

Digital Transformation goes Global – Part II

Supporting Growth Strategy and Planning

A Global Advisory Solutions intervention summary

ACCION

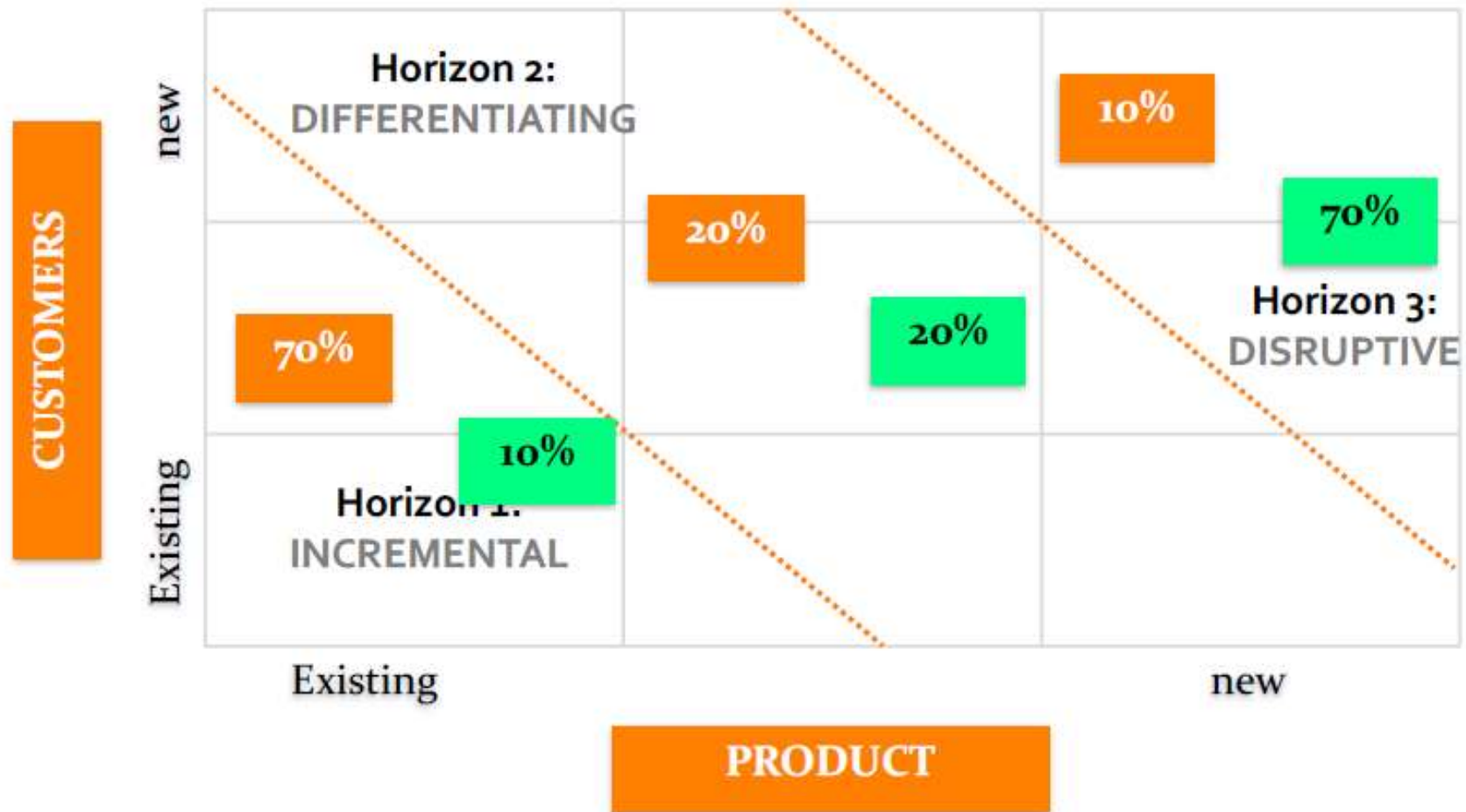
Investing in Individuals.
Improving Our World.

Within rapidly changing landscapes, FSPs need to continuously evolve

The Financial Service Provider industry has always been evolving; however, this has accelerated by the introduction of enablers such as mobile phones driving change in client behavior and low-cost cloud-computing platforms creating an ever-increasing number of new entrants that target the same market segment. It is therefore imperative that FSPs plan well for the future to remain competitive.



The 70/20/10 Rule of Innovation



Source: Lumen Labs

Accion offers core solutions to help FSPs design successful strategies and business models...

Within each of the core solutions we use customized tools alongside a wealth of experience and knowledge to execute on each business deliverable. Where appropriate Accion personnel can be seconded to our partners.

1. NEEDS ASSESSMENT

Where are you now?

2. STRATEGY WORKSHOP

Who do you want to be? Where are you headed? How should you get there?

3. BUSINESS MODELING & DESIGN

If you were to do things differently, what would that look like?

4. BUSINESS PLANNING

Do you have a clear path to implement your growth strategy? Do your assumptions address your organizational needs and goals?

...and guide strategy implementation to drive growth and operational efficiency

To get FSPs ready for the implementation of their new strategy, Accion offers four distinct services at the organizational level, with C-Suite level engagement . These can be standalone services or integrated services.

5. READINESS ASSESSMENT

Do you have the right people and systems in place to implement your strategy? What are the steps and resources required, and how will you complete or acquire them? How should you get started?

6. CHANGE MANAGEMENT

How will the change process be managed? How do we ensure staff buy-in and communicate changes to our customers?

7. TALENT IDENTIFICATION

Do you have the leadership and teams required to implement the required changes? What are the profiles required?

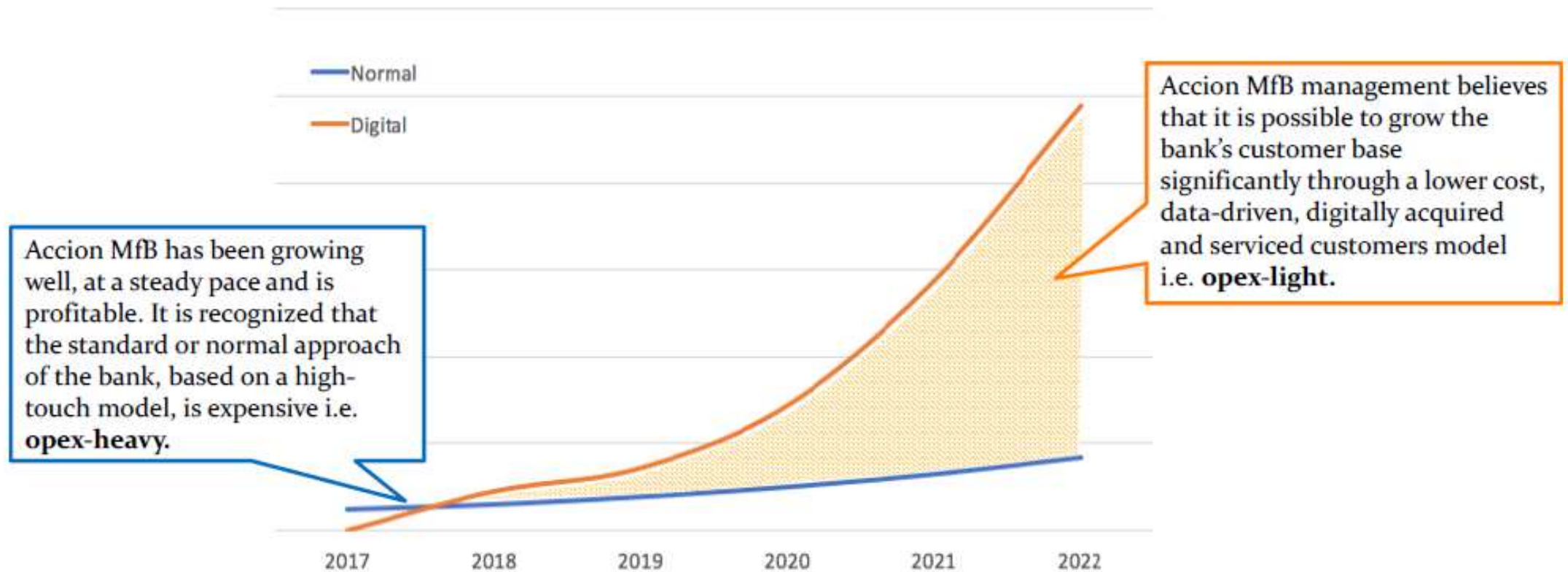
8. ORGANIZATIONAL STRUCTURE

Is your reporting structure the most efficient? Is your structure agile and adaptable in the face of continuous change?

