

Session 6: FSP Products and Delivery





True or False? FSPs need to design new products for cater for refugees

False. FSPs should include refugees in *existing* products and services on equal terms.

In addition to being more economical for the FSP, equal terms reduces resentment from clients who don't want to see refugees getting “special treatment.”

Financial Services

- **Remittances and payments:**
 - Natural contact points (“transaction intercepts”) to refugees
 - Cash-based transfers from humanitarian agencies to refugees can be a profit driver for FSPs, but cash transfer recipients do not automatically become FSP clients
- **Savings/transaction accounts:**
 - Savings Groups (VSLA etc.) building on ROSCAs
 - Savings accounts can be a good foundation to cross-sell more profitable products
 - Refugee youth may be an attractive client segment for savings

Financial Services con't

- **Insurance products** can build client relationships
- **Credit products:** all types can work (group, individual, secular/islamic).
- Explore **product development potential** of leveraging refugees' trans-national ties:
 - Link to FSPs in countries of origin for credit references and cross-border products
 - Give well-performing refugee clients a certificate to take home/onwards

Non-Financial Services (NFS)

- Not just an add-on – can be essential to successful inclusion of refugees
- **Quick brainstorm:** why is this?
 - Lack of market knowledge, rules/norms, language
 - Limited marketable skills
 - Low financial literacy (for host FSP products)
 - Social isolation, assumed ineligibility
- Which types of NFS would you recommend?

NFS = cost driver: needs LT strategy

- **Include refugees on equal, but flexible terms if FSP already offers NFS**
 - Involve refugees and new partners in design
 - Develop & monitor fin. projections with 'break-even'
 - Resist 'stop-go' NFS funded by short-term grants
- **Consider how to build NFS into product range**
 - Link to other NFS providers (referrals or VC linkages)
 - Cut costs: co-financing (in-kind and cash), volunteers
 - Develop projections for 'graduation' to FS (cross sales)
 - Secure longer-term funding of integrated product range

Refugee-run businesses

<https://www.facebook.com/ajplusenglish/videos/vb.407570359384477/801075716700604/?type=2&theatre>

Delivery mechanisms

- Most cost-effective to use existing FSP infrastructure and channels
- Delivery can be expanded via new partners – and can reduce client transaction costs
 - FSP agents at diaspora community halls, remittance providers, protection agency/social authorities' outlets
- Social safety net programs that use FSPs to deliver cash transfers can be “aggregators”

FS Lessons Learned from FSPs

- Do not create niche products/projects – include refugees in existing products and monitor performance instead
- Clarify level of risk appetite – the FSP must be prepared for bumps in the road
- FSPs should offer the same deal to nationals and refugees – mix groups when possible
- So far, no indication of actual, inherent higher credit risk among refugees.

NFS Lessons Learned from FSPs

- NFS is essential – but difficult to integrate in the portfolio
- Overall equal access but flexibility to segregate by specific demand/skill profiles
- Consider cultural differences and logistics
- Expect tension, have patience, build personal relationships -> use experienced staff
- In general, serving refugees “feels good” to staff. Success stories have a positive impact on staff morale, SPM, and reputation.

Group discussion

- Read [hand-out 4](#)
- Consider what you know about Finclude Bank, the potential refugee clients, and what you've heard today.
- Which product(s) and services should Finclude Bank start to offer to refugees and why?
- List top product on flip chart and present rationale to plenary.

20 minutes

NFS considerations

- Can guide borrowers' business development process, entry into formal business ownership, or employment
- Can generate better FS clients
- Refugees benefit from market information to better integrate and become successful in the new economy
- FSPs' staff and existing clients can benefit from increased knowledge of the refugees clients' economic strategies.
- Emerging trends: online/web based NFS to generate potential increased uptake and cost-savings in credit provision