



## **Day 1, Session 8 - The MasterCard Foundation Clients at the Centre Prize**

***Sumaiya Sajjad, Program Manager, The MasterCard Foundation:***

Hi, everyone. So, there are two things that I've heard from almost every participant of the symposia to-date. One is this really strong desire to meet new kinds of organizations beyond the usual suspects. Two is an even stronger desire to see the evidence that whatever these organizations are working on, whether that's partnerships, or data analytics, field automation, that there's evidence that they are working for the client and for the institutions. It's these two insights that really drive the design of the Symposia every year, and also the design of the Clients at the Centre Prize. So, I'm really excited to be here, a second year in a row, to award this prize.

The aim of the prize is quite simple. It is to identify and recognize organizations that are committed to solving customer problems, the kind of problems that our speakers spoke about since the morning and they'll continue to discuss through the end of the Symposium this year. But, they don't think about these problems in terms of just a product or maybe a channel or a service. They're a different kind of institution. They have maybe a different kind of an operating model or a different business model. They just think differently. They operate differently. So, those are the kinds of things that we look for in this prize.

So, as Roger mentioned, before going into the details of this year's prize, we're going to have a little discussion with the winner of the 2015 MasterCard Foundation Clients at the Centre Prize. As some of you might remember, the winner was BIMA. BIMA is an insurance provider. Uses mobile technology to increase access to insurance often in partnerships with mobile network operators and other financial service institutions. We're very happy to have here with us Russel Haresign, who is the Country Manager for BIMA Ghana. *[Applause]*

Hi, Russell. Thank you so much for being with us this year. So, last year at this time, your Deputy CEO, Mathilda Ström, was on the stage pitching to the audience and she won. So, it's been 12 months or 11 months. What have you guys been up to?

***Russell Haresign, Country Manager, BIMA Ghana:***

It's been a great year for BIMA. In the last 12 months, we've launched in two new markets, in Brazil and in Fiji. So, taking us to 16 countries across the world. We've taken our client base from 20 million enrolled subscribers to 25 million. So, continuing to accelerate our registration process onto micro-insurance.

We've also expanded product sets. We previously focused only on insurance. We've now included a TeleDoctor offering, an mHealth offering. We decided to include that increased engagement with our customers. We've piloted that in Ghana and in Bangladesh and enrolled 350,000 people on to a TeleDoctor service.

***Sumaiya Sajjad:***

Wow. I remember when we heard the 20 million figure last year, we were really impressed and now you're at 25 million. So, I imagine that you faced any number of challenges along the way. Can you tell us a little bit about that?

***Russell Haresign:***

Sure. I think like all the providers here operating in emerging markets with a low-income consumer, the two biggest challenges are creating product and services that really matter to our consumers. And then, the second challenge is educating those customers about how to derive the full benefits. So, let's take the tele-medicine service that we launched.

We have been very successful enrolling people onto the service, but not so successful in getting them to use it. That's a great surprise for us as to why they would not use something they've paid for. So, we used The MasterCard Foundation funding for a human-centered design project. And, it revealed some fascinating insights in Ghana. For example, a Ghanaian will say, "if I don't see the doctor, how can he really treat me?" Or, they'll say that, "I can't phone a doctor until I'm really sick", which defeats the whole purpose of the service. So, you start to get deep into the psychology of how people access benefits for insurance and for health. That will help us, we think, re-launch our service in early 2017.

***Sumaiya Sajjad:***

Well, we wish you the best. But, before you go off, we're getting ready for the presentations of this year's contestants. What's one piece of advice that you would give to the three organizations that are waiting to get up here?

***Russell Haresign:***

I look forward to their presentations. I urge them to be as specific as possible in their proposal and be passionate about what they do. I think for all of us it's the enthusiasm that will sell. So, best of luck.

***Sumaiya Sajjad:***

Alright. Thank you, Russell. *[Applause]*

So, on that note, with that piece of advice in mind, let's move on to this year's prize. Like last year, we received a lot of applications, all very strong. To be precise, we received almost 75 applications from over 35 countries and from a range of organizations. So, we received applications from microfinance institutions, banks, fintech companies, third-party service providers and many others. With the help of nine stellar, brilliant judges, we were able to bring this down to three organizations together with help from the Foundation staff, as well.