Blueprint for Accion MfB Nigeria

The Business plan shows that “digital” will play a fundamental role in scaling up Accion MfB Nigeria’s customer base and profitability

Customers of Accion MfB



Blueprint for Sub-K 3.0

Sub-K: an agent network that serves multiple banks in India

Overview

- Incorporated in 2010 as a micro-payments and digital financial services entity
- It's aim is to enable economic inclusion by providing a range of affordable, accessible and scalable digital payments solutions e.g., Credit, Savings, and Government payments, through agent/assisted banking model
- Promoted by BASIX Group, well known for its pioneering work in financial inclusion and livelihoods across the country and its advisory work services across the globe
- Over the years, the work by Sub-K has been acknowledged by various entities viz., World Bank, NABARD-XLRI, SKOCH Foundation, IMAI, ASSOCHAM and others
- Well rounded and capable management team with 150+ years of global experience in BoP financial services industry. One of the few companies with a rural focus and an understanding of the end customers

Sub-K Fact Sheet (As on Sep 17)



27
No of States
Covered

272
No of Districts
Covered

1,109
No of Employee

12,076
No of
Agents



14
Bank Partnership



10,979
(Rs Mn) Cumulative
Loans disbursed

4,917
(Rs Mn) Gross
Portfolio Outstanding



5,251
(Rs Mn) Savings Mobilized



2.0 Mn +
Number of Customers

291,773
Active Borrowers

Enabling the vision

“Enable the wide distribution of credit and other financial services and products in an opex-light model through the use of digital tools and a physical agent network”

Strategic Needs

- Make the agent network more active (on a 30-day basis) by devising tactics that drive transactions to the agents.
- Make the agent network more engaged by bringing tools and services to help the agents run better, buy better and sell better.
- Use agents to support the growth of the MSME credit business beyond referral and collections.

- Improve TAT
- Cross-sell other products from the partner FI to existing customers
- Develop tools and services that support the collection process to reduce the FLDG risk.
- Identify bundled products and services that can be used to support the agent serving the JLG members.

- Improve the MSME risk scorecard
- Improve TAT
- Develop tools and services that support the collection process to reduce the FLDG risk.
- Cross-sell other products from the partner FI to existing customers
- Identify bundled products and services that interest the MSME

Use of data to support decision making automation

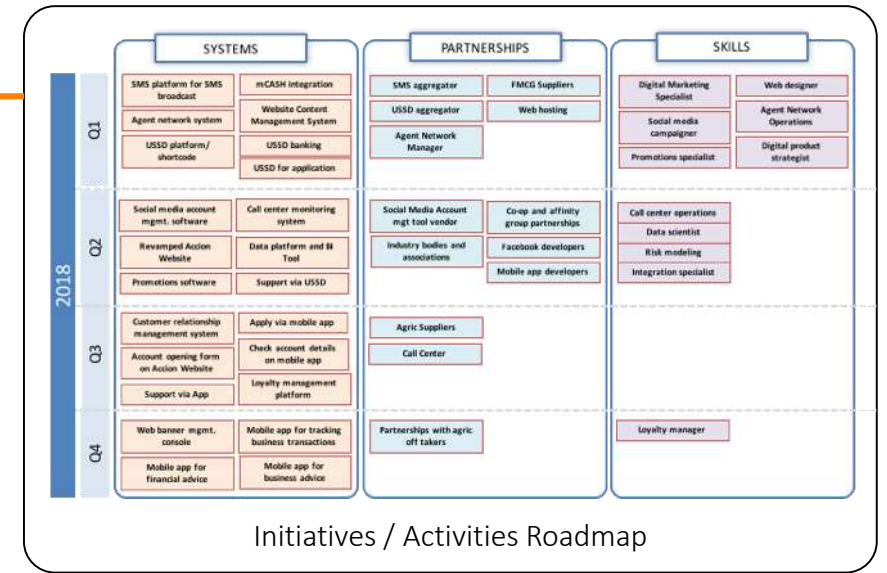
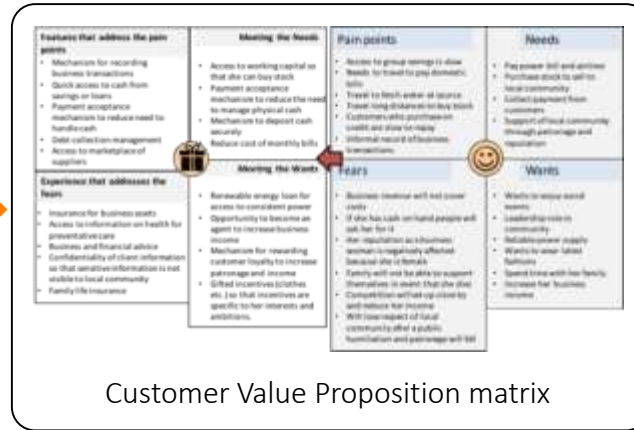
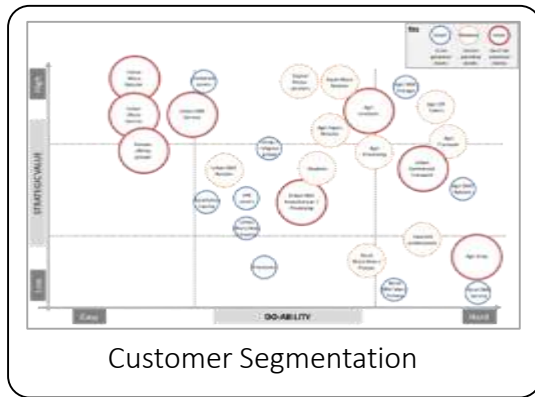
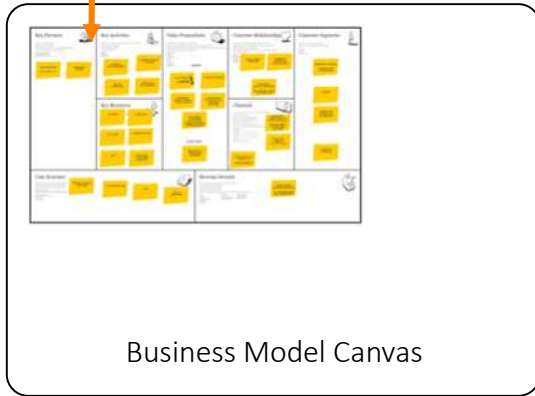
Modularized technology platform to support the growth of the business

So, how did we do it?

The answers to 6 key questions will help us get there...

1. What are the target customer segments that are going to help us achieve the goal?
2. What are the value propositions to each of those segments?
3. How do we ensure that we deliver the value propositions, sustainably, to those segments?
4. How ready are we today?
5. How should we structure the organization – scenarios?
6. What is the cost of the investment required to take us there?

