



MFC-EMN
ANNUAL CONFERENCE
Bilbao, 3rd - 5th October 2018



PEOPLE AND THE DIGITAL REVOLUTION:
Advancing our social mission through technology

Workshop 11: Maintaining the social promise of financial inclusion in a competitive marketplace



Facilitator:

Leah Wardle, Sr. SPM consultant for the Social Performance Task Force & Certification Manager for the Smart Campaign

Speakers:

- **Cameron Goldie-Scot**, CEO, Musoni Services
- **Joris Crisa**, Regional Manager, MENA—MicroFinanza Rating



Questions to frame our discussion

- How can existing microfinance providers best compete with new players?
- How will the social promise of microfinance continue to thrive in the digital era?



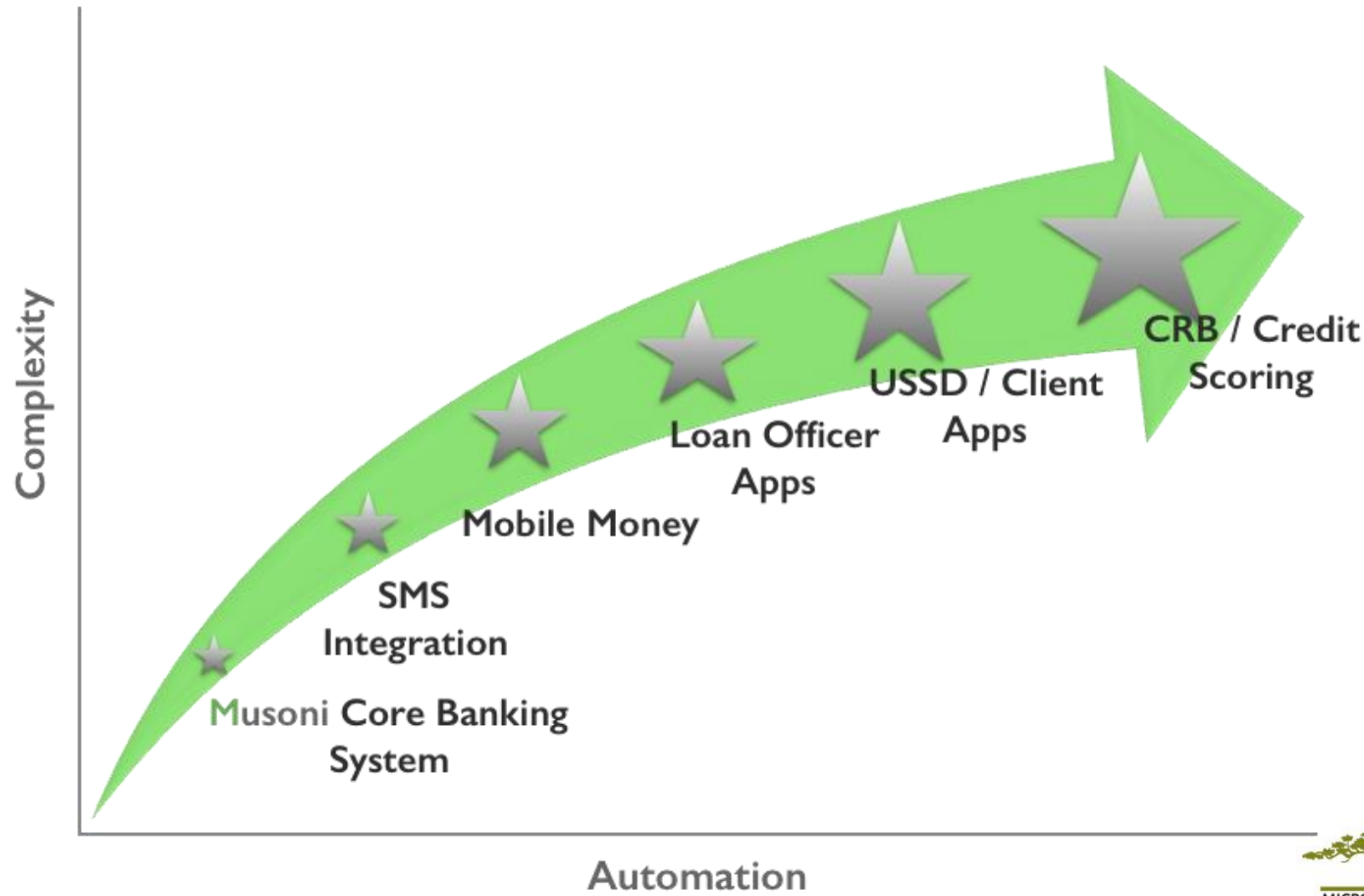
Photo credit: Musoni Kenya

Rapid brainstorm

- What are the best elements of traditional microfinance that we should not lose as financial services digitalize?
- What are some strengths of traditional providers that new players might not have?

