



CASE STUDY

Disrupting the savings and lending market in Uganda:
The story of MoKash



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EXECUTIVE SUMMARY

Launched in August 2016, MoKash is one of 40+ new mobile savings and loans (also called digital credit and savings) introduced after the dynamic starts of M-Shwari in Kenya in 2012 and M-Pawa in the United Republic of Tanzania in 2014.¹

CGAP has published interesting analyses on the development of digital credit: very few such products have reached success so far, except M-Shwari and M-Pawa, and rapid proliferation has triggered questions regarding **interest rate**, **product usage**, **consumer protection** and **borrower risks**.

PHB Development, a consulting firm specialized in financial inclusion and digital financial services, was appointed by the United Nations Capital Development Fund (UNCDF) programme Mobile Money for the Poor (MM4P) to provide insights and guidance to Mobile Telephone Networks (MTN) and Commercial Bank of Africa (CBA) to launch their mobile savings and loan product in Uganda. The support covered how their MoKash product could benefit not only from previous experience but also from human-centred design (HCD) based market research and financial diary analysis, in order to improve product adoption in rural areas, especially among women and poor people.

The objective of this focus note is to share how customer-centric research influenced the design, launch and early-stage implementation (i.e., first six months) of MoKash:

1. At an early stage, HCD research clearly helped MTN (a) identify three main segments for savings and loans and usage expectations;² (b) consider a global promise based on having access to an increased amount of cash ('more cash'), either through borrowing or saving towards a goal, instead of separately promoting the different features of the product (savings, auto-savings, loans); (c) illustrate this promise in the marketing and communication campaign with aspirational goals: children's education that targeted mothers and *boda boda* (motor bike) business that targeted micro-entrepreneurs.
2. After launch, HCD market research carried out by PHB helped identify a need for further customer engagement to improve registration, trigger first usage and create a path towards regular usage. Customer education efforts and product refinements have been identified to achieve these objectives. Additional research based on financial diaries revealed that interest is as intense from urban educated men as from rural illiterate women.³
3. An initial above-the-line marketing campaign created widespread awareness of the product, though the lack of practical information on the value proposition and the way to register led to a registration rate of just 50% (despite the fact customers are interested and registration is free and easy). HCD research helped identify recommended below-the-line targeted actions and interventions to support registration and regular usage.

Six months after launch, customers continued to register in high numbers (300,000 per month). One year after launch (August 2017), the number of registered customers reached 2.5 million. Around half of registered users were actively using the product, with 1.2 million people saving with MoKash.⁴ MTN and CBA have identified innovative ways to engage with customers and plan to address engagement as well as education and customer protection.

¹ Janet Shulist and Lara Gilman, 'New State of the Industry Report on Mobile Insurance, Mobile Savings & Mobile Credit,' 23 May 2016.

² Judyth Engels and Joanne Oparo, 'Customer profiles to improve reach of MTN mobile savings and loan product in rural Uganda,' 25 July 2016.

³ This research was completed with the support of the PHB partner organization L-IFT (Low Income Financial Transformation).

⁴ MTN Uganda, 'MoKash Marks One Year,' media release from 15 August 2017.



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Introduction

The MM4P programme in Uganda, in collaboration with PHB, supported MTN in its journey to launch and refine the MoKash product. Starting with initial research to define the route-to-market strategy for rural areas, MM4P and PHB helped MTN overcome barriers and design an effective customer engagement strategy. Drawing on that experience, this focus note highlights some of the key success factors for MoKash in the first year after launch.

Specifically, the focus note will address the following:

- What customers expect from a saving and lending product
- How to leverage key learnings and customer feedback to refine a product
- How to design a comprehensive roadmap for route-to-market
- How to engage rural customers to move them from awareness to regular usage



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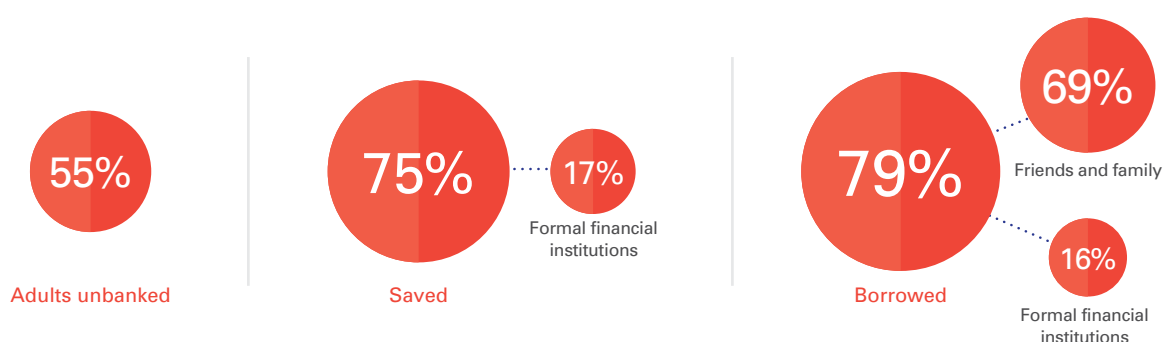
Rationale for and inception of a digital credit and savings product

A MASS MARKET PRODUCT TO BRIDGE A GAP

MoKash launched on 9 August 2016 through a strategic partnership between MTN and CBA. Based on a customer need for more saving and lending options, MoKash drew lessons from similar launches and successes of M-Shwari in Kenya in 2012 and M-Pawa in the United Republic of Tanzania in 2014.⁵ As its name implies, MoKash is positioned as a cash management product, encouraging savings while improving access to micro-credit for the mass market.