Tools used

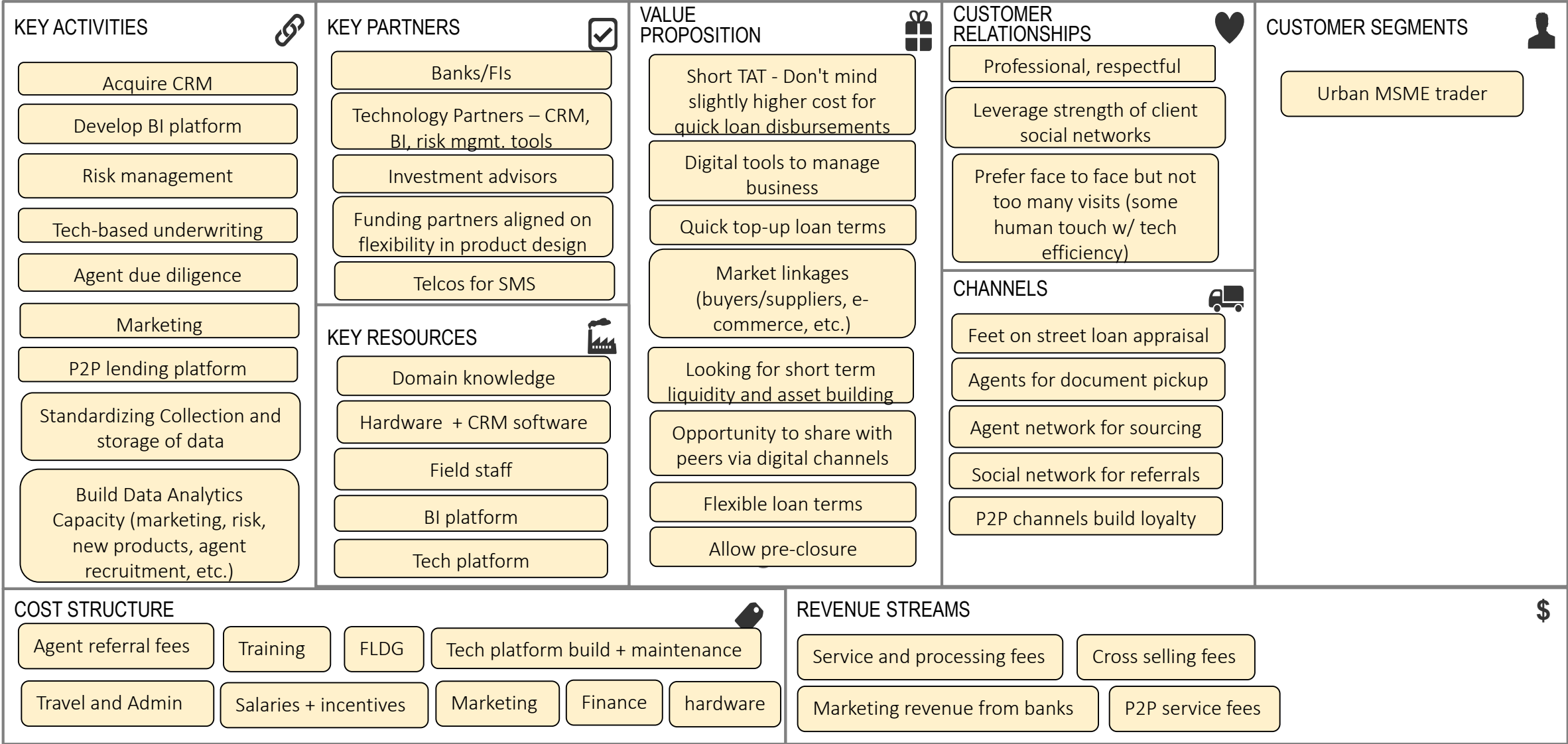


ACTIVITY	SEGMENT	TIMELINE	SYSTEMS	SKILLS	PARTNERSHIPS
Risk baselining	1, 2, 3, 4, 5, 6	Q2 2018	Risk model, data platform, T24, SMS platform	Risk modeling, data scientist	Credit bureau
Customer search	2, 3, 4, 7, 8	Q4 2018	Loyalty management platform	Loyalty management and promotions specialist	Loyalty scheme operator
Business advice via app	2, 4, 6, 7, 8	Q4 2018	Mobile app capable of carrying videos	Business management training	Training provider
Referral incentives	2, 4, 5, 7	Q3 2018	Loyalty management platform	Loyalty management and promotions specialist	Loyalty scheme operator
Daily interest calculations	1, 6	Q2 2018	Risk model, data platform, T24, SMS platform	Risk modeling, data scientist	
Bundle business insurance	3, 7	Q1 2019	T24	Product manager, marketing	Insurance co.
Financial advice via app	1	Q4 2018	Mobile app capable of carrying videos	Financial management training	Training provider
Loyalty scheme	3		Loyalty management platform	Loyalty management and promotions specialist	Healthcare provider
Free health check-up	8	Q4 2018	Loyalty management platform	Loyalty management and promotions specialist	Healthcare provider
Book-keeping software	5	Q1 2019	Mobile app	Mobile app development	

