanda. We heard from one of her colleagues this morning on the really great panel moderated by Olga around policy and the work that's been happening here in Rwanda around financial inclusion. Access to Finance Rwanda is focused on increasing access to financial services in Rwanda with an emphasis on low-income people. Judith previously worked as the Chief Technical Advisor with UNCDF, UNDP and the Ministry of Finance in Lesotho. Her work has spanned policy and regulation for financial services including microfinance, ag finance, SME lending, savings groups, SACCOs, insurance and digital finance focused on low-income clients.

So, the three of us, but primarily, I'll let the conversation be with Bob and Judith to really look back at both yesterday and today, and think about what it might mean for Symposium 2017. Maybe we won't, according to William, maybe we won't need one [*Panel chuckles*] between now and next year. But also, what does this mean? What do the conversations mean for how we're thinking about financial inclusion in the future?

So, just to start off a little bit, I think on Day 1, we looked—well, overall on Day 1, we know we looked from the outside and from the inside, on Day 2, at the relationship between clients and financial service providers. Taking, I think on Day 1, the outside view, we heard how behavioral sciences can provide insights into the way people, in general, and low-income clients in particular, make decisions about their money and their financial futures. Using these insights from the field, financial services providers can better design and deliver products and services that poor people need and expect. We had some interesting discussion about how we use data and how do we leverage that data better for multiple sources. And how those behavioral insights together with the data, how can they be better positioned within financial services providers to design products and services that work with the client in mind?

So, Bob, you've got significant experience in this sector. What are your key take-aways from what you heard yesterday? And, what do you think might work and what might not work as we think about that approach using behavioral design and this customer lifetime value approach for financial services providers? Is it practical, is it realistic? Have we been thinking about this too long now? [*Bob chuckles*] So, what are your thoughts on this?

Robert Christen:

Well, thanks a lot for inviting me up to give some closing thoughts. I'm really delighted with the first day of the Symposium and the focus on behavior economics. And, feel like since the beginning four years ago, we're at a point where there's a lot more robustness in the thinking and the experiences that we're able to talk about. If you look at two or three years ago, compared to what we just heard the last couple of days, I'm really impressed and pleased with how many advances.

Couple of things struck me. I've got my notes here so I remember who said it. But, I really liked the very first comment from Eldar of behavioral economics helping us move from intention to action. I thought that was a really powerful statement because how many of us intend to do so many things and then, of course, it just falls by the way side. And so I thought that was a very powerful statement, you know. Thinking about design, you know, keeping that in mind seems very practical and focused.

Second, Saugato, kind of talking about the fact that we don't read. That was kind of funny. But, not really because, in fact, you know, writing stuff up is probably the worst possible way to communicate with people things that are really important in terms of understanding. I think that's very fundamental. We, as highly educated people dramatically over-estimate the amount anyone reads, frankly and, absorbs and is able to work into their way of thinking.

What I also thought was very practical about the behavioral economics that we heard along the way were context and, you know, discovering in the gender conversation, the importance of a human touch. But, you're really understanding and thinking about the products and our service, you know, the importance of context. I think we don't necessarily do that. The hyper standardization of the years past doesn't, you know, lead you to that.

When, timing. A lot about timing. We heard of several examples. How important timing is to get to the right person with the right, sort of, offer? And then, the message. You know, how do you get the message? Is it a nudge, you know, using behavioral economics to make those messages more effective?

I think above all, and I'm not quite sure we got it as much as we probably will in future, is segmentation. You know, the behavioral economics and the big data, you know, really provide the key to segmenting clients. And, it's really through segmenting clients that we're going to get the power out of data and the power to tailor particular product offering mixes to people's specific set of needs. It's not a single need but rather, that kind of portfolio. I think, segmentation is still yet fairly under-exploited as a use of big data in microfinance. Certainly

across the board, it's starting a little bit more in some of the non-traditional players. So, I guess that's what I would say about the importance of segmentation.

I have just one final comment; editorial. I don't think there's anything in, initially, digital financial services that necessarily takes you down-market. Takes you broad but it doesn't necessarily get you to some of the clients we started out trying to serve. I think the debate talked a bit about that. I think that's a real and important dimension. And, the same with behavioral economics.

Behavioral economics has a capacity to do great good if it allows you to go from intention to action, and it's an action that on balance is actually really, really good for you. But that same behavioral understanding can take you to really pernicious outcomes if it triggers your impulse to do something, that upon further reflection, you probably wouldn't have preferred to do—it's locked you into something that maybe actually quite a burden later. So, I wouldn't presume that either digital or behavioral is directionally good or evil. I just think you have to really be conscious and intentional about where it's taking you. And always vigilant that you're doing better, and not worse, with people.