I do want to call these judges. And, I'll ask them to stand up one by one. So, starting with Tahira Dosani from Axiom Venture Labs. Hedwig Siewertsen from AGRA. Yanina Seltzer from CGAP. Hermann Messan from UNCDF's Micro Lead Program. Herman Smit from Cenfri, who you heard from this morning. Sybil Chidiac from Freedom From Hunger. Sieka Gatabaki from Mercy Corps. Michael Mithika from the School of African Microfinance and Frontfin. Sabine Mensah from UNCDF MM4P program. So, if you'll all stand up and a round of applause for these judges. *[Applause]* Thank you, judges. You've spent so much time. You've pushed us on the idea of the prize and that's how we got to where we are today.

Just to give you a sense of what the judges looked for. First and foremost, like last year, what we looked for was that the voice of customer mattered in these organizations, that the voice actually influences the way decisions are made at this organization. Then, we looked at how the organization themselves, how do they define client centricity and what does success look like for them? And, how do they measure progress towards that definition or towards that vision?

Connected to that same idea and connected to an earlier panel today, lifetime value. What is their vision for long-term impact? Do they think about customer's needs today or do they anticipate what the customer's needs will be in the future? Of course, we looked for that inherent desire to innovate. And lastly, we looked at how the organizations are sensitive to what's happening around them. So, that contextual awareness of their own markets, their regions in which they operate. So, what I'll request you to do is keep these in mind when you're listening to the presentations.

Now, the presentations are going to be six minutes, six exact minutes. I'm going to request the presenters to not even go over a few seconds. That's what keeps it exciting and fun. You have your clickers. At the end of the six minutes you will get to vote.

One additional piece of information is that if you've downloaded the Guide book app, in the app you will find descriptions of the organizations. So, I imagine in the six minutes they might not be able to go into details of what their respective organizations do. So, if you're curious, do go in. There's a tab and you'll see the three organizations listed.

Okay. I'm going to introduce them in alphabetical order of the name of the organization starting with Wayne Hennessey-Barrett from 4G Capital in Kenya. Wayne is the founder of 4G. And, 4G provides rapid short-term loans to micro entrepreneurs together with some wrap around services. So, Wayne, you have six minutes.

***Wayne Hennessey-Barrett, 4G Capital Ltd:***

Thank you very much and thank you everybody, particularly to The MasterCard Foundation, for this extraordinary privilege to be here.

It's been quite a journey. In my first career as an infantry officer, I served in Bosnia, Kosovo, Iraq and Afghanistan and I was exposed to a number of different security and development templates, which often didn't work. And, I could see the consequences of when things went wrong, often very wrong. And it all came down to exclusion: when people were excluded from networks, from opportunity and from the ability to create value and to move forward in a consensual way. And so, part of my direction change was a desire to solve problems in the terms that people wanted and to be part of, maybe, a shared value undertaking.

4G Capital is a capacity-building, microcredit company. We provide business training with instant access micro loans to informal market traders to give them the working capital to unlock their potential and create a better future for themselves and their families. We believe credit, access to credit equals access to opportunity. But, this has to be done on the customer's terms otherwise it doesn't work.

We differ from other operations by providing a continuous feedback loop with our customers on a daily basis. We have a smart fintech algorithmic credit-scoring system, which gives very, very high affordability and fidelity. And, we combine that with a network of field agents who provide the human face, which are so important.

So, our touch tech model has delivered some pretty good results so far. We consistently get above 93% collection rates. We get 75% repeat business. We have a net promoter score of 72% from our customers who are our best brand ambassador.

Eighty-two percent of our customers are women and 75% of my senior management team and my staff are also women. They make an amazing contribution on a daily basis.

Most importantly, of our 13,000 customers, 65% achieve an average growth rate of 300% over a 12-month timeline. What does that mean? It means that in January, a lady selling charcoal out of rusting coffee cans can afford to borrow \$50. Our algorithm is able to tell us that accurately. And 12 months later, she is borrowing \$150 on a repeating basis. She's tripled the value of her stock. She's tripled the value of her take home. And, with our training, she knows how to use that credit to her advantage.

So, why is this important? We know that people are excluded and we know that they're excluded not just from financial services, but from the right products to help them grow that business on the terms that they need. Why hasn't this been solved so far? There's been a lot of amazing work done by a lot of amazing organizations. We're all committed to getting these outcomes right in this room. But many traditional lenders remain fixated on collateral, savings, high data requirements, bank deposits, documentation. There are faster, cheaper consumer finance fintech operations out there already doing great things, but without a man in the loop, those applications online and app-based are vulnerable to spoofing. That can lead an individual to get into indebtedness and at a macro level, it can create credit bubbles. And a surfeit of cheap debt creates serious sub-prime problems and, we've seen what's happened in our own countries in the west where economies are still reeling from the affects of 2008.