Pre-requisites matrix

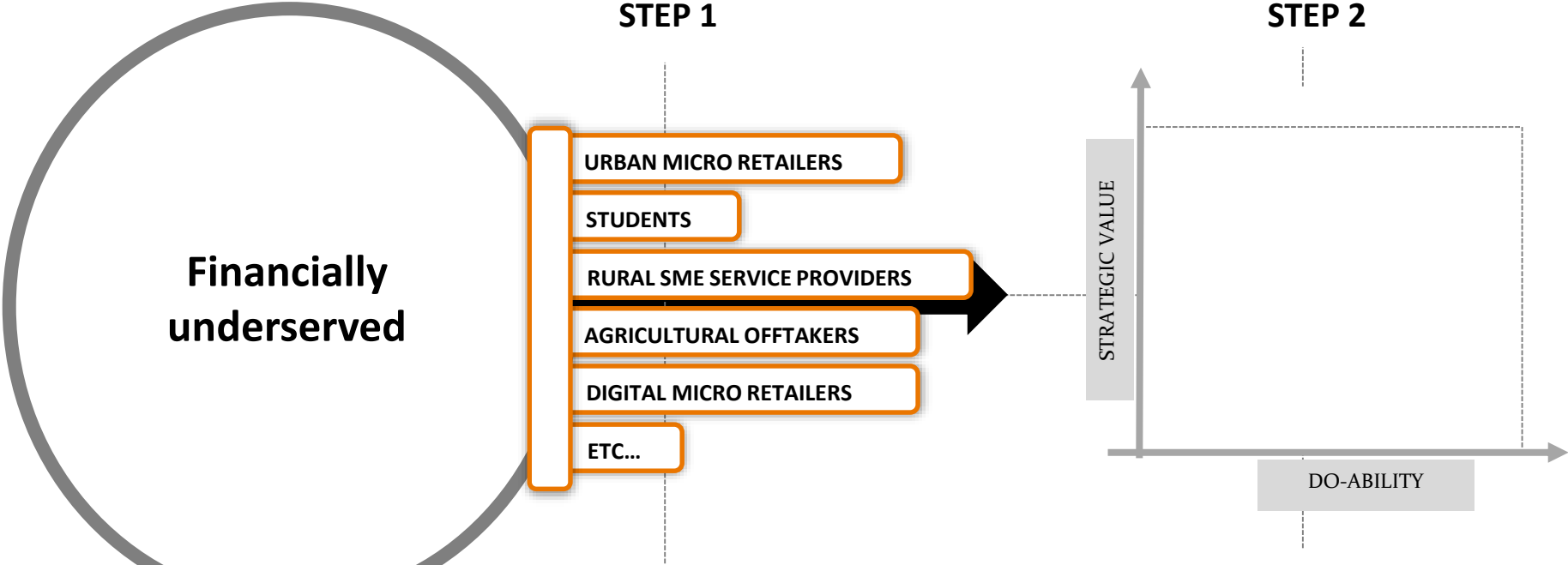
Business model canvas

SubK's business model canvas to increase activity at MSME traders



Customer Segmentation

Segmentation methodology

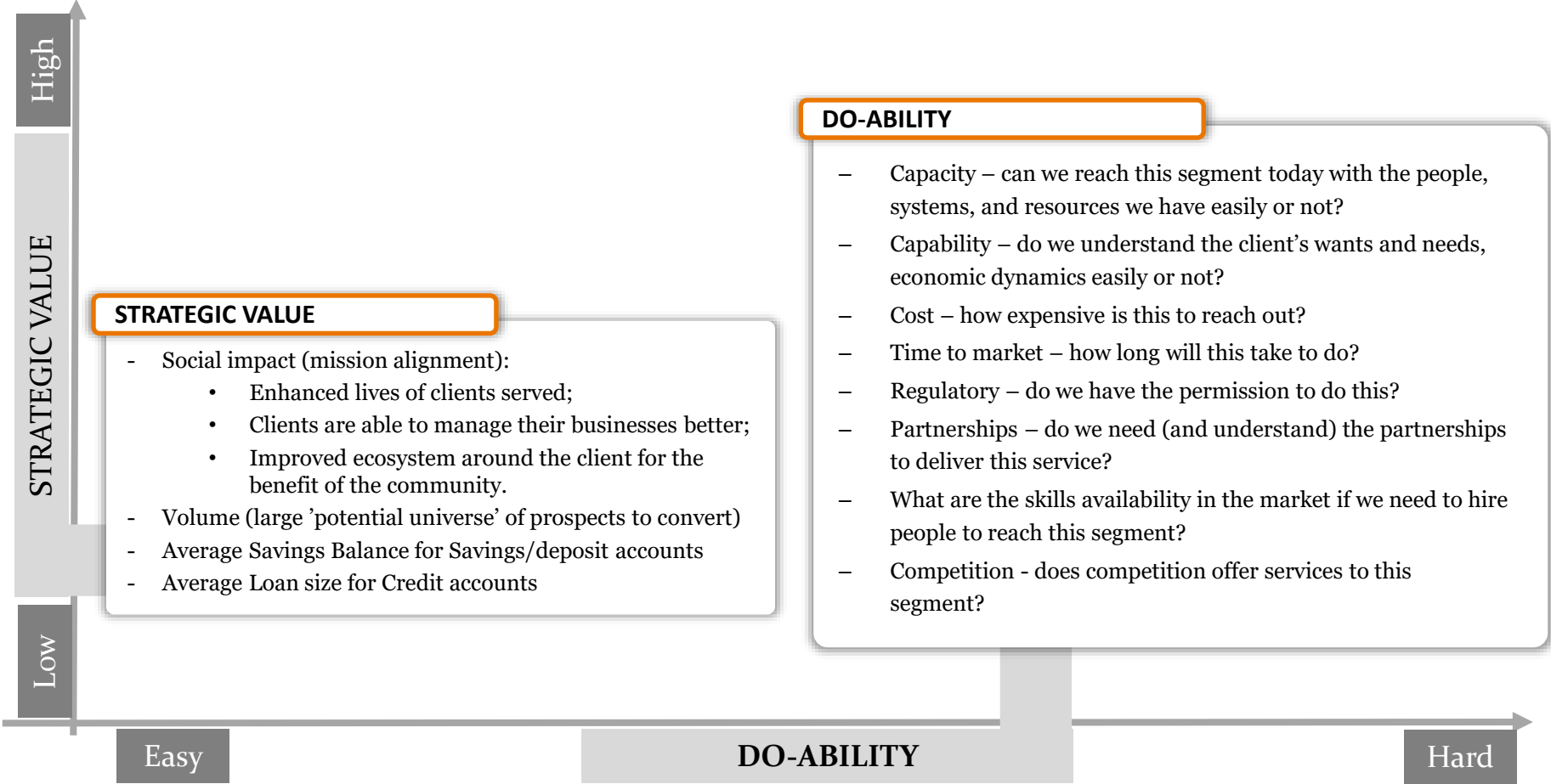


Identify customer segments within target market: A total of 28 customer segments were identified within the financially underserved market.

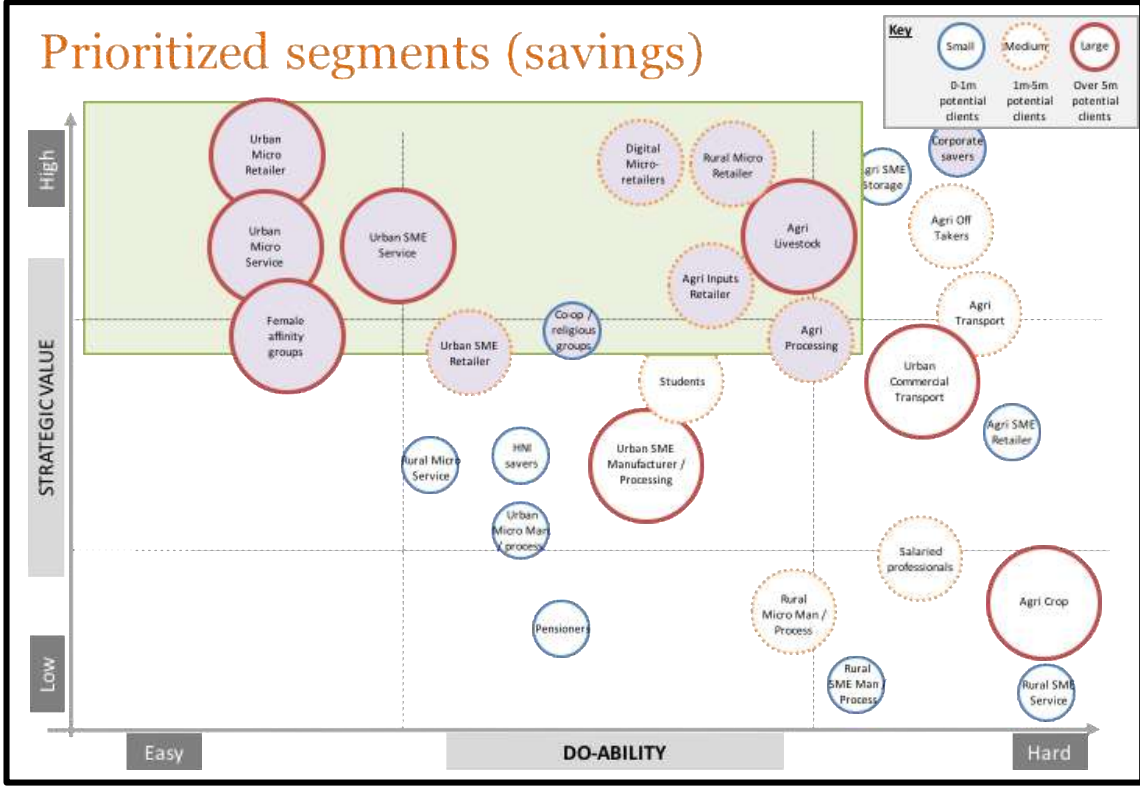
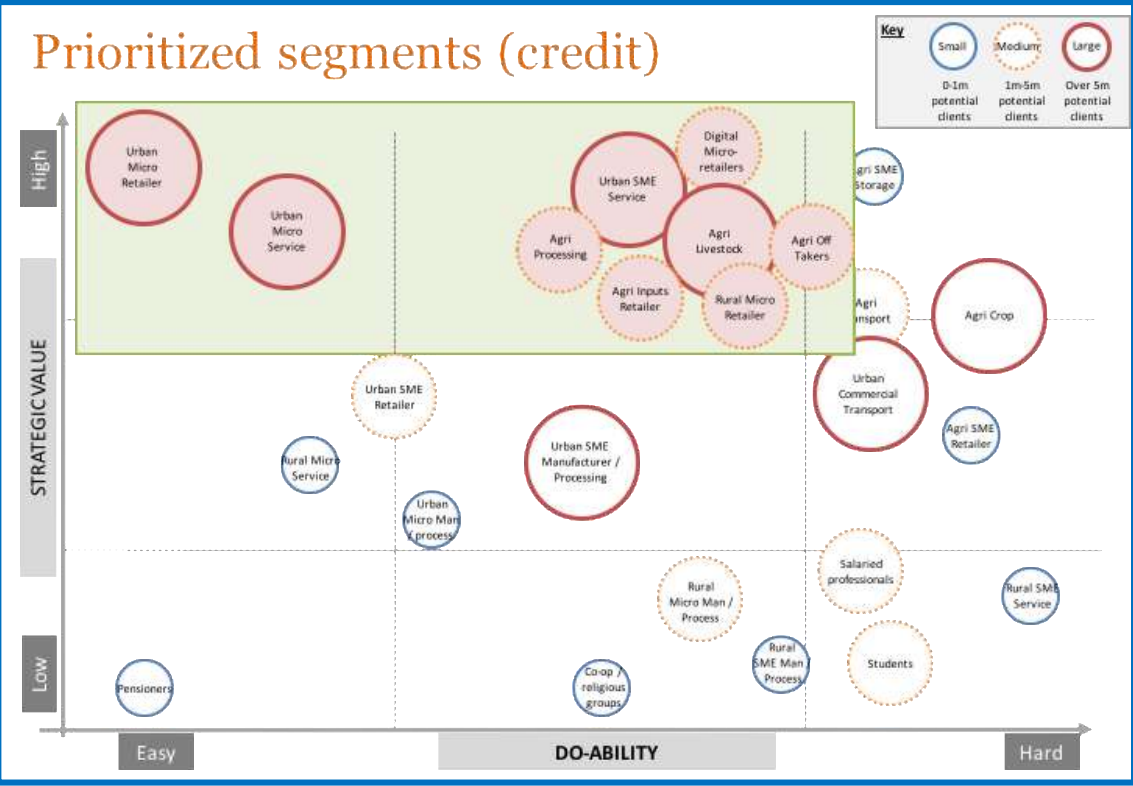
Prioritize customer segments: Segments were prioritized within the context of savings and loans as two separate outputs.