Ann Miles:

Thank you, Bob. There is a lot to probe there further so maybe if we'll have time, maybe we can come back to some of those statements. Shifting today to Judith, the major theme was really looking from the inside out. So, I think we had a really interesting discussion looking at, you know, the customer lifetime value. I'm sorry I can't remember her name but I thought the conversation with MMI was just fascinating and there was some really elegant humour I think around some of the anecdotes that she told and shared with us about what they're learning, and how they're doing the change management within their organization.

So, in that panel we certainly heard about organizations that have embraced change and the challenges of change management both, you know, across the organization for management and even for clients of the service provider. We also heard, you know, today a lot about you don't have to do it alone. The partnerships with other players can be the smart way to offer services to your clients and we've heard countless examples. I think, Arifu, really got a nice promotion here on the stage because they're clearly working and providing an important service to, and working in partnership with some of these key, both banks and telecom players.

But, Judith, you've had a front-row seat here in Rwanda as various partnerships have been born and evolved to drive financial inclusion. What's been your experience here? What lessons do you see coming out of this approach? And, maybe, if you can comment—and, we have that, again, a good panel around that earlier this morning. What do you think works well and maybe where do you see some of the challenges?

Judith Aguga Acon, Technical Director, Access to Finance Rwanda:

Thank you very much. First of all, allow me to really appreciate the fact that people came for this workshop. Thank you so much for coming. It's too late to say you're welcome, so I hope every Rwandan sitting next to you will be able to say bye to you. So, thank you very much for coming.

In terms of partnerships, we already talked what Access to Finance Rwanda does. And, during the time that the last three years AFR only implements its programs through partners and we are working at the macro, meso, and the micro level. And, clearly, and of course, we are funded by DFID MasterCard, SIDA and KfW, so that's part of the partnership. Clearly for me, what comes out is meeting at that point where there is need. There is need, there's a pinpoint on both sides and it has to be on equal footing. And, the other that came out for me very easily was the need to be flexible because partners are not at the same level at all times, even when you want to be equal. So, usually, like now, AFR had the donor funds we had our targets. I like you all know we have KPIs here, even AFR have KPIs.

Ann Miles:

[*Chuckles*] Yeah, even down to the...do you have a KPI, Judith? How did you miss?

Judith Aguga Acon:

Yes, I have a KPI from the financial sector deepening strategy.

Ann Miles:

Okay.

Judith Aguga Acon:

And from the Central Bank and from the Minister of Finance and from the Minister of Agriculture. And, that also goes down to the banks and to the insurance companies under the MFIs. So now, in a country where you all are running around KPIs and, I mean running, [*Chuckles*] then you really have to get partners that complement you. Partners that have comparative advantage to do work with you. At the micro level we actually worked with 18 partners and we reached over one million people in two-and-a-half years in this country. At the meso level we also did a lot of work there and to the macro level of course was the Central Bank and the Minister of Finance that we were able to work with. So, that's win-win for everybody. There is a need this side, you have a need this side and of course there is the power

angles but you've got to be flexible and address the need. And, in fact, in partnership, it reminds me of one African proverb that says 'If you want to go fast, you go alone. But, if you want to go far, we go together.' So, that for me was extremely key in driving AFR to work with partners and to deliver what our clients or potential clients need.

And that goes further when we say we want to reach women. Who are those clients? And, I like what Jennifer said, who are those institutions whose mandate is really focused on reaching women? If you're talking about youth. So, I'm talking about client segmentation which Bob has just talked about. If you're talking about youth, who are those institutions that are really reaching down to the youth and are focused to the youth, and you work with them.

If you are talking about agriculture, we did a lot of work using value chain financing with the tea factory and Tigo on one side, with the coffee exporter and Technoserve on the other side. The CARES of this world. We worked with AB Bank to do SME lending which is cash flow-based lending. And, it goes on and goes on. But, one thing is for sure for us here in Rwanda it works so well because everybody has KPIs, so it's not so difficult to put everybody at task because we all have got to deliver at the end of a certain period, end of month and all that. So, but that's about partnerships. Thank you.

Ann Miles:

Thank you, Judith. So, just to follow-up quickly, let's just reflect quickly on the two keynotes. The one yesterday afternoon that Nick gave us around M-Kopa and then, maybe the one that Jennifer, Dr. Riria, provided us today right after lunch. I'll let you choose which one you'd like to comment on. Bob, do you want to take the first...you can't both choose the same one.

