

SPTF Annual Meeting
Mexico City – June 7, 2017

Workshop: Empowering Customers to Use Digital Financial Services (DFS)

Leaders:

- Yanina Seltzer, CGAP (USA)
- Gabriela Zapata Alvarez, consultant (Mexico)

Introduction

- True or False: Digitalizing G2P (government transfer) is an excellent path to financial inclusion.
 - Someone said true, given the size of the target group. With a single activity you can financially include hundreds of thousands of women.
 - Gabriela Zapata said where there's a lot of penetration or intermediaries to take out the money, that's great, but when it's digitized and they don't have the option, that can be difficult.
- True or False: DFS should focus on designing user interface but also in the user experience.
 - True. You have to be concerned about the user experience, or nobody will use it and the user interface won't matter.
- Gabriela said the scale of financial exclusion is gigantic. In Haiti and Nicaragua, more than 80% are financially excluded. The percentage is much lower elsewhere in LAC so there's a big difference. Many have an account and they don't use it. If they don't use it, it's equivalent to not having access.
- There are differences worldwide on what DFS means. CGAP defines DFS as a broad range of financial services offered and accessible through a digital channel. Digital channels include the Internet, cell phones (basic and smart), tablets, chips, ATMs, cards.
- Within DFS, you have mobile financial services, which you access through mobile phone only.
- Digital financial inclusion has 4 components:
 - Digital device
 - Correspondents
 - Digital transaction platform
 - Additional financial products

Client Stories

Yanina Seltzer asked participants to think through an experience with DFS. Did you feel empowered? What did you like about it? What did you not like?

- Positives:
 - With DFS, I can carry out my transactions when I travel. I can continue managing my finances from a distance. I worry that it may run out of battery.
 - I can easily send money to someone else.
- Negatives
 - There is no human person to solve a problem. When you complain about something, it can be difficult to get to an actual person.
 - Don't like that banking sessions time out without me being able to finish.
 - Can be complex to use.

Activity: Participants were asked to think about clients. Who is your average customer? What is their gender, age, occupation? Talk about their hopes, feelings, problems, needs.

Provider stories

- Yanina discussed an example of EKO, which is working to design the interaction of the client with the correspondent bank and its clients.
- Gabriela discussed an example of transactional traditional account issued by CitiBanamex. It's the account with the largest growth in Mexico and is sold at Oxxo, which is a shop that has many locations in Mexico. Activated at the correspondent's bank.
 - Oxxo did a lot of research to discuss what its clients needed. They did a lot of research to know how to sell it, market it, etc. They created a pocketbook guide, which explains what you can do with the card, the fees, etc. It comes with the card.
 - You can use the card alone or link it to the phone to the mobile transfer program
 - The dream of the project is clear, simple and focused on the clients.
 - Efficient: Can get an account in 3.5 minutes, one ID
 - Transparent and accessible: 30 pesos, clear fees
 - Tangible: card, optional mobile use
 - Accessible: more than 15,500 OXXO stores, ATMs for CitiBanamex, mobile option
 - No fee for cash in, but they don't charge 10 pesos for cash out.
- Example of general social government transfers (G2P). It's often mandatory. You're not giving someone the option. If they want to get money, they have to get money this way. How empowered is the user if they are not given the option? Be mindful of these things that seem so great. They don't always work well. The ability to draw out money nearby is fundamental to it working well.
- Experience sharing
 - Often with DFS, we think we're going to provide a new service that our clients are going to love and make us more prestigious as a financial institution. But if you don't consider how the clients are going to use the product, they design a digital solution and create a problem instead of solving it.
 - Also you have to consider that business people who accept payment via these methods have to have accounts as well. That can subject them to regulation and taxing, which can be passed onto the customer.

Client empowerment

- Yanina said there are four key factors to client empowerment: Choice, respect, voice, and control. These apply to digital and non-digital financial services.
- These factors are a bit intangible, but they build the relationship between the provider and the client. When we speak about client empowerment in DFS, how do we turn this into tangible actions for the provider:
 - Choice - *Action*: Give the clients necessary information and options to make a choice.
 - One organization working in the Ivory Coast with digital savings for illiterate farmers. When a person decides to save, they're asked how much money to put into personal savings account. Having this choice, empowers the client.
 - Respect - *Action*: Treat clients well to create an inclusive environment.
 - An organization in India provides chairs, water, and bathrooms for clients as they wait. Women feel happier and more loyal. They've implemented it in 130 branches.
 - Voice - *Action*: Provide recourse for client complaints.

- Often, feedback cycles are not in place or do not work. Institutions need to make sure there are confidential ways to provide clients.
 - Juntos provides a conversational SMS platform that connects clients and the institution in real time.
 - Control - Action: Give clients tools so they are able to control their financial life.
 - Offer a space for trial and error and learning on digital interfaces.
- Pathway for clients dealing with financial services (digital or non-digital): Necessity, search and selection, registration, use, regular use
- Disempowerment of clients through DFS on the pathway
 - *Necessity*: DFS isn't always relevant for use. Fear of services.
 - *Search and selection*: DFS isn't always accessible. Informal products can be more favorable. Risk of unknown.
 - *Registration*: Fees with registration. Lack of respect from agents
 - *Use*: Confusing interface. Promise is not always the same as the actual experience
 - *Regular use*: Products are not always relevant. Situations with institution don't always evolve well

Activity: Think through a situation where this is disempowerment? How do you work with voice, control, choice or respect? What is a tangible solution to changing this disempowerment?

- Without voice, there's disempowerment and can cause anger and distrust toward the institution. Call centers or other complaint management systems can be valuable resources in empowering clients.
- In Honduras, MFIs have partnerships with banks that allow clients to pay there. When banks saw there were many MFI clients, they said the system was down. If the system was down, the client would go away without paying. Partnerships can be an issue of control. Clients are unhappy because the MFI thinks they have not paid. The solution: there could be a correspondent agent.
- With agents, it can be an issue of control. In Bangladesh, when clients went to agents and wanted to cash out, the clients were told they had no cash to cash out. In many situations, clients have traveled far or they need the cash immediately. And, some agents then tried to sell the clients their products. In these situations, clients won't say, "What a terrible agent." They'll say, "What a terrible service." Providers should:
 - Publicly demonstrate that there is zero tolerance for fraud
 - Make the customers aware of their rights and know recourse for bad service.
 - Make the customers aware that the agent is not the bank, but is one agent of the bank. They should report bad service immediately.
 - Do mystery shopping to see how agents react.

GCAP customer centricity guide will be available later this year.