Segment prioritization criteria

During the prioritization exercise, each segment was attributed a rating against strategic value and do-ability criteria, the definitions of which are outlined below. The combination of these scores determined a relative positioning on the below axis. This positioning was ultimately used to determine the priority of addressing the needs of each segment. Each segment was considered separately within the domains of credit and savings, as nuances in lifestyle and industry may dictate the same customer group to hold different positions on each.

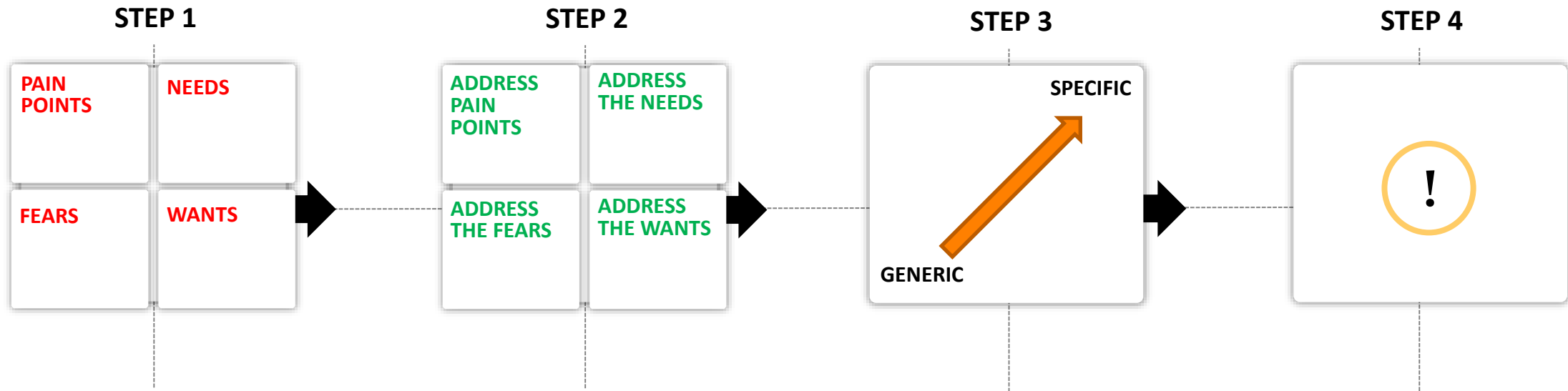


Result: Prioritized Segments for Credit and Savings



Value Proposition Definition

VP creation methodology



Understand customer segment requirements: Identify the needs, wants, pain points and fears of each customer segment.

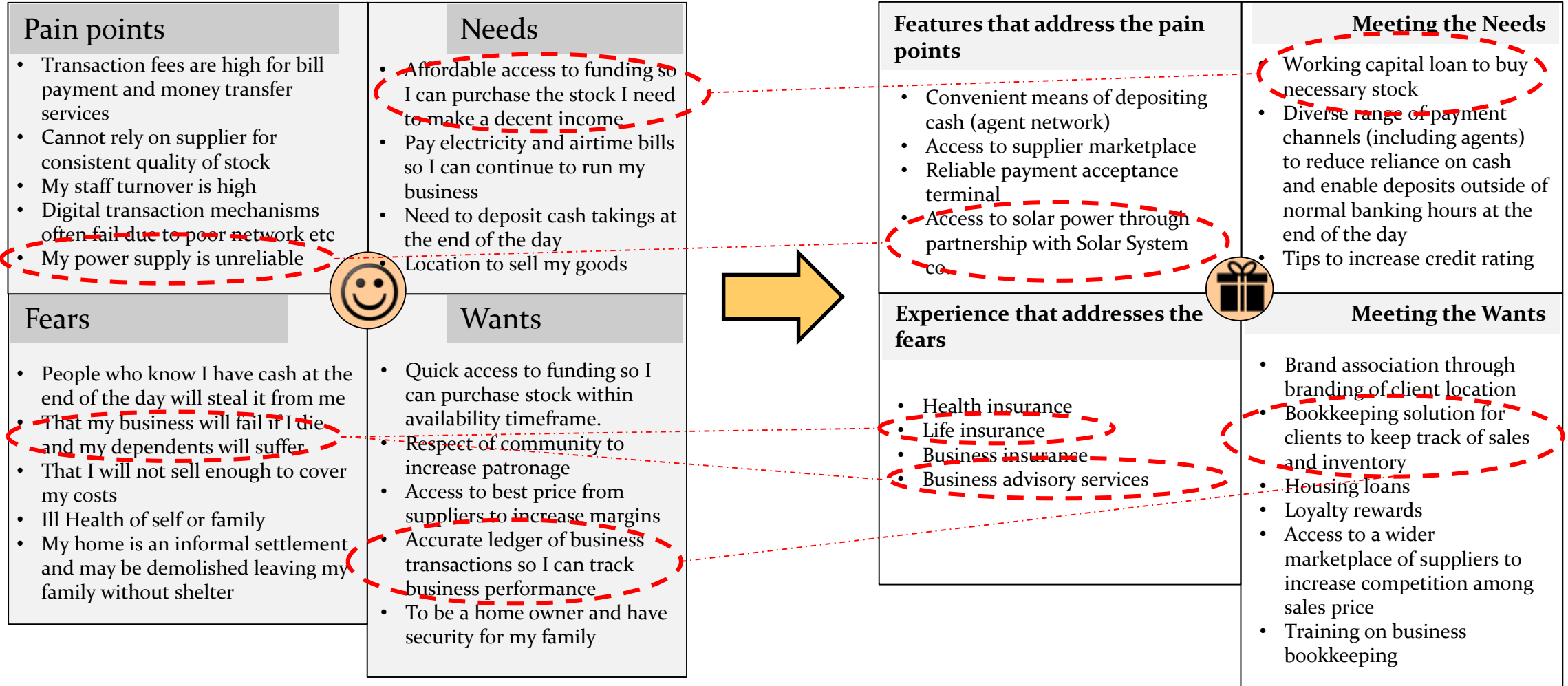
Identify what you can offer to the customer as propositions to address the needs and pain-points, while ensuring you address the fears and wants for better product design and adoption.

Map customer propositions: Map customer segment propositions according to the number of segments they are relevant to.

Develop product ideas: Use the mapped propositions to develop product ideas specific to individual segments.