5 minutes on your own, 10 minutes in plenary

Technology in microfinance is a journey



Strategy: Combine tech and touch

- When do customers prefer to interact with a person, as opposed to text messages or an app?
 - Getting new information about a product (~60% prefer to interact w/a human)
 - Signing up for an account or services (~40%)
 - Conducting regular transactions (e.g., loan repayment) (~40%)
 - Asking a question when confused about something (~50%)
 - Resolving a problem or complaint (~75%)

Musoni Microfinance – High Tech



Musoni Microfinance – High Touch



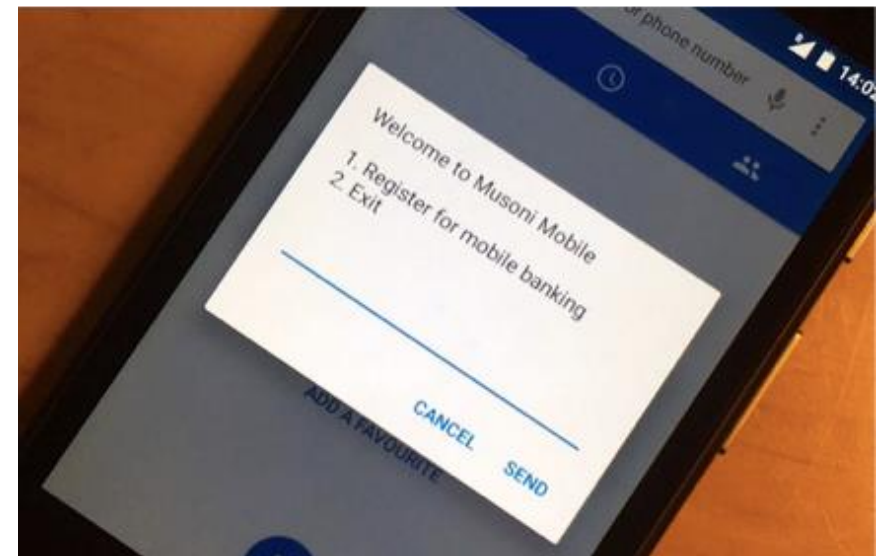
Importance of partnerships

- Partnerships with MNOs
 - Using the agent network of the MNO to increase convenience
 - MMT transactions for clients (repayments, deposits, disbursements)
- Partnering with credit scoring companies and CRBs
- Partner with your CBS provider
- Partner with each other



What makes a digitalisation project successful?