So, 4G Capital provides an instant access loan. The first loans happens within 24 hours. Repeat loans within five minutes. Our algorithm provides an extremely accurate affordability score so we don't lend more than people can afford. We only lend to self-employed micro-entrepreneurs in order to grow their business. And, what we do works. We use mSurvey on a daily basis. We send out questionnaires to our customers, 90% of whom have mobile phones. And, 96% of our loans are used for business purposes, either for inventory an asset that will increase their productivity. Ninety-one percent of our people record enhanced sales, take home revenue. And combined with the business training, we're getting 96% increase in financial literacy as our customers grow their knowledge. That knowledge is delivered by our field staff through micro lessons: 5 to 15 minutes, face-to-face during a pause in their busy lives. They don't have time to go to night school. They're up at 4:00 in the morning stocking from a wholesaler so they can buy bananas at 12 cents a pound and sell them at 63 cents a pound. They're extremely good entrepreneurs, but they need the opportunity and they need it when they need it.

So, how do we manage the business? We try to abide by the industry standards of performance measurements and impact. We're very proud to use the Social Protection Taskforce Universal Standards, which, in turn, is informed by the Smart Campaign. Extremely important work using the acumen lean data framework and we're scoring very highly. But, the most important voice is our customer. And so, they give us their day-to-day feedback through the customer agents in the field, Bansi, in this case talking to Mary. But, also through the automated SMS feedback questionnaires that happen at every touch point on the transactional journey. So, we designed this product with the customer's problem in mind and then worked backward to design the correct loan product, the correct delivery channel, the correct payment system, and the correct culture with our company to be able to give that.

So, what next? Well, we're profitable in scaling in Kenya, now. We're extremely excited to be looking to Rwanda next year. We're looking to develop a platform that can take people from an informal analog existence to a formal digitized existence. And, if we're lucky enough to achieve this award, we'll be able to enrich and deepen our customer training content, giving them the software and the hardware to be able to migrate to a digital existence and to be able to scale forward to achieve our mission. And, I very much hope that you're able to help us with that. Thank you very much. *[Applause]*

***Sumaiya Sajjad:***

Thank you, Wayne.

Next, I'd like to invite Kavita Nehemiah from Artoo in India. Kavita is the co-founder and COO of Artoo. Artoo provides technology solutions so that the relationship that a loan officer has with a customer is better. So, Kavita, the stage is yours.

***Kavita Nehemiah, Artoo (Pty) Ltd:***

Thank you, Sumaiya. Hello, everyone. Artoo is a mobile and a web end-to-end lending platform that specializes in MSME lending.

In the last 18 months we've disbursed about...or we've had disbursed about \$200 million in loans. MSME's are a critical segment of the economy. They contribute to almost 80% of all employment. And yet, in India alone, there is a \$30 billion annual funding gap to this segment. Lending to MSME's is most effective when there's physical outreach by a loan officer. This is because these borrowers require significant loans of about \$1,000 to \$20,000. And yet, they have a limited digital footprint. Hence, credit assessment has to start where all the data points are, at the borrower's doorstep. So, the loan officer is indispensable. We believe that the best way to fuel MSME lending is to empower the loan officer to do more for the borrower.

So, why aren't fintech companies solving this problem?

On the one hand, there are legacy banking systems which focus heavily on back-end automation while providing paper in the front-end. They have limited to no mobile capabilities and they're unable to provide the flexibility that organizations require at the front-end and, hence, they resort to paper. Artoo, however, has strong mobile capabilities that are extremely configurable and allow organizations to continuously tweak their policy or change their workflow. And, hence, while legacy systems are cookie cutter, Artoo's is tightly customized.

On the other hand, there are the new age big data underwriters. These companies focus on data points that assess the behavioural element and assess your willingness to repay. So, they work really well for small ticket-sized loans of about \$10 to \$200. On Artoo, we capture about 800 data points per borrower, which is both quantitative and anecdotal. Hence, we can assess both the ability and the willingness to pay and provide decisioning on larger ticket sized loans that this MSME's require. So, while big data underwriters are at 50,000 feet, we are down in the trenches.

So, how do we do this?

We realize that we have levels of customers; the borrower, the loan officer, and the lending institution. To be truly effective, we had to satisfy each one of these customers fully.

For the borrower, their business is their primary source of livelihood, and they're constantly anxious about when they're going to get their next loan. Doorstep digitalization provides insight loan qualification and provides complete transparency into this process, which removes the anxiety.