Urban Micro & Urban SME retailer

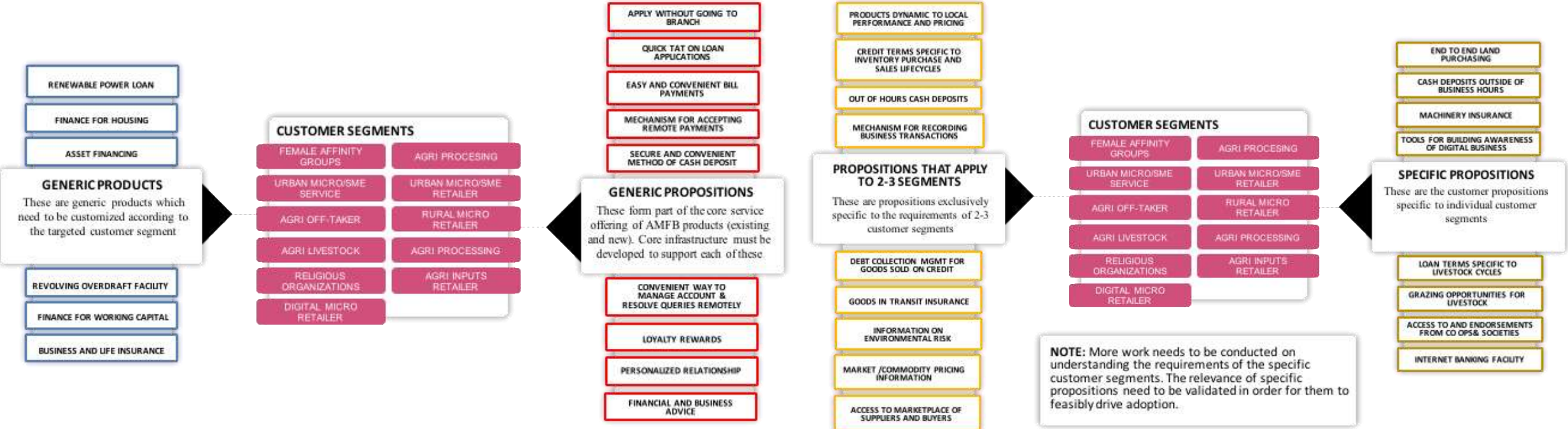
(more than 5m potential customers)