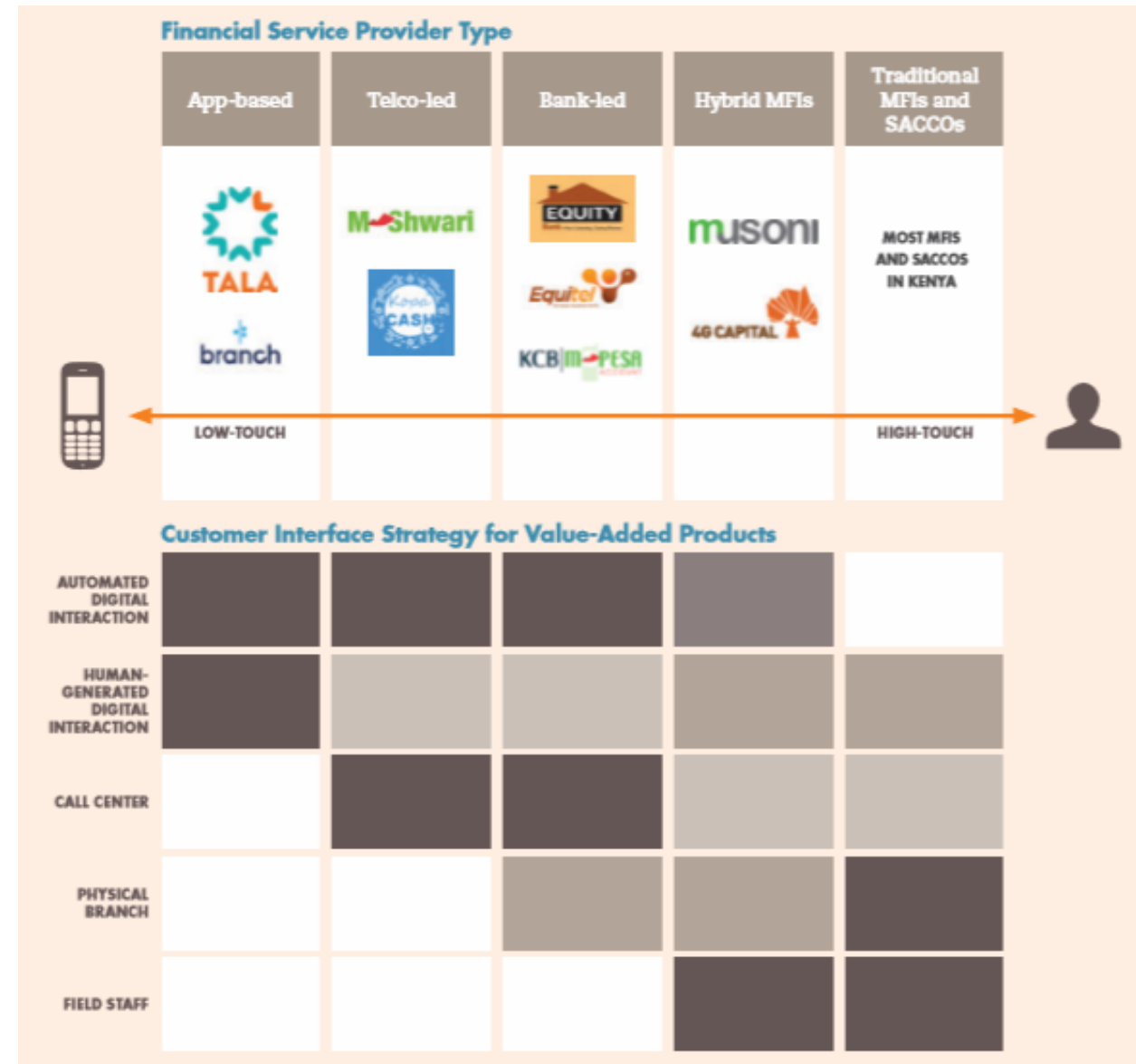
- Aligning project with strategy
- Senior project champion able to drive change (strong teams also help)
- Buy-in achieved at all levels of the organisation
- Modern systems that facilitate easy integrations
- Treating vendor as a partner
- Willingness to adapt processes to technology



Combining Tech and Touch

Strategies for:

- Staying relevant and becoming more competitive in a digital market place while preserving the customer-focus of traditional microfinance.
- How to use technology to improve operation, efficiency and serve customer better.



Focus on Client Protection practices (Principle 1,2,3,4). Lessons learned from FSPs

Need to educate clients to trust technology.

BRAC: product design very customer-centric. Have a dedicated team to help clients to interact with technology