The *Little Data Book on Financial Inclusion* painted the following financial picture of Uganda in 2015: nearly 55% of adults were unbanked; while 75% saved, just under 17% did so through formal financial institutions; similarly, 79% of adults borrowed, but 69% did so from friends and family and only 16% from formal financial institutions.⁶ These data revealed the salient gap in access to formal savings and credit products, particularly among unbanked and financially underserved populations.

Financial picture of Uganda in 2015:



*Semi-formal and informal options present issues such as **security of funds**, requirements for **loan collateral**, **lack of privacy** and **shortage of funds** when required.*

⁵ M-Shwari and M-Pawa are saving and loan products offered by Safaricom M-PESA and CBA Kenya, Vodacom Tanzania and CBA Tanzania, respectively.

⁶ World Bank, *The Little Data Book on Financial Inclusion* (Washington DC, 2015).

Semi-formal and informal options present issues such as security of funds, requirements for loan collateral, lack of privacy and shortage of funds when required. Considering that formal financial inclusion is more prevalent in urban areas than in rural areas, reaching target groups often presents challenges related to cost, literacy and scope.

MoKash is expected to bridge the current savings and credit gap, which is presently dominated by informal services. Mainly targeting the unbanked population (both urban and rural) and promoting financial inclusion, MoKash is available for all MTN customers who are willing to try it and recognize its benefits. MoKash is intended to be 'the bank in your pocket' for all Ugandans.

MOKASH IN A NUTSHELL

The key features of MoKash include a simple opt-in process that can be initiated and completed on any mobile phone, a savings facility with tiered interest rates up to 5%, and loans ranging from U Sh 3,000 to U Sh 1,000,000 (US\$0.83–US\$278) issued at a 9% facility fee for a period of 30 days.⁷ The basic requirement to register for MoKash is to have an active MTN Mobile Money account. Once registered, the user can begin to save immediately in amounts as low as U Sh 50 (\$0.01). Eligibility for a loan requires at least six months of voice, data and mobile money usage. Loan limits are determined by user activity. MoKash uses the same personal identification number as MTN Mobile Money. Moreover, moving e-value between MoKash and MTN Mobile Money is free, and withdrawing from the savings account has no limits and incurs no penalties.

MOKASH SUCCESS

MoKash counted 83,000 customers within the first 48 hours and 650,000 after one month.⁸ The strong start of MoKash in Uganda compared favourably to its counterparts M-Shwari in Kenya (645,000 customers 21 days after launch)⁹ and M-Pawa in the United Republic of Tanzania (250,000 customers in the first month).¹⁰

Four months after launch, close to 1.5 million customers were registered for MoKash, an average of 4,000 loans were being disbursed daily that each averaged around U Sh 20,000 (\$6), total loans were valued at U Sh 3.4 billion (\$943,534) and total savings were U Sh 3.3 billion (\$915,783), with 37% of registered customers having already made a first deposit.¹¹

One year after launch, MoKash had 2.5 million customers, of whom 1.2 million were actively saving, and counted over 1 million loans issued with a total value of approximately U Sh 30 billion (\$8 million).¹² MoKash also had a positive effect on the number of MTN Mobile Money active users, which increased 12.4% to 4.1 million.¹³

In comparison, three years after launch, Safaricom registered 3 million active M-Shwari customers with deposits of \$54 million and loans worth \$20 million; and, nine months after launch, KCB M-PESA had 1.4 million customers.¹⁴

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⁷ Conversion rate: U Sh 1 = US\$0.000277510 (Source: www.xe.com, 5 July 2017). Note: This rate is used throughout this document to provide United States dollar equivalents for Uganda shillings.

⁸ UNCDF-MM4P, 'Three months down the road in Uganda,' 15 November 2016.

⁹ CIO East Africa, '21 days of M-Shwari: 645,000 clients, KSh. 150 million saved,' 18 December 2012.

¹⁰ Okuttah Mark, 'CBA registers 250,000 Tanzania mobile bank customers,' 11 June 2014.

¹¹ MTN Uganda, internal data from December 2016.

¹² MTN Uganda, 'MoKash Marks One Year,' media release from 15 August 2017.

¹³ MTN Group Limited, 'Financial results for the year ended 31 December 2016,' media release from 2 March 2017.

¹⁴ Safaricom Limited, 'FY15 Presentation' (accessed July 2017).



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What customers look for in a saving and lending product

KEY VALUED ATTRIBUTES

Focus groups, conducted among MTN Mobile Money users in 2016 before the product launch, identified the following attributes in a saving and