Q&A

Webinar: Mapping It Out: Practical Tools for Reaching Remote Clients

In this FinDev webinar, co-hosted with Savings at the Frontier (SatF) on 12 December 2019, our invited panellists from Oxford Policy Management, Savings at the Frontier, VisionFund Zambia, NIRAS / Aalborg University and DSS, Ghana shared low-cost practical approaches and tools financial service providers can use to address proximity challenges.

We had a very engaged audience and received more questions than our speakers were able to address within the allocated time, so we followed up with some of the presenters after the webinar to get answers to your questions.

Note: Questions and answers below have been edited minimally for clarity by FinDev Gateway.

DATA PROTECTION:

Question (Q): I'm interested to learn more about client data protection requirements for financial service providers (FSPs) when W3W is included in client databases, particularly in Tanzania, Ghana and Zambia.

Answer (A):
The SatF contract with our partnering FSPs requires us to comply with local law on customer protection and confidentiality (increasingly strict and binding for us as much as the partners).

We also:
- Limit the data use to legitimate purposes. For example, the location data being collected and shared is of the location where Groups meet and not where customers live/work.
- Share only anonymized data stripped of customer names, account numbers and any other information that could identify a customer in real life.
- Are moving towards processing data on-site only (i.e. create analytics that can be run locally and do not require transfer of even anonymized data).

As our partners work with more and more sensitive data, we introduce generalized best practices:
- Inform customers whose data is being collected, what the data will be used for, who will use it, and request for their consent beforehand.

- FSPs have a fiduciary responsibility and duty to act for the benefit of the customer, "to only use and disclose data for their clients' benefit, and when conflicts arise, providers must put their customers' interests above their own." This responsibility establishes duties of care, loyalty and confidentiality for providers.
- FSPs appoint data controllers to audit for and remedy improper data use, implement and monitor tiered access policies.
  For more information see:
    - [3 Data Protection Approaches That Go Beyond Consent](#)
    - [Data Protection Resource](#)

LIQUIDITY MANAGEMENT:

Q: Please briefly comment on how this solution might contribute to liquidity management for banks and mobile money agents.

A: The FSPs collect location data on informal savings mechanisms (ISMs) /groups and on own/partner-agent locations, (but only own-agent route maps). On the back end, they can then monitor where deposits are likely to be made and withdrawals needed and use this information to help agents with float balancing sometimes through auto reconciliation (money in at one agent supporting temporary float lending to cover money out at another). We are still perfecting the exact mechanics but, in some cases, agents have become self-balancing with ISM depositing helping offset mobile-money cash-out in rural locations.

LINKING REMOTE UNBANKED CUSTOMER SEGMENTS:

Q: Can we have efficient tools that link people from remote areas and unbanked to microfinance?

A: We are using these tools to identify areas where the unserved or underserved are and mapping these locations against available population data and nearest banks/ microfinance institutions (MFIs)/ mobile network operators (MNOs) in the area. In this way we help our FSP partners identify served and open spaces. This information enables the FSPs to make decisions on viable delivery channels, and design optimal strategies for deploying them to bring services closer to the people.

AGENT DEPLOYMENT:

Q: Would the tool give us areas where we should allocate more or fewer agents through machine learning or does this have to be done manually?

A: The manual option, which is less resource-intensive, is the use of [what3words](#) (available on Google Play and App Store) and [Plus Codes Finder](#) (available on Google Play). In practice, we train Field Officers to collect and capture the data in the course of their routine work interacting with the groups and individual customers. Mapping the data points on Google Maps is also done manually, and

provides an indication of where viable agents could be deployed. That said, it is for the FSP to decide on an optimal deployment and distribution strategy, taking into consideration the efficiency of different delivery channels based on their business models.

The machine learning tool is more robust but is resource and skill intensive and at the moment is focused on grading areas for the type of locations they are (remote versus close rural, peri-urban edge of town and in-town infill, etc.). Then the manual mapping of ISM/group locations and possible access points can be overlaid using the excel add-in to make this easier.

CUSTOMER VALUE PROPOSITION:

Q: How do you motivate those in the informal market segment to use the digital platform?

A: For DSS, motivation to use the digital platform is driven by three main value propositions:
1. Real time transactions: the customer is issued with an NFC card that enables real time CICO transactions.
2. Transparency: the customer gets an immediate SMS alert on completing the transaction stating the amount of money deposited or withdrawn, account balance, time of transaction, and the collecting officer's name. This, as opposed to the traditional susu* model of maintaining two passbooks – one by the customer and another by the susu collector, that poses a risk of cash suppression by the collector, who could vary the amount collected to the detriment of the customer.
3. In contrast to the traditional susu collection model where the susu enterprise charges a flat fee on monthly withdrawal of amounts, the platform enables a percentage fee on the amount withdrawn, regardless of frequency of withdrawal, making it more affordable for the informal saver.

For group-based saving, our projects are focusing on making digital as easy to use as cash, if the group member happens to have value on their phone as opposed to cash in the pocket. We try to make this possible at no more cost and in less time than it would to cash out value on the phone at an agent, and then pay it into a group. In this way we recognize that most ISM users now also use digital finance of some form, and level up the playing field between digital and cash so as to give more choice and a better service to ISM users.

We do not force digitisation although sometimes the gains to the ISM itself are such that it starts to happen (particularly in susu collection).

TOOLS TO IDENTIFY, LINK, SUPPORT MICROFINANCE PERFORMANCE AND DELINQUENCY MANAGEMENT

Q: Do we have modern tools that can help link and identify customers in microfinance and those that can smoothly support microfinance performance vs. delinquencies? Portfolio growth and sales?

A: Though this presentation did not focus on portfolio management, you can find relevant information at:

- [Credit Scoring in Financial Inclusion](#)

- [Digital Financial Services and Client Protection: Time for Celebration or Concern?](#)

The scoping paper connected with this webinar: [Moving Proximity From Critical Issue to Addressable Challenge](#)

[Access the webinar recording>](#)

* 'Susu' is a model of saving, found predominantly in Ghana, which involves a trusted informal collector visiting clients to collect savings regularly (often daily), then returning the amounts collected at the end of a month, with a fee deducted for the work involved.