Propositions that deliver value

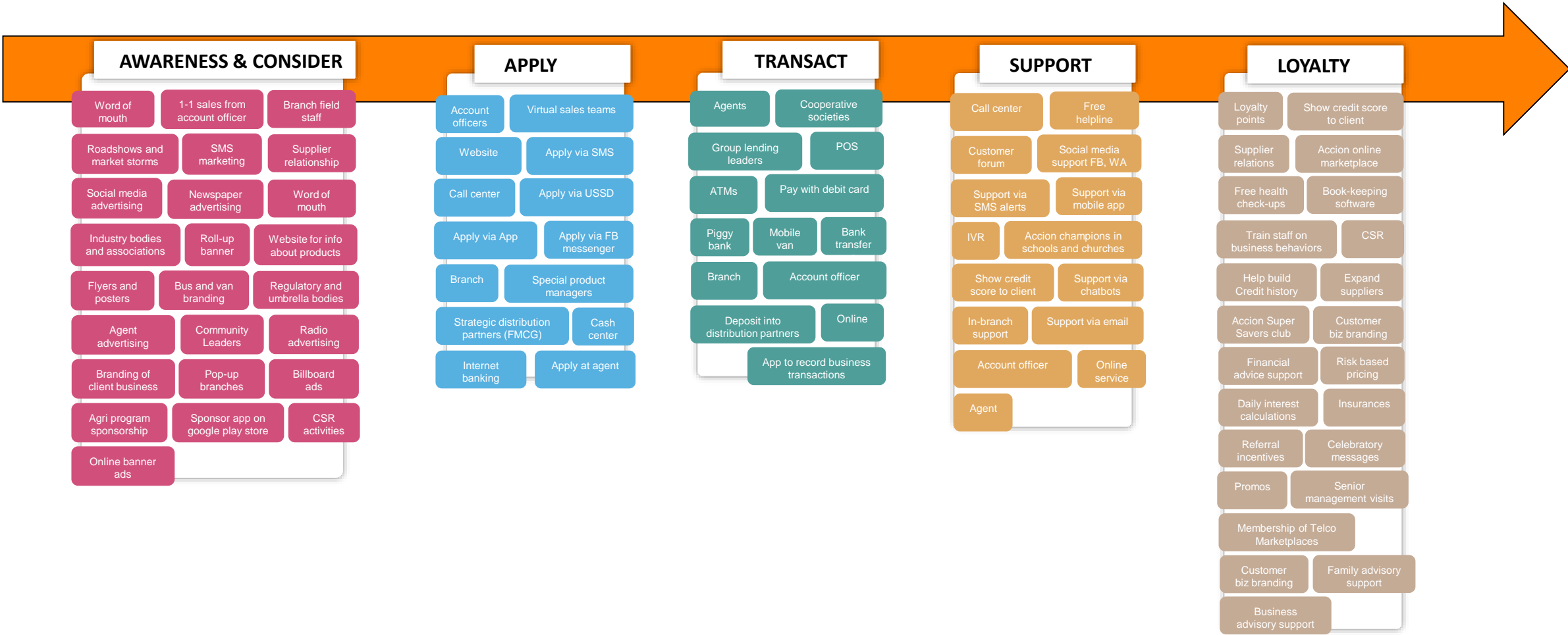
GENERIC

SPECIFIC

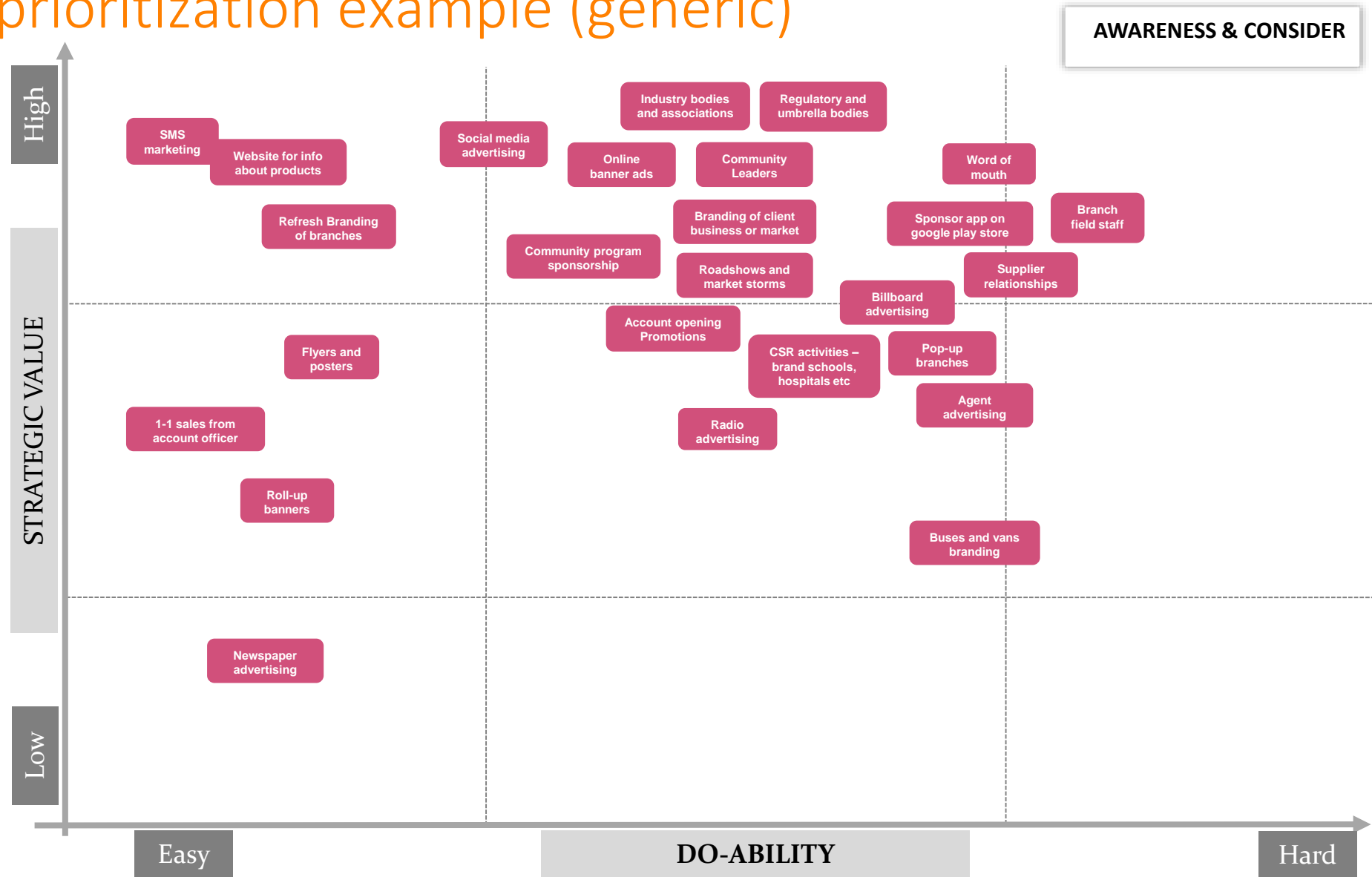


Customer journey map

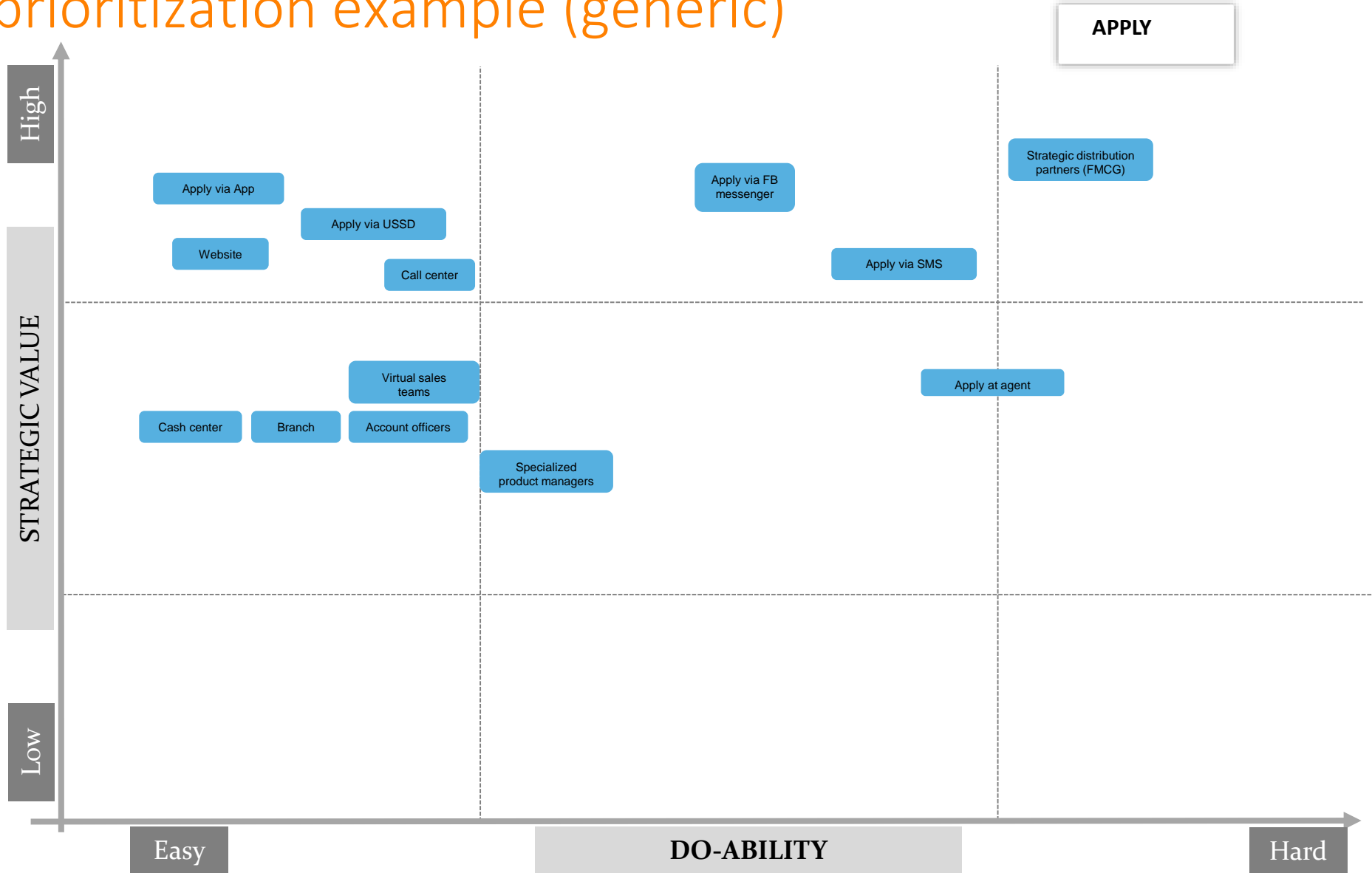
Customer journey map



Activity prioritization example (generic)



Activity prioritization example (generic)



Pre-requisites matrix

Step 3: What are the common activities to build awareness in the market?

AWARENESS & CONSIDER

ACTIVITY	SEGMENT	TIMELINE	SYSTEMS	SKILLS	PARTNERSHIPS
SMS marketing	1,2,3,4,5,6,7,8	Q1 2018	SMS platform	Digital marketing, SMS management and tracking	VAS aggregator, MNOs
Social media advertising including FB, Twitter and Whatsapp	1,2,4,5,6	Q2 2018	Social media account mgmt. software	Digital / Social media advertising capability	Account management tool vendor
Website for info about products	1,3,6,8	Q1 2018	Website Content Management System	Digital marketing, web design/dev, IT support	Web hosting
Supplier relationships to promote Accion through the supply chain	2,4,5,6	Q2 2018	N/A	Relationship management	Suppliers, off takers
Branch field staff	2,4,5	Q1 2018	N/A	Sales abilities	N/A
Online banner ads	1,8	Q1 2019	Web banner mgmt. console	Digital marketing and online SEO specialist	Online distribution partner
Industry bodies and associations	3,8	Q2 2018	Customer relationship management system	Relationship management	Industry bodies and associations
Billboard advertising – large ads in strategic locations	3,7	Q4 2018	N/A	Marketing strategy – location strategy	Billboard marketing agency
Account opening Promotions	4,6	Q1 2018	Promotions software linked to T24	Promotions specialist	Agent network partner for promos through agents
Pop-up branches during significant community or co-op events	7,8	Q3 2018	Remote branch management software	Branch distribution management	Distribution partner
Roadshows and market storms	7	N/A	DFA for staff who attend the roadshows	Event planning	N/A
Sponsor app on google play store	1	N/A	N/A	N/A	N/A

Other ideas included:

- Regulatory and umbrella bodies
- Community Leaders
- Refresh Branding of branches
- Branding of client business or market
- Roadshows and market storms
- Community program sponsorship
- Account opening Promotions
- CSR activities – brand schools, hospitals etc
- Strategic distribution partners (FMCG)
- Agent drives awareness in the community

Step 3: What are the common activities to enable people to apply for an account?

APPLY

ACTIVITY	SEGMENT	TIMELINE	SYSTEMS	SKILLS	PARTNERSHIPS
Apply via USSD	1,2,3,4,5,6,7,8	Q1 2018	USSD platform and shortcode	USSD design, IT support	Short code provider/VAS aggregator, NCC
Apply via SMS	1,2,3,4,6,7	Q1 2018	SMS management system, Integration to T24	IT support, integration development, customer service	SMS aggregator
Apply via mobile App	1,5,6,8	Q2 2018	Mobile app, App management server/hosting	Mobile app admin, IT support, app design	Development partner
Apply at agent location	1,3,6,7	Q1 2018	Agent network management system, T24	Agent network operations	Agent network manager
Apply via Call Center	1,3,5,6	Q2 2018	Call center	Call center management	Call center service provider
Apply via account officers	2,4,5,8	Existing tool	Staff with DFA tools	DFA literacy, sales skills	MNO for data and device
Apply via Branch	2,3,4,5	Existing	Branch network	Staff trained on products	
Apply via website	1,6,8	Q2 2018	Website content management system, link to T24	Website design and administration	Web hosting provider
Apply via FaceBook messenger	1,6	Q2 2018	Social media platform	Social media marketing and development	Facebook developers
Apply via virtual sales teams	7	Existing tool	Staff with DFA tools	DFA literacy, sales skills	MNO for data and device
Apply in bulk via organization	8	Q2 2018	T24 to upload bulk applications	Training to work with organizations	Co-op and affinity group partnerships

