

# Nigerian Microfinance Platform Meeting

# Report on Digital Product Pilot May 2018



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# **Project Background**

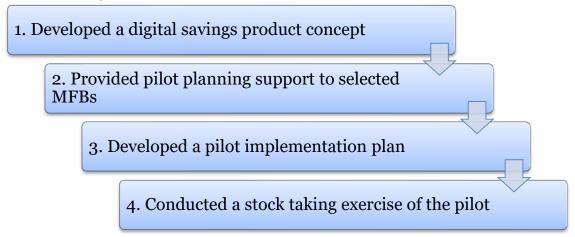


## The AFOS Project in Nigeria (1)

- AFOS Foundation is implementing a programme to support the growth of the microfinance sub-sector in Nigeria. The program seeks the use of innovative financial service solutions (mobile/agency banking) to improve savings mobilisation by microfinance banks by supporting the development and deployment of a shared savings product for the sector
- This project was conducted within the auspices of the Nigerian Microfinance Work Group on "Savings Mobilization, Agency/Mobile Banking".
- AFOS Foundation envisages using lessons learnt from the work done with the 2 partner MFBs to guide subsequent digital product design and pilot tests for other MFBs

## The AFOS Project in Nigeria (2)

*MicroSave* in collaboration with AFOS has so far supported partner MFBs in the following:



The MFBs were expected to take full responsibility and ownership of the implementation phase with support from AFOS Foundation based on guidelines provided by *MicroSave*. This report shares the lessons from 2 MFBs following the review of the pilot planning process.

# **Product Design**



## **Product Design**

The product concepts developed in Phase 1 of the project were further refined by the partner institutions in consideration of their target markets and overall growth strategies.

#### **Product 1**

A paperless mobile-based tier 1 bank account to be offered exclusively to all MTN subscribers (registered customers), accessible through dialing a USSD code.

#### **Product 2**

-A self-service digital savings account with an insurance value add targeting women in gainful employment (self or employed) and other existing or prospective customer looking for an opportunity to save.

# **Implementation**



## **Pilot Implementation**

The implementation is at different stages for the two participating institutions.

#### MFB 1

- Launched product pilot in August 2017 in 2 locations
- Pilot monitoring and evaluation carried out in December 2017
- Recommendations for product revision adopted

#### MFB 2

- ✓ Concept was created in June 2017
- ✓ Pilot reliant on agent network
- Pilot also reliant on platform development
- As at mid April 2018, platform was undergoing user acceptance tests

## **Emerging Lessons from Pilot Tests**



# **Key Lessons – Product Design**

Experience	Key Lessons Learnt
Customer acquisition via MNOs is a challenge	<ul> <li>Strategies for alternative customer data should be part of initial acquisition planning – partnerships very valuable here</li> <li>Do not assume customer understands USSD and downtime is a challenge for conversion – SMS may be better (SMS management software required)</li> <li>Running a call centre that can support the digital onboarding process is helpful. Partnering with an external provider is expensive and we found this did not drive conversion rates</li> </ul>
Digital products rely heavily on physical marketing and acquisition	<ul> <li>Budget for sufficient physical marketing, even for digital products.</li> <li>Well-designed incentives absolutely crucial – for both call centre agents and field officers who are responsible for on-boarding customers</li> <li>Running market storm activity is helpful for a local buzz, but did not experience significant conversion with third parties – far better to source, train and incentivise internal agents</li> </ul>
Large focus on profitability	<ul> <li>Focus on customer acquisition and correct product design for commercial rollout should be focus during pilot</li> <li>Initial customer acquisition numbers should be small – not too aggressive in the first 18 months</li> <li>The numbers (profitability) from digital products will only come after careful planning and significant investment – not immediately</li> </ul>
The customer journey had too much friction,	<ul> <li>Simplify customer journey as much as possible – branch visits should only occur when needed. In this case, KYC only required when customer withdrawals</li> <li>Removal of savings plan and well-designed incentives to encourage saving is considered a better approach that a fairly generic savings plan</li> </ul>

## **Key Lessons - Processes**

Experience	Key Lessons Learnt
Project management skills/ capacity/ incentives	<ul> <li>Dedicated project manager required, ideally someone with digital skills to support the general journey of digitisation</li> <li>The project leader and team must have the capacity (time)/ skills and incentives to deliver, otherwise digital products will not gain traction</li> <li>KPI alignment for senior management team on delivering key metrics will encourage buy-in</li> </ul>
Confusion by client over savings vs. lender proposition	<ul> <li>Product proposition should be more clearly articulated in planning process – with full target customer segmentation/ pain points and articulation on how the product aims to meet these needs</li> <li>Detailed research to understand customer proposition is crucial</li> <li>Clarify between what the bank wants to achieve with the launch of the product, and what customer needs the product is hoping to meet</li> </ul>
Messaging strategy is over- shadowed by marketing efforts	<ul> <li>A clear messaging strategy at every point of the customer journey to give the customer comfort is crucial for any digital financial product</li> <li>Automated SMS is a crucial tool here to be able to scale</li> <li>Training of staff at branch level is vital – supporting client staff to ensure training material is consistent with overall messaging is valuable</li> </ul>
Challenges with documentation and key processes	<ul> <li>Processes must be clearly defined in advance. In the planning process, sufficient time need to be allocated – local team will need high touch support in this process</li> <li>Alpha and beta testing is crucial to ensure all processes work cohesively – these were not completed to a high standard during the pilot</li> </ul>

# **Way Forward**



## **Way Forward**

#### MFB 1

- Refine the product features and processes for a seamless customer experience
- Project management for day-to-day focus on project
- Improving communication strategy through out customer journey
- Extend pilot to implement findings of the previous review

#### MFB 2

- Incorporate findings of market research on an insurance feature on product
- Roll out agents to increase touch points for digital product
- Scheduled to roll out pilot from end of May 2018 following successful completion of user acceptance tests

#### Thank You























































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