Through machine-learning, we're also able to suggest to the borrower what other information they can provide to improve their likelihood of getting a loan. For example, we tell them, get an additional co-applicant or provide a supplier reference.

For our second customer, the loan officer, they're constantly struggling to achieve their targets because of the awful inefficiencies of their manual processes. Artoo empowers the loan officer to do much more of what they're good at, like educate the customer and build a relationship of trust while relying on technology to do the rest.

We descale the traditionally complex process of credit underwriting by providing templates for cash flow assessment. These templates are occupation-based and they combine available data, derived data, and market data to assess repayment capacity. For example, if you're a dairy farmer, I'm not going to simply ask you how much milk do you sell in a month. In all probability, you're going to give me an exaggerated answer. Instead, I ask you how many cattle do you own? What breed are they? What age are they? And, what is their calving cycle? Based on this, I derive their yield. I take the market data off the selling price of milk and I derive their sale. So, in this way, we provide consistent credit appraisal while eliminating all scope for errors.

For our third customer, the lending institution, they struggle to achieve a balance between scale, operating cost, and risk while serving the segment. They're also constantly worried about the fact whether their loan officer base, their semi-literate loan officer base, will be able to adopt technology.

So, Artoo has enabled lending institutions to reduce their cost of customer acquisition by 45% to enable loan officers to give two-and-a-half times more loans all while maintaining risk at under 2% NPA.

So, we use machine learning at all levels to reduce risk. At the most basic level, it could be a process inside. So, we would tell you like hey, your loan officer sourced this loan, not at the borrower's doorstep, but sitting in his own home at 2:00 a.m. Or, at a more advanced level, we could tell you that by assessing their repayment behaviour, we can get early signs of default and we can send the borrower repayment reminders.

Artoo also works seamlessly for the loan officer. To drive repeater adoption, we provide multilingual training and support directly to the loan officer. We have about 4,000 field users on our platform and we support them in six different languages. This human interaction, this direct interaction with them, has provided a feedback loop which enabled us to constantly tweak our product to make it more intuitive.

So, what's next? So, I think there's general consensus that all of us are not penetrating the market adequately. Of the 300,000 MSME's that have been processed on our platform, 40% have been rejected. If we win this prize, we intend to build the intelligence to penetrate this market more deeply while maintaining risk. We'll first mine our existing database to identify the grey customers, the ones who almost made it. We'll conduct studies to find additional pseudo variables that can be used to assess the credit of these borrowers. So, for example, can I look at an electricity bill and assess how many machines a business has and, hence, what their production capacity is? If we are able to even make 25% of the grey borrowers on our platform eligible for loans, that will fuel \$35 million of funding into this segment. Imagine that impact.

We believe that this approach of empowering the human to do more of what they're good at while, at the same time, bringing the intelligence of technology, is truly going to revolutionize MSME lending. Thank you. *[Applause]*

***Sumaiya Sajjad:***

Thank you, Kavita. I have the difficult task of just awkwardly getting up here and concluding the presentations. But, finally, I'd like to invite Ahmed Cassim. He's the Managing Director of Hello Group's Financial Services unit. And, he's going to be here talking about Hello Paisa, which is a digital solution enabling migrants living in South Africa to send money home.

***Ahmed Cassim, Hello Group-Hello Paisa:***

Hi, everybody. Bear with me. I want to set the stage, here.

So, my name is Lamo Banda. I'm a 35-year-old Malawian. I've got a wife. I've got two kids, a mother, a father. I leave my family in Malawi for one reason only, in order to support them. I am not unique. This is not a choice I've made. Most people in my position have to do the same.

I arrived in South Africa six years ago and I work seven days a week. A greatly scripted plan. I'm going to work hard. I'm going to save a lot of money and then I'm going to be able to send this money home. All good so far. But then, it dawns on me that there's no legal way for me to send my money home. All the banks that I go to turn me away because of my asylum status. So, what am I left with? All I can do is go to illegal and informal channels.

A typical transaction for me is I send 1,000 Rand back to Malawi. By the time it gets there, it's been reduced to 800 because I've got to pay the agent the 20% commission. My wife has to travel half a day, spend another 100 Rand to go and collect the money, all of this five days later. So, all in all, I've lost 300 Rand, 30% of the value I sent home. The problem is, I only earn 1,500 Rand a month. That can't be right.

So, I'll introduce myself, I was impersonating Lamo.



My name is Ahmed Cassim from Hello Paisa in South Africa. Hello Paisa is a digital remittance solution that allows migrants in South Africa to send money home and was created specifically for customers like Lamo. The Hello Group have got long-standing relationships with migrant communities in South Africa.