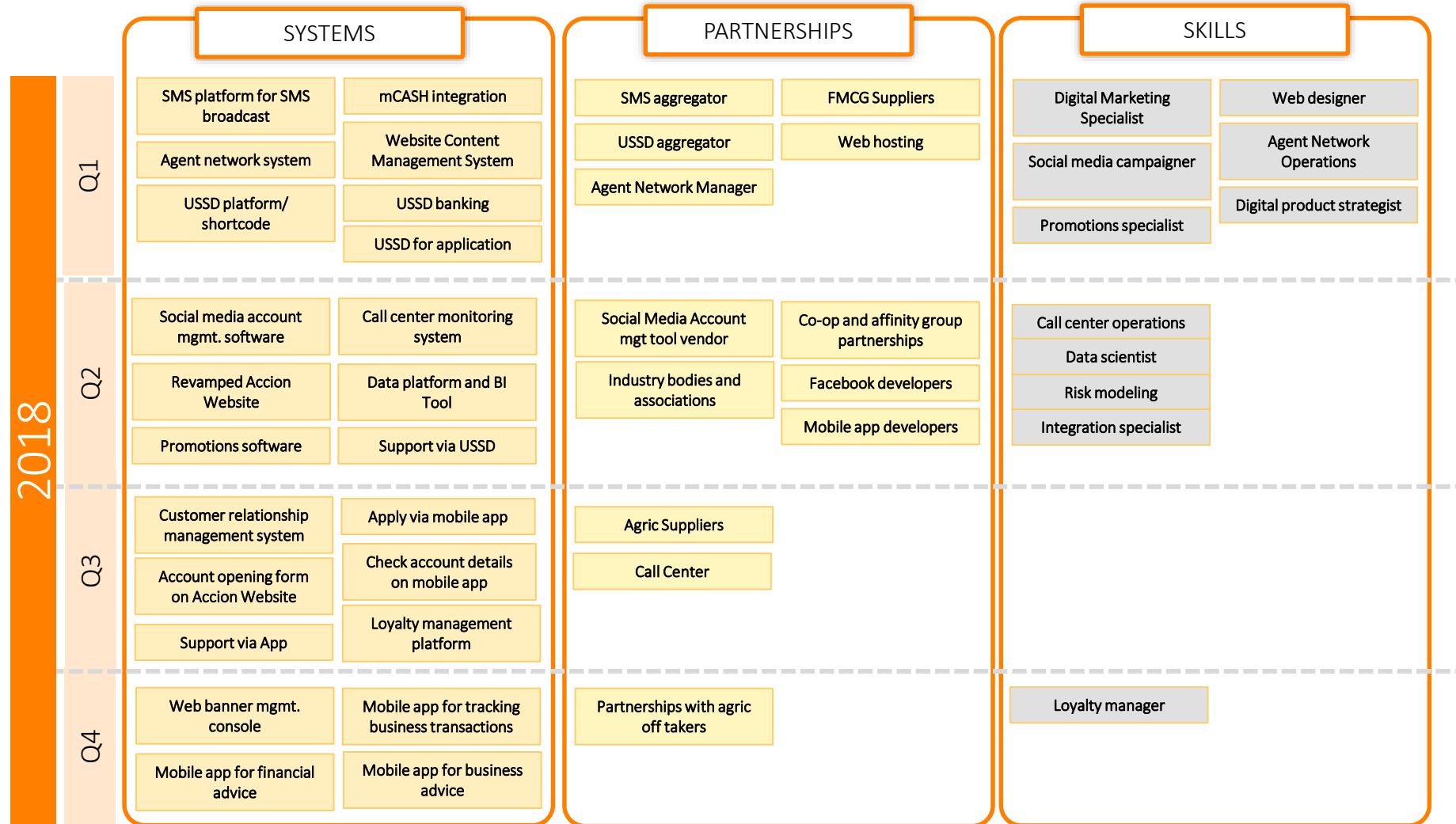
Other ideas included:

- Recruit Specialized product managers who can accept applications
- Apply at Kiosks or Cash centers

Initiatives roadmap

Roadmap for Systems, Partnerships & Skills

The following roadmap shows the systems, skills and partnerships that need to be put in place by Accion MfB to ensure it hits the defined target segments with valuable products and services. These are the **earliest possible dates** that these initiatives are put in place. The actual activities once they are in place will extend into 2018-2020 timeframe.



Outputs from the workshops

Bringing it together for Sub-K

- In order to ensure any initiative that Sub-K implements is part of a broader story, it is important to think about the overall suggested vision for Sub-K 3.0:

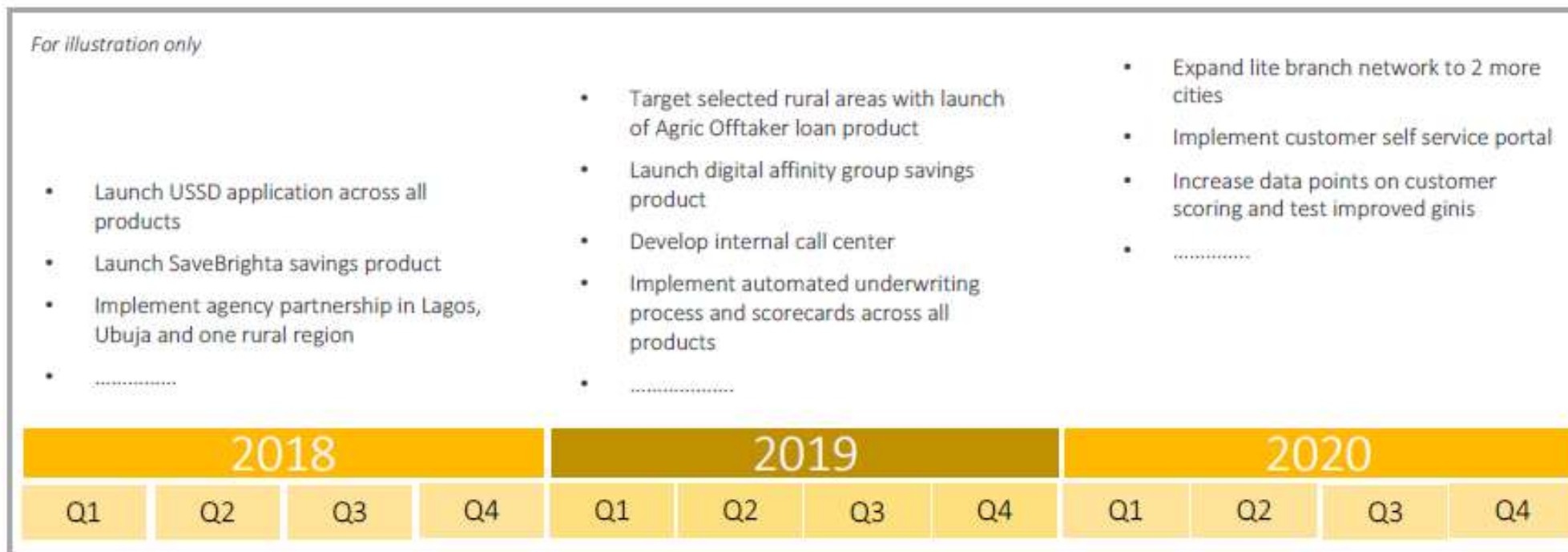
“Enable the wide distribution of credit and other financial services and products in an opex-light model through the use of digital tools and a physical agent network”

- There are 5 overarching goals that will help Sub-K achieve this vision in 18-24 months’ time:

#	Goal	Timeframe
1.	Grow the MSME credit service by developing synergies between MSME Credit and Agent Network – by, for example, building an agent-assisted MSME customer acquisition model that uses data-driven and digitally supported approval mechanisms	0-24 months
2.	Enhance existing credit products, channels mix (full service and referrals and collections), and processes to make them more efficient and profitable – implement customer segmentation, reduce TAT and evolve risk models to support credit growth while minimizing FLDG risk.	0-12 months
3.	Enhance existing agent network strategy and operations to improve efficiency and activity levels - by rationalizing services offered through agents, introduce services targeted at agents through bundled services (credit, business management tools)	0-18 months
4.	Develop new product ideas that meet the needs of the market – in partnership with the bank, for example micro-enterprise trade finance (credit for supply chain payments)	0-18 months
5.	Implement systems to capture data effectively across all vital processes	6-18 months

Bringing it together for Accion MfB Nigeria

- A high level digital roadmap will allow continuity in planning as many of these projects will extend through several budgeting periods and take into consideration interdependencies between digital initiatives
- The aim is to plan for high-level functionality (such as “USSD applications”) that can then be broken down into more detailed operational workstreams for execution
- The plan can include the launch of full end-to-end digital products or specific digital functionalities that can be applied across all products.



Thank you!!!

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