Visioning for market level customer empowerment

29th September 2022, Paris







Agenda

- Overview
 - Anton Simanowitz, SPTF
- Financial Education +, Philippines Lalaine Joyas, Consultant
- Influencers & consumer advocates, Cambodia Vong Pheakyny, CMA
- Agents as consumer advocates, Nigeria Adeluyi Olajide, FCMB
- Visioning discussion everyone





Barriers to access, uptake & use: dis-empowerment







Worried about mistakes in DFS



"When I had the problem the agent didn't give me satisfactorily answers. I was discouraged." (Male, rural customer, Cote d'Ivoire) "The problem is the repayment period. We cannot negotiate. Even if I have a problem, there is no one I can go and explain to....they start sending you a message to clear it" (Female urban customer Kenya)

Don't feel welcome in branch

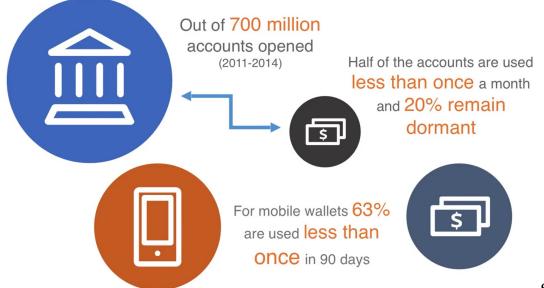
Accessibility

Regular repayments don't fit with irregular <u>income</u>

The challenge & opportunity

For FSPs it makes business sense

- Uptake and use is below expectations (especially for digital financial services)
- Customer empowerment important for addressing uptake, dormancy, inactivity, exit, delinquency and competitiveness



Source: CGAP presentation to e-MFP conference

The challenge & opportunity

For customers it improves access, value & reduces risk

- <u>Exclusion</u>: low income people are more likely to be excluded or treated poorly
- <u>Value</u>: customers use inappropriate products and services or do not use them effectively
- <u>Risk</u>: client protection requires both providers and customers to understand and mitigate risks

Customers & providers – a shared responsibility







Source: Customer Empowerment in Finance, CGAP

Market level action

- **Impartial:** Providers may not have interest to share all information with customers e.g. other providers, right of complaint etc
- Low touch digital: Reduced opportunities to build capability.

What market actors can be customer advocates, channel market information & support customer choice & use? <u>At point of need</u>





Market-level Action for Customer Empowerment in the Philippines

Lalaine M. Joyas, MCPI, Consultant

29 September 2022, Customer Empowerment Visioning Workshop







Pathway to Customer Empowerment

Mapping

Areas of customer disempowerment -

- Lack of awareness of products and providers due to limited information disempowers low-income customers in the search and select (choice) and access stages.
- Lack of trust in FSPs and their products due to consumer protection issues
- FSPs' risk mitigating measures affecting customers' behaviour: intimidation, lack of confidence, fear of being denied access
- Lack of telco infrastructure **affecting access to information and use of digital financial services**
- Inconvenience in use of feedback/complaints channels and Filipino traits affecting voice
- Mostly affecting rural clients





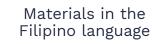
Pathway to Customer Empowerment

Market-level solution



Mapping







FSP-neutral



Modes of learning

Face-to-face / Virtual

Facilitated / Self-learning



Coaching and mentoring



AFD AGENCE FRANÇAISE





Financial education +: applying the customer empowerment lens

Knowledge and action during teachable moments

Will aim to engage market-level actors





Pathway to Customer Empowerment

Market-level solution

Institutional partnership

Partnership models that will ensure:

• Wider reach

Mapping

- Integration and institutionalization
- Sustainability







Responsible Consumer Engagement

Financial sector customer empowerment in Cambodia

Vong Pheakyny

Head of Financial Inclusion and Social Impact

Cambodia Microfinance Association (CMA)

29 September 2022 Panel: Market-level Customer Empowerment Approaches









Responsible Consumer Engagement

Understanding financial sector customer empowerment in Cambodia

- Smallholder farmers
- Small enterprises





Cambodia Microfinance Association and Social Performance Task Force (With support from Appui au développement autonome)

