



# The Key to Growing Large is Staying Small First: Focus on clients, distribution, & communications

July, 2014

**Presenter:** Joyce C. Murithi, Senior Analyst, *MicroSave*

*Joyce@microsave.net*

**MicroSave**  
Market-led solutions for financial services

BILL & MELINDA  
GATES foundation



@HelixInstitute

## Project Description

Through the financial support of the Bill & Melinda Gates Foundation, *MicroSave* is conducting a four-year research project in the following eight focus countries as part of the **Agent Network Accelerator (ANA)** Project:

### Africa

- ▶ Kenya
- ▶ Nigeria
- ▶ Tanzania
- ▶ Uganda

### Asia

- ▶ Bangladesh
- ▶ India
- ▶ Indonesia
- ▶ Pakistan

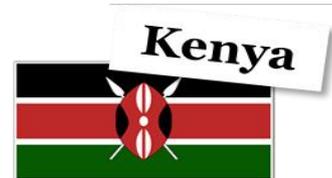
Research findings are disseminated through ***The Helix Institute of Digital Finance***. ***Helix*** is a world-class institution providing operational training for digital finance practitioners.



[www.helix-institute.com](http://www.helix-institute.com)

# Previous Participating Organizations

The following organisations have participated in the ANA research project, with many already having attended our world-class Agent Network Accelerator Training Course run at The *Helix* Institute of Digital Finance



## Three Top Digital Finance Issues For Banks

**Compared to mobile money agent banking is still small, however, it is definitely successful enough to draw some lessons from it in Kenya.**

- ▶ Telecoms generally have an order of magnitude more customers. What can banks do to compete?
- ▶ Telecoms can leverage their airtime distribution networks to build agent networks, what can banks do?
- ▶ Banks traditionally do not conduct Above-the-Line (ATL) marketing like telecoms, what options do they have?

## Tier I Client Acquisition: Low Hanging Fruit

**Banks already have relationships with high potential customers. Focus on them first, then go to mass market acquisitions.**

- ▶ **Salary Disbursements:** Banks have corporate clients who can help cash-up the system by paying salaries directly into the system.
- ▶ **Bulk Payments for Retailors:** Retail clients often have to make many payments to distributors and collect payments from small stores. Digitalize them.
- ▶ **Bill Pay for Urban Clients:** Many banks already offer bill pay options. Push them through the digital channel.



**Start with what you know!**

## Tier I Agent Selection: Low Hanging Fruit

*“We decided to start recruiting from our small and medium enterprise borrowers, as they were entrepreneurs and had good marketing skills. We picked people who were already familiar with buying and selling mobile airtime for others.”*  
 ~ Shahid Ullah, BRAC Bank

- ▶ BRAC Bank started with itself, scaling to 500 initial agents, and then 5,000 using this strategy. It now reports over 80,000 agents.
- ▶ You should have extensive records, of SME clients that should if the agent profile. Data mine!
- ▶ Remember even M-PESA in Kenya started with a few hundred agents at first. Quality comes far before a scale to quantity.