Back in 2012, the migrant communities spoke. They said the cost of sending money was too high. It took too long and there were no legal ways to do it. So, we answered in true Hello fashion. How did we do this? We lobbied regulators, we leveraged technology, and we partnered with only the leading financial institutions across the globe to offer a solution that drastically brought down the cost of remitting funds and making a legal service accessible to all.

Why are different, you may be thinking?

According to the World Bank statistics, South Africa is the most expensive of all the G20 countries from which to send money home. The average from South Africa is 15.3%.

How do we differentiate?

Imagine this here. You don't understand English. Some person comes to educate you about a brand new product in your own language. You don't feel intimidated. You can ask as many questions without feeling shy. And, yes, that's what we do. Our 500-strong sales team include individuals who were employed from the migrant communities, which we are targeting. So, wherever our customers reside, we go out to them and we educate them and we onboard them.

You don't like filling in paperwork. No problem. Our KYC onboarding solution is totally electronic and paperless. You want to do a transaction but want to speak to someone in your own language. Again, no problem. Call our multilingual contact centre. It operates seven days a week, and nine languages are offered in our contact centre.

Now, you want to transact and you don't have a smartphone. No problem. Whatever phone you have, you can use our toll-free USSD dial string. All of this in this room know that it's absolutely vital in Africa to have a toll-free USSD dial string.

You want to transact, you don't have a bank account. Again, no problem. Send your transactions in cash through one of any 5,000 outlets that we have engaged with. These include the leading supermarket brands and banks in South Africa.

Lastly, you don't understand English. So, what do we do? All of our marketing campaigns, multichannel, are customized and delivered in languages that migrants understand. Because we all know that English is not their first language.

These are a few examples of how we have understood the needs of our customers, their constraints and then deliver the product that addresses all of these needs.

Now, the juicy bit, in case you're wondering what happened. The numbers speak for themselves. In the 18 months that we have launched this product, we have had 700,000 successful transactions, remitted in excess of \$200 million. On-boarded 260,000 customers and 49,000 app downloads. And, for most of customers, the Hello Paisa app was their first exposure into the world of smartphones and online apps. That is truly empowering.

What gives me the most pleasure, is we have saved our customers \$20 million effectively in transfer fees in these 18 months that we've been operating. This is real life-changing and it gives us the most immense pride.

We have managed to win some awards along the way from illustrious organizations like Ernst & Young, SWIFT, etcetera.

So, what keeps us going? I say to my team every day, "behind every remittance, there is a family. And, there is a family whose life that remittance can change". If we adopt that mindset, we will do what's right for our customers and that's what we do day in and day out.

Are we going to stop? Absolutely not. What we have achieved in bringing financial inclusion into the most expensive corridor in Africa with remittances, we have immediate plans to bring our customers, specifically the migrants, into the mainstream banking savings, credit and insurance markets.

How will we do that?

If we were to win the prize, we would undertake some meaningful research and then take those insights into what customers experience with regard to accessing and their challenges with regard to financial services. And then, develop products that meet their requirements to encourage understanding and adoption.

And, I thank you very much. That's our story on Hello Paisa. *[Applause]*

***Sumaiya Sajjad:***

Thank you, Ahmed.

So, I saw a lot of people taking down notes. I see people on their phones, hopefully on the app, reading the descriptions of the organizations and not doing anything else, or maybe tweeting.

Can we bring up the slide with the question of the evening? There we go. Okay. Which organization should be awarded the 2016 MasterCard Foundation Clients at the Centre Prize? We have 60 seconds on the clock. If you want to think about it if you want to do some research in the meantime, or just reflect on what these finalists presented to us. So, 60 seconds on the clock. In the meantime, I'm going to invite to the stage Ann Miles, Director of the Financial Inclusion and Youth Livelihoods programs at the Foundation, to help me award the prizes.

[♪ - Jeopardy Song]

All right, voting has closed. Do you want to ask them to show us the results? Could you show us the results? *[Drum roll]* *[Applause]*

Congratulations Ahmed from Hello Paisa.

So, we also want to recognize *[Applause]* the really important work that both Artoo and 4G Capital do in India and in Kenya. So, a round of applause for them, as well. *[Applause]*

Thank you so much. Thank you.

So, there we go. We have the winner of the 2016 MasterCard Foundation Clients at the Centre Prize. That brings us to the end of this prize session. And Roger will bring us to the close of Day 1 of SoFI 2016. Thank you, everyone. *[Applause]*