

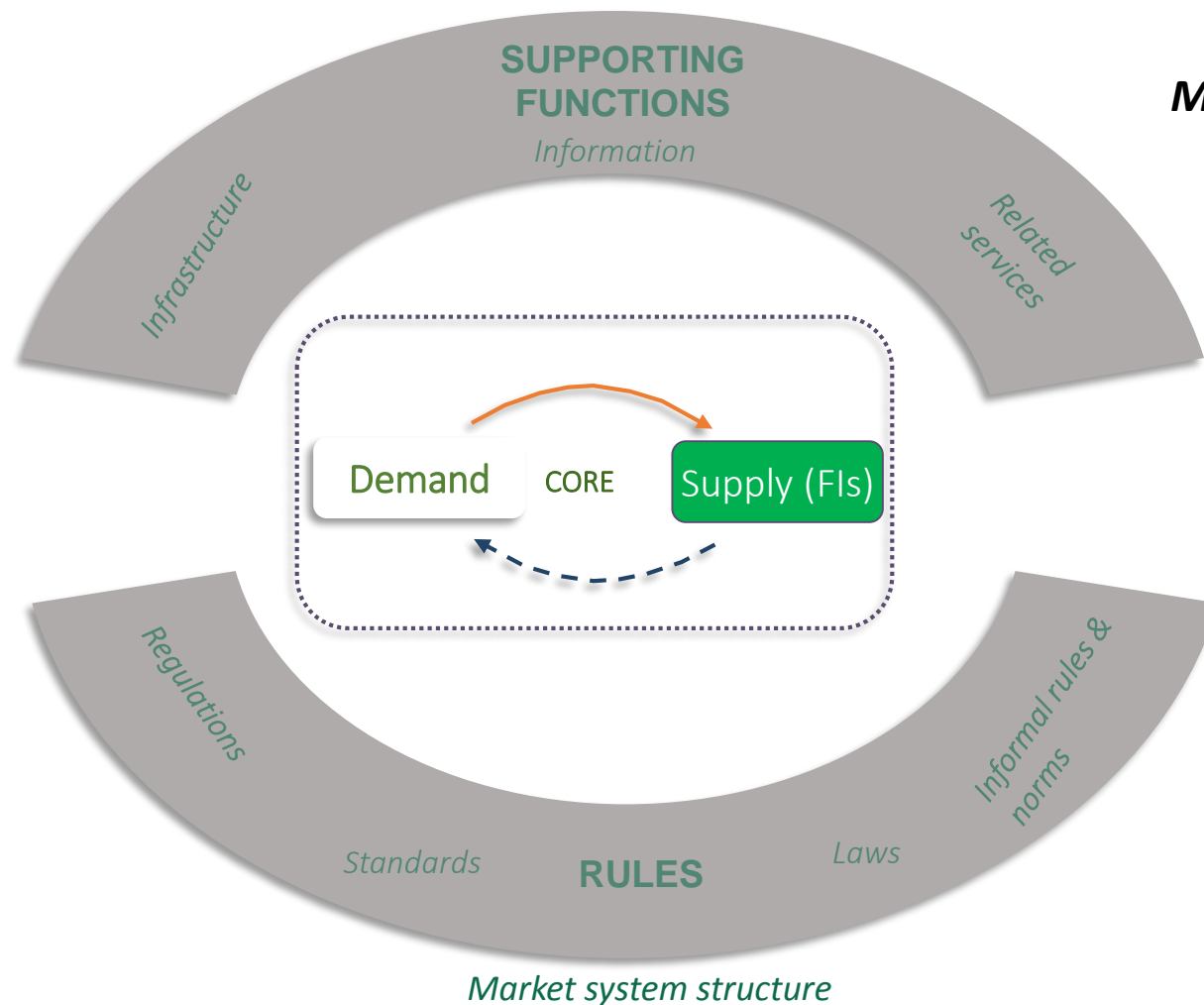
FACILITATING RESPONSIVE FINANCIAL MARKETS IN SSA

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A Market Systems Approach

The financial sector can be an important catalyst for inclusive economic development. Accordingly, there is a basic need for entities across this sector to trigger and drive change that will enable their organisations to effectively pursue business opportunities in new segments.