## Practice Small, and Partner Later!

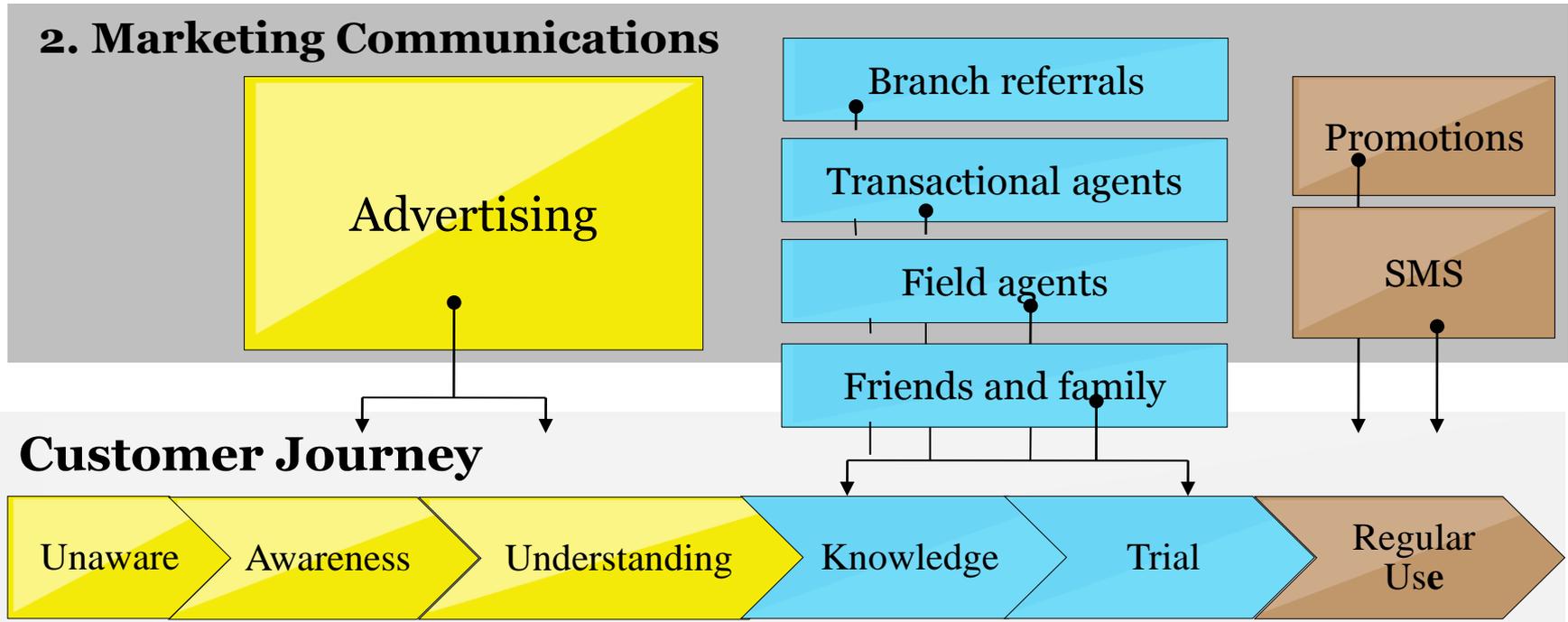
# Focus on Tier I Communications: Awareness

# Steps Involved In Marketing DFS

## 1. Market Analysis



## 2. Marketing Communications



# Tier One Marketing Challenge: Target Market Awareness

**InterMedia conducted a market survey in 2013, and found that only 12% of Nigerians are even aware of the concept of mobile money, compared to 99% of Tanzanians.**

	<u>Uganda</u>	<u>Nigeria</u>	Difference
Radio	86%	28%	58%
Television	22%	24%	-2%
Family and/or friends	15%	22%	-7%
Billboards	11%	15%	-4%
Field registration agents	9%	13%	-4%

# Tier One Marketing Challenge: Options For Engagement

Partnering is easy if there is an option, creating an entity can help raise capital and circumvent bureaucracy, doing it yourself is often what banks prefer, but we have not seen it be successful without a first mover to lead.

	Example	Cost	Control
Partner	<p>LAINISHA MAISHA NA <b>M-Shwari</b> Go to your M-PESA menu; my account and update your menu today!</p>	Low	Low
Create an Entity	<p>bKash a BRAC BANK company</p>	Medium	Medium
Do it Yourself	<p>DBBL EQUITY Bank • Your Listening, Caring Partner UBL Omni</p>	High	High

## Lessons For Learning

### Think small first, and scale second to address key constraints to agent banking

- ▶ **Do not go digital to serve new clients first**, when you have some great existing ones already that are easier to reach.
- ▶ Do not think scale first with distribution, **think quality, then look at your existing SME clients** to identify it.
- ▶ Garnering **market awareness in Nigeria is a key constraint**, and telecoms usually do this better. We should be realistic about that.
- ▶ Think about **cost vs. control** when making your marcoms strategy. Will your board approve your budget? Are their firms to partner with? Might you create an entity who can lead this for you?



## Lessons For Learning

### Think small first, and scale second to address key constraints to agent banking

- ▶ **Do not go digital to serve new clients first**, when you have some great existing ones already that are easier to reach.
- ▶ Do not think scale first with distribution, **think quality, then look at your existing SME clients** to identify it.
- ▶ Garnering **market awareness in Nigeria is a key constraint**, and telecoms usually do this better. We should be realistic about that.
- ▶ Think about **cost vs. control** when making your marcoms strategy. Will your board approve your budget? Are their firms to partner with? Might you create an entity who can lead this for you?



# Thank You

[www.helix-institute.com](http://www.helix-institute.com)

[info@helix.com](mailto:info@helix.com)



Helix Institute of Digital Finance



Helix Institute