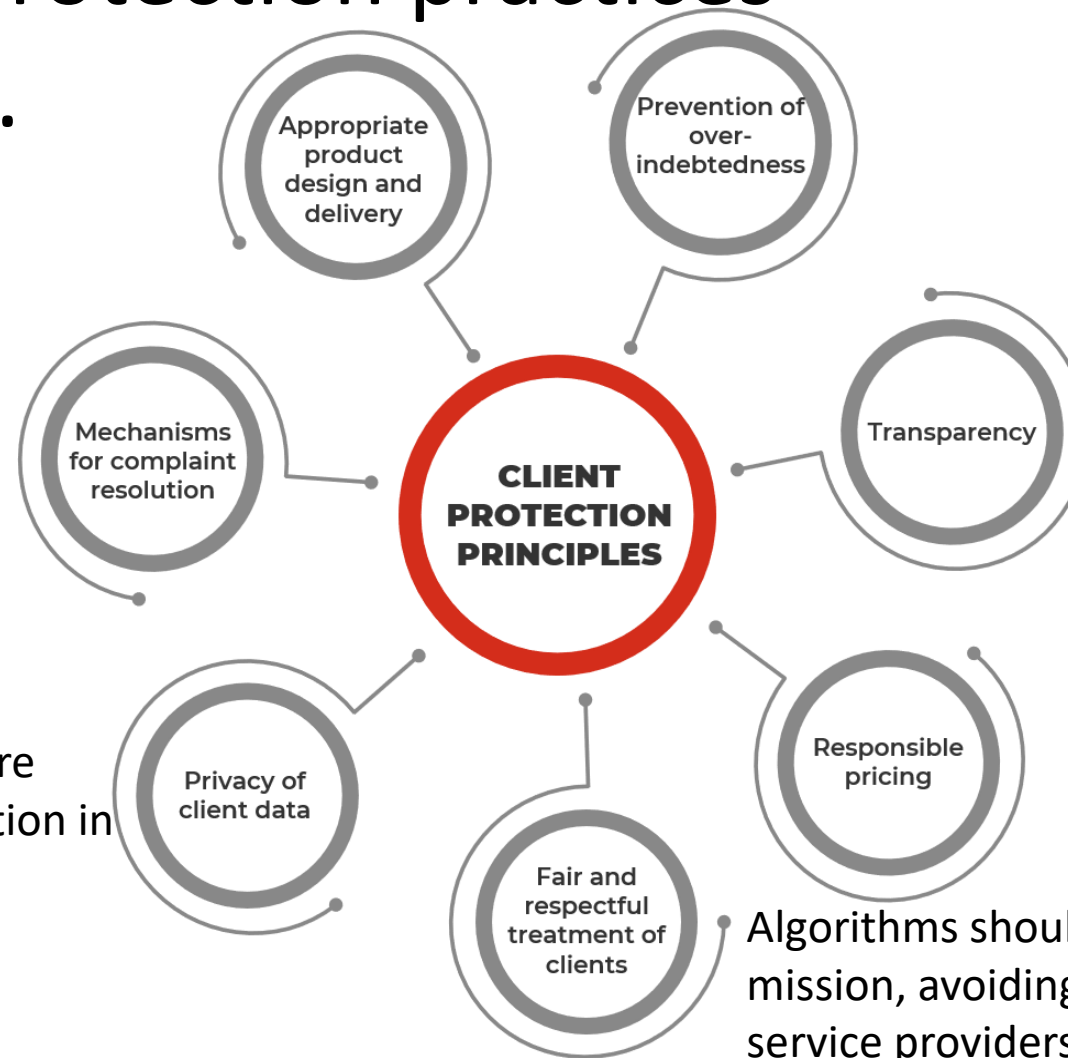


Good to use algorithms, but for bigger loans or agro loans need relevant data base hence avoiding false positive.

Provide clear info on the loan and payment using interactive menu. Yet info should still be visible at branches as well.

Investment in DFS has a high initial costs, but will reduce transaction costs and interest rate in the mid term.

Focus on Client Protection practices (Principles 5,6,7).



Use of tech allows a faster complaints process but need to have human interaction at a certain point.

When investing in DFS, need a secure infrastructure. Pin and geolocalisation in tablet.

Use Tech for awareness raising campaigns.

Algorithms should be aligned to the social mission, avoiding discrimination. Third-party service providers should be subject to a code of conduct.

Technology should be used to increase efficiency and accessibility in order to create value for the customer, not only for the business.