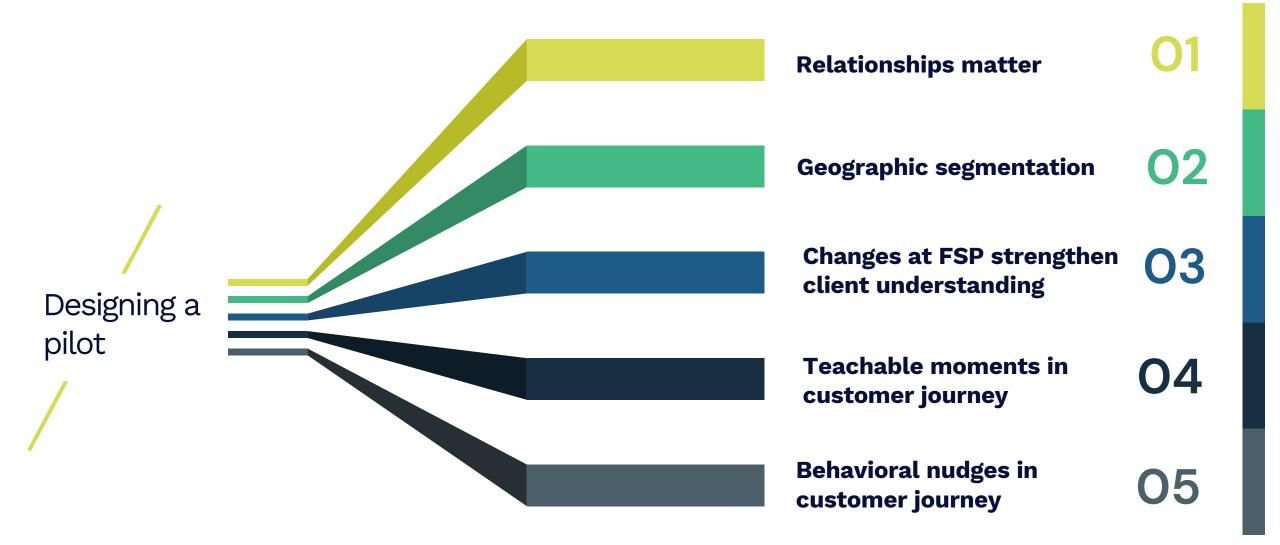
September 2022

Customer empowerment journey map

STAGES OF JOURNEY	Need/Awareness	Search/Select	Onboarding	Use
ACTIVITY	 Customers seek loans specifically - have a loan use decide already FSP information is sought from social networks (relatives, neighbors, friends, village chief), and then credit officers Customer primarily listen to feedback (word-of-mouth) from social network 	 Customers compare FSPs mainly on easy of getting loan and then rate of interest Discuss (take a loan, repayment capacity) with family before making decision Social network feedback considered Staff behavior considered: 	 Most FSP staff directly support clients during process (e.g., documentation) This establishes a deeper relationship and sets the relationship quality. More engagement/support = more favorable opinion of FSP 	 Customers (rural/urban) prefer to call Credit Officer for minor issues/requests customers mainly contact to ask for minor delays in repayment
TOUCHPOINTS	 Social networks Credit Officer Local authority 	Social networksFamily members	 Credit Officer At time local authority (village chief) 	 Credit Officer Passbook/repayment schedule
CUSTOMER EMPOWERMENT EXPERIENCE	 Demand side Not motivated to inquire about non-credit products focus is credit Review amount and repayment frequency (manageable) Supply side Mostly push loan products/saving collection not allowed Standardized loan product explanations provided Savings account (if applicable) pushed for loan repayment 	 Rural customers tend to display lower confidence with respect to asking questions from Credit Officers 	 Demand Side Differing levels of confidence (asking questions) between mature and relatively new customers (>3 years) Urban clients relatively more confident in asking questions New customers tend to be more accepting of what FSP tells them. Unaware of what questions to ask from FSP to make informed decision. Supply Side No distinction in communication methodology based on geography and maturity of customer 	 Demand Side Comfort in asking questions develops over time customer-FSP relationship matures Urban customers better understand their rights Rural customers unable to adequately articulate but understand they can ask Credit Officer for information Aware they can contact FSP (other than direct on but unaware of where to get hotline number) Culture matters: preference is for non-confront approach. Small issues are tolerated Misplaced understanding – complaints negative impact client reputation with FSP. Customer unaware of independent third part (mand NBC) outreach options

- Effort made to communicate call center number, binnot reenforced post loan disbursement
- FSPs state hotline use not as expected, first point of contact is Credit Officer

What does this mean for our work on strengthening customer empowerment?

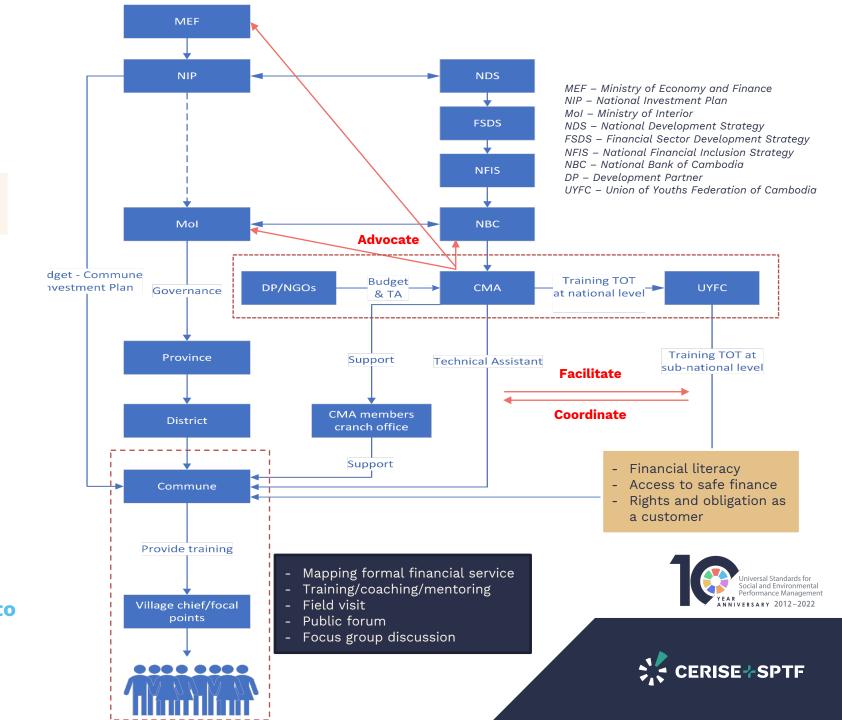


Can local government authority support strengthening customer empowerment?

