

Digital + Traditional

Building disruptive distribution models to increase insurance penetration in Kenya

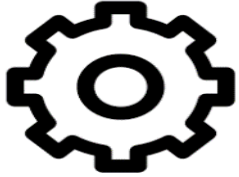


Company context

- Equity Insurance Agency (EIA) is a subsidiary of Equity Group Holding Limited (EGHL)
- EGHL is a large financial services conglomerate headquartered in Nairobi (Kenya), with around **12 million customers in 6 East African countries**
- The group has entered a phase of its growth and evolution characterized by **technology and digitization**

Driving force

With technological advancements in Equity Bank, there have been several unforeseen challenges for insurance:



Shift away from the banking hall

<20% of transactions happen in a bank branch, making it harder and more expensive to reach customers for insurance



Broken customer experience

Bank customers expect to be able to access insurance via all platforms – mobile, agents, branch etc

Omni-channel distribution strategy

Bank Branch

Agency Network

Technology

- Corporate & MSME products
- Customized products
- Referrals from Agency

- Simple products
- Product leads and referrals
- Micro and mass market products

- Self service for tech savvy customers
- Enable our agents to sell more effectively
- Micro and mass market products

Use technology as a direct channel and as an enabler for physical channels

Branches: focus on MSMEs



Restructured sales

Regional Managers placed at Regional Headquarters to drive MSME partnerships



Modified incentives

Reward structure changed to incentivize MSME sales



Built new partnerships

Partnered with government to distribute upgraded version of UHC product, suitable for MSMEs

25% growth in MSME business in 6 months

Considerations:

1. Hiring external resources vs promoting internal staff; for new roles created during restructuring
2. Designing an effective incentive structure by:
 - a) Aligning incentives with business objectives
 - b) Keeping it simple and fair
 - c) Communicating effectively

Agency Network: reach the masses



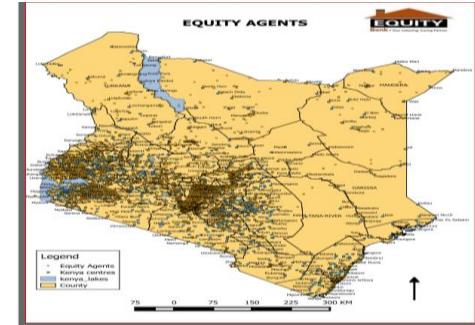
Access

Banking agents are typically shop owners & small businesses serving local communities



Inclusion

Delivering financial services at affordable costs to all sections of society



Reach

35,000+ agents spread across the country, including in very remote regions

>100 new customers being on-boarded on a daily basis

Considerations

1. **Training** a constantly growing sales force can be a challenge: we are training the agency trainers
2. **Poaching**: ring-fence bank agents (EIA's sub-agents) to ensure insurers cannot poach them with higher incentives
3. **Commissions** for mobile microinsurance products: ensuring there is enough to go around

Technology: enhance customer experience

Simple 4 step digital on-boarding platform

Buy online



- Tech savvy customers buy simple products on their phone/tab/laptop
- Cost to Income Ratio: 10% vs 35% for branch sales

DIGITAL AS A DIRECT CHANNEL



Sell online

- 35,000+ Bank Agents & Contact Centre Agents sell insurance using their smartphones/laptops
- Cost to Income Ratio: 20% vs 35% branch sales

DIGITAL AS AN ENABLER

Considerations

1. **Buy, build, or partner-** critical decision to be made before embarking on digital journey
2. **Integration** with core system critical for a seamless digital experience; however legacy systems pose a challenge
3. **Channel conflict** needs to be addressed. We averted it by offering a “sell online” version of the digital platform

Thanks!