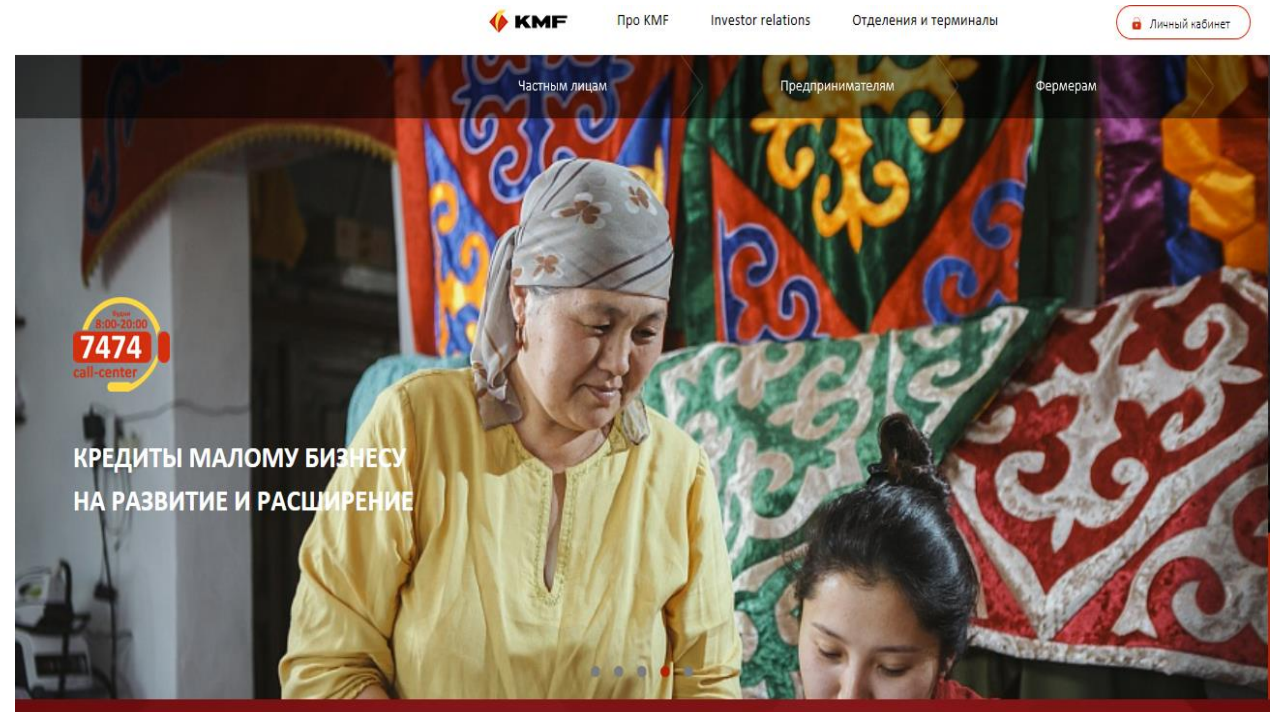
A few lessons learned

Example: KMF Kazakhstan

Tech: Tablets for loan officer use in remote areas.

Tablet has several uses:

- Loan application
- Provides data to all members of the credit committee.
- Allows the branch manager to see operations, since most of staff is remote. All personnel can see data. Available for Loan Officer, Internal Audit, Loan Recovery Officer.



Qredits Netherlands

Improves Delivery of Non- Financial Services



Online Tools

Qredits has several online tools that can be very useful to entrepreneurs.

The following tools have been specifically designed to help entrepreneurs successfully start or expand their business. Some of them are available in English:

E-learning Tools

- How to write a business plan e-learning *
- How to write a sales plan e-learning
- Credit Management e-learning
- Microfinance Mentoring e-learning*

Free Tools

- Entrepreneurial competency test (online)
- Business plan template (free download)
- Financial plan template (free download)

* Available in English and for translation in other languages

Qredits e-learning characteristics

- Blended learning styles
- Real-life examples of other entrepreneurs
- Inspirational videos of entrepreneurs, mentors and business experts
- Financial plan included
- Accessible from multiple devices
- Multiple exercises and assignments included
- Downloadable business plan & financial plan upon completion

New: Client Protection Assessments for DFS providers



GOAL: To conduct field assessments of DFS providers that will allow the Smart Campaign to develop standards on what constitutes good practices, and to fine tune its methodology for certifying various digital financial models.



MFR



And



Discussion Questions

- Where is your organization in its digital journey?
- Of the strategies discussed by Cameron and Joris, which are you using? Which do you want to use?
- Are there other important elements not yet mentioned today?

Contact information for the speakers

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