Market Failures Identified in SSA's Financial Sector

- **Demand Side:** High levels of exclusion and low usage of financial services (population getting younger, urbanised and informal)
- **Supply Side:** Capacity geared towards a static formal sector. Low capacity to serve growing “informal sector”
- **Support Functions:** Poorly developed except in highly regulated areas
- **Rules:** Adequate for yesterday's financial structure, struggling with the rapid changes in the financial sector
- Need for **Effective change Management** Process very apparent

MARKET AWARENESS



Create awareness amongst FSPs in SSA on the business and developmental impact of serving the unserved and underserved segments

- Through internally generated thought leadership
- Market scanning and engagement with industry actors (implementing partners, other financial institutions, donors, consultants/experts and FSDs),
- Insights on new market trends on serving excluded segments (low-income earners, women, youth and MSMEs)
- Disseminate insights on serving target customer segments

Emerging Focus Themes

- Access to credit
- Access to insurance
- Remittances
- Data analytics & artificial intelligence
- Behavioral science
- Big tech platforms
- Blockchain technology
- Agency banking & mobile wallets
- Change management

STRATEGY SUPPORT



Strengthen the technical capacity of Insurance players, Fintechs and Banks to develop business models and strategies for serving underserved market segments (low-income earners, women, youth and MSMEs)

- Partner with FSPs to design innovative and ambitious financial solutions aimed at increasing access to financial services by the unserved and underserved segments
- Support FSP leadership in making the case to their stakeholders for innovative but risky initiatives

Project Examples

- **Agency banking** - Undertook a study to understand the challenges to financial market development in DRC. Subsequently, working with a leading bank in DRC to develop strategies on the roll-out of agency banking .
- **Digital insurance** – Supported an insurance company in partnership with an insurance agency to design a strategy for roll-out of a digital insurance product in East Africa
- **Distributor finance** – Convened a bank, FMCG company, distributor and fintech to design and pilot a mobile stock loan product for micro-retailers in Kenya.

SOLUTION DESIGN & IMPLEMENTATION



Provide hands-on support to Fintechs, Insurance players and Banks in designing and implementing innovative projects that increase access to financial solutions for excluded segments (low-income earners, women, youth and MSMEs)

- Partner with financial institutions in designing customer-centric products, services and go-to-market channels for target customer segments.
- Be a trusted advisor to financial institutions during project implementation, innovating and iterating to ensure uptake and usage of financial solutions by target customer segments.
- Bring in expertise from our global network of partners to support the change process

Project Examples

- **Women's World Banking with Diamond Bank Nigeria and NMB Tanzania** - design and implement savings and MSME credit products for over 1.3m customers including youth, women and MSMEs
- **Fidelity Bank Ghana** - to reach over 5m customers including youth, women and MSMEs with savings and credit products through an agency banking model
- **ILO Impact Insurance Facility** - working with 7 insurers and distributors in 5 SSA countries to design and implement client-centric insurance products for 1m MSMEs and poor individuals.
- **Data Management and Analytics Capabilities** project – working with 9 FSPs in SSA to leverage data analytics to design customer centric financial products to reach 1.2m underserved people specifically youth and women.
- **Executive Coaching Market Building Project** – Working with Executive Coaches, Training Institutions and Financial sector players to develop a market for executive coaching in SSA. Culminated in the set-up of an African Executive Coaching Council.

FUNDING SUPPORT



Deploy a variety of funding instruments to support innovation amongst FSPs in serving low-income earners, women, youth and MSMEs

- Incentivise and de-risk FSPs to take on innovative and ambitious initiatives for target customer segments
- Facilitate crowding-in of private and public capital for innovative financial solutions.

Funding Instruments

- Debt
- Equity
- Grants
- **Committed \$16m** to-date towards change initiatives in SSA's financial sector over the last 4 years

KNOWLEDGE MANAGEMENT



Through our work with **banks, insurers and fintech**, generate insights on innovative and sustainable ways to provide financial services to underserved segments (low-income earners, women, youth and MSMEs in SSA)

- Develop knowledge tools (toolkits, case studies, reports etc.) to provide compelling insights and guidance to FSPs on how to serve excluded market segments (low-income earners, women, youth and MSMEs)

Developed to-date

Developed to date:

- Toolkits (Change Management Toolkit with the ILO, Customer Centricity Toolkit with CGAP, Data Analytics Toolkit with OPM/ACCION)
- Case Studies (WWB, FBG, ILO, Executive Coaching)
- Reports (Patterns of Demand for Change Management, Digital Financial Services Landscape)

THANK YOU

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