Robert Christen:

Uh-oh.

Ann Miles:

So, I'll give you the first pass here.

Robert Christen:

Well, I was going to comment on the presentation by Dr. Jennifer Riria, today. But I was going to start by talking about gender if that's okay.

Ann Miles:

Go ahead.

Robert Christen:

It's dangerous topics, right, these days with what's going on in the States, but anyway. I was really pleased to hear a number of comments along the way the last couple of days about efforts particular institutions are making to reach out in a somewhat differentiated way to women. Whether it was looking at the timing of actions or looking at the context, the surround, the environment, the empathy. These are really concrete and very specific ways in which some organizations are trying to pay particular attention to women. I think that's the ultimate challenge, right? You know, we've given ourselves a free pass for a long time in saying we're, you know, all about women when for a lot of decisions, I just think that means having a lot of women clients. Not necessarily doing something.

Ann Miles:

So, it's the outreach.

Robert Christen:

Yeah, it's outreach, but it's not doing something differential that has been designed with women in mind. I'm very encouraged to hear those examples and I heard four or five. I think I heard Rose talking about the human touch. I heard Eric talking about timing. There were a number of these that came up.

But referring to the keynote, I was just so excited to hear an old-timer, like me, remind us of why we got into this. And to remind us of the importance of intention, of creating a space, creating validity and legitimacy for the economic lives of all poor people but particularly women. I think when all the data geeks and the folks around with the digital stuff, you know, have done their work and traditional microcredit's all gone away—which I suspect it will in 20 years—the lasting legacy I truly believe of microcredit and the pioneers like Jennifer and others that you mentioned, who are all so distinguished, won't be microcredit. It will be having provided dignity to the lives of the very poor. That's what will remain for humanity, not some credit technique. And for that, I thank you still. And I think we all appreciated with a standing round of applause that you reminded us, you know, of not only the passion for what we're about but the passion for making those lives better and true and more dignified and worthwhile to all of us. And so, that's what we can't lose in all the talk about systems and channels and data, and all that. You know, we need to stay and have leadership that keeps us focused on why we're all here. So, I appreciated that enormously.

Ann Miles:

Thank you, Bob. Thank you. Judith, how about Nick then, default.

Robert Christen:

Sorry, Judith.

Ann Miles:

It might have been easier for her to talk about Dr. Riria. So, that's why it's kind of nice that you switched it up a bit.

Judith Aguga Acon:

Thank you. First, I would like to really thank Nick for the innovations that he has brought to us again to the market, that is M-Kopa. I would like to talk about the dignity to the woman or the dignity to the clients. That dignity is meeting the client's needs. It's putting the clients at the centre. All the data insights and all this, if you're not intentional, like Nick was intentional, it's not going to take us anywhere. We shall come back to the drawing board again. What M-Kopa is really talking about is the long-term value proposition for the client. We've got to think about the client that way.

The first presentation yesterday was about scarcity and the bandwidth and the risk adverseness of the client because of the low income. And then, it touched me. At one moment I asked myself, I wondered how many Africans are in this room? How many Asians are in this room? How many people have experienced poverty? And for each one of us—at least I can talk very comfortably about East Africa—is that for every person who is seated here in this room, you are sitting on a whole village, each one of us. If you're a woman like me, it's even worse because you have the village of your father, and you have that one of your mother, then you have that of your husband. So, that whole level of poverty and it just changes by the M-Kopa. It just changes by that.

I wondered what anyone of us who knows what that is. What is that? What is that power that M-Kopa has put in the house of the Kenyans, of the Tanzanians and I say, when are they coming to Kigali, to Rwanda? Because, honestly, the grid is not going to take us anywhere. But, even if it is, let us imagine a world with a grid. It's so expensive. And then, I imagine the radio and so many of us in this room do so much research. Of course, what is one of the parameters for measuring, whether it is gender empowerment, whether it is poverty, is the radio. And, I asked myself last night that. Really? The radio? Do we know why the radio has only to be switched on at night. It's because you cannot afford the \$2 to buy the battery. So, you've got to wait to have this as part of the activity that you will do. And, you all know that all Africans, the poor

ones of course, sleep by 7:00 or 6:00 when the sun goes down. And then, they cannot read. So then, we are in this room and we are spending a lot of money for education. But, they cannot read. We can't read. Simply because there is no light to read. So, we start reading at around the age of 15 or 16.

So, that is the power of M-Kopa. That is the power that M-Kopa is going to bring in the lives of people in our country, in our continent. For that, I felt very nice. I felt that there is hope for somebody. I thought there is going to be life in so many people's houses. There is going to be eating as a family because if they just want to experience it, just put one candle. I know all of you enjoy candles. Put one candle in the whole house and you will see what I'm talking about. So, children are reading, the radio is being listened to, the power of the mobile is being charged, and there is light! There is life. There is hope through that M-Kopa. And that is what M-Kopa means to me. Thank you.

Ann Miles:

So, clearly, Nick had a big impression on you. *[Audience applauds]* Thank you, Judith. Really, just quickly because I'm getting the red light here. Where's Roger? I'll respect that, okay. One last statement, really short. What would you like to see us talk about, you know, on this continuum of client centricity, what should be featured next year?

Judith Aguga Acon:

First of all, I think everybody in this room...I tried my best because I knew I was going to come up here. I tried my best to talk to everybody, some people in this room. And if I didn't talk to you, I will try at the cocktail.

Ann Miles:

You can't miss her.

Judith Aguga Acon:

Please also try to reach me. I tried my best and I kept on asking what is your "ah-ha?" What do you feel about this conference? I realized that everybody appreciates the issue of putting the clients at the centre. Everybody appreciates the issue of using data. Everybody appreciates we need to work differently, we need to operate differently. But, as Bob is saying, what is the intention of that? Is it your intention or is the client's intention? I don't think that we are ready to move to the next level. I still think that at the next 2017 SoFI, we should discuss this. And, I just want to finalize with a quote from our President, Paul Kagame, he said at one point that development is not about...it's much more than money. To be much more than machines or

good policies. It's about real people and the lives they lead. And that is the real people that we should talk about. And, the lives, it should translate into the lives they lead. So, that's how I end my presentation.

Ann Miles:

Thank you, Judith. Bob?

Robert Christen:

Just very briefly, I think this is a journey. You know, it's been a journey for years and will continue to be a journey for years. And, I hope that we can just continue to come together and share the incremental victories and hopefully, data, you know, how is it actually working with intent, you know? So, I see it as a progress and a path. I'm super pleased with just what we see each year as progress. So, I wouldn't recommend any big, big change other than to continue the focus on the how. I think people are getting more and more that clients should be at the centre but the how is, you know, the devil's in the details.

Ann Miles:

Absolutely. Couldn't agree more. So, thank you both for these insights.

We're now coming to the close of our fourth symposium. First, I'd like to thank the advisory team. So, that includes Bob, Gerhard - maybe you could stand, if you don't mind. So, Gerhard Coetzee who was up here previously? Thank you, Gerhard. Yasmina McCarty is not here. I think...from GSMA, she's at another event. But, we do thank her for her guidance, as well. As well as the judges. Very quickly if you don't mind standing again from the Clients at the Centre Prize that we awarded yesterday. Are you still here? Maybe not. Did all the judges leave? Ah, there's one. So, anyway, thank you. *[Applause]*

I really want, of course, to thank you the Foundation staff. So, we first start off with the financial inclusion team, if you don't mind just quickly standing. I won't name you all. *[Audience applauds]* Thank you. The communications team. They're probably all *[Audience applauds]* off on the side but there's Roger. And, the learning and strategy team. I think we have at least two people, Lindsay and Samir. Really, for a really nice and successful, I think successful symposium. I do want to call out, you know, always one special person, Sumaiya Sajjad. Sumaiya, where are you? *[Audience applauds]* She crafted and really worked hard. I mean, we're no sooner going to get back to Toronto, by next week, we're going to start working on 2017. So, Sumaiya, enjoy the weekend. *[All laugh]* Maybe a little bit more.

Really, thanks to the production crew from here in Rwanda who, you know, makes this all work from...maybe they can't control the AC but it's probably kept us on our toes a bit. And, really the team from South Africa, you've seen them from the minute you stepped off the plane to the minute you got here, and all throughout the week, or the last two days. But, it really helped us deliver, I think, a high-quality production here on the Symposium.

But, really, most of all, thank you all. As I said at the beginning, you've been incredibly engaged. The fact that you're all still here and haven't left for the airport yet, I really thank you for that. We all thank you for that. We also appreciate the questions, engagement, the feedback that we get every year that shapes how we organize and curate the agenda. So, thank you again. Thanks a lot. *[Applause]*