Responsible Sustainable Financial Engagement Program

Promote financial literacy





The Nigerian context of financial inclusion and FCMB's focus

Adeluyi Olajide, Head, Agent Banking FCMB

September 23rd, 2022, Panel XX







Nigerian Economic Insecurity in the Sokoto Downturn Northern states Katsina Jigawa Yobe Zamfara Kano Borno Kebbi Gombe Kaduna Bauchi Niger Adamawa Plateau (FCT Abuja Kwara Nasarawa Oyo Kogi Low trust in financial Taraba Osun Ekiti Benue service providers Legend Ondo Poor literacy rate Ogun Enugu) North Central Region Lagos Edo Ebonyi North East Region nambra North West Region mo Abia Cross South East Region Delta South South Region Akwa Bayelsa Rivers Ibom South West Region Universal Standards for Social and Environmental Performance Managemer

Barriers to Financial Inclusion in Nigeria



FINANCIAL INCLUSION GOAL





FCMB we are equally strong and committed to the country's financial inclusion strategy and infact we have set a target of including 25million Nigerians by 2025 using all channels including Agency Banking





Driving impact with financial inclusion

Enabling rural dwellers expand their businesses and improve their standard of living.

200,000

women traders across Nigeria that have accessed nano loans of over US\$51.28m through FCMB's Micro lending business.

10,000+ 🗰

agents within our agent banking network, with a plan to onboard an additional 20,000 in 2022.

1,000,000+

customers onboarded on the FCMB Easy Account platform.

100,000 *****

new to bank customers acquired in 2021 with over 50% of them without BVN prior to now.

500,000 清清清清清

farmers were also added to our Easy Club platform in 2021, with ongoing pilot in 6 states with the support of World Savings Banks Institute (WSBI).





Agent Banking Banking operations available



Enrol for BVN



Pay bills (Electricity, DSTV, GOtv etc)



Deposit/Withdraw cash



Purchase airtime (MTN, Glo, Airtel, 9mobile, etc)







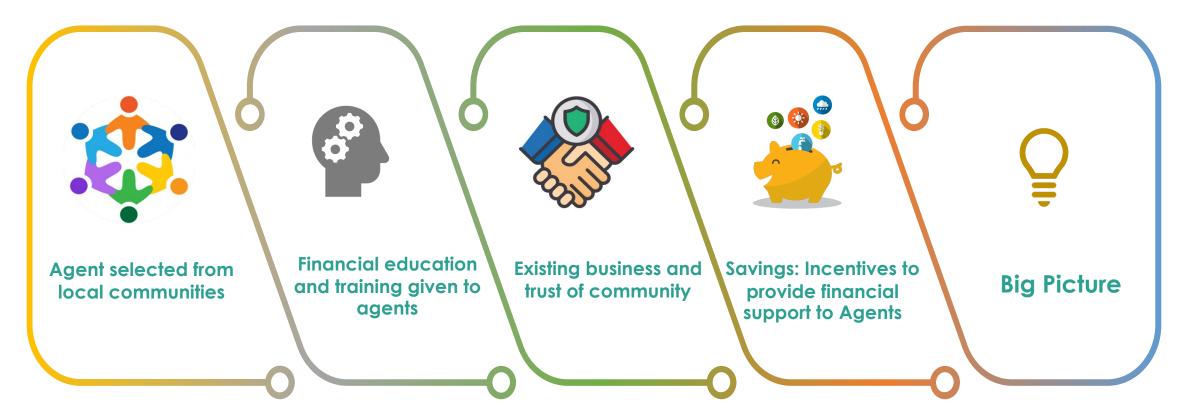
Join eay Club for small holder farmers

Fcmb Agent Banking my neighbour; my bank





How FCMB selects, trains and support Agents







AGENTS AS CUSTOMER ADVOCATES

• Over **30%** of the Bank's financial Inclusion accounts were opened by Agents. This has contributed immensely to our financial inclusion drive

> • **Group lending-** This product allows the Bank to avail loans to individuals that belong to an established group within the community. Loan repayment is guaranteed by the members of the group.





FINANCIAL LITERACY AND TRAINING OF FCMB AGENTS



TRAINING AT IBADAN, OYO STATE



TRAINING AT YOBE STATE





Ecosystem approach?

- Build customer capacity for better choice, use, voice
- Providers address points of disempowerment
- Regulators outcomes approach
- Market level ways to address points of disempowerment – advocates/agents





Visioning

Channels for market level customer empowerment?

Existing activities to build on?

Agenda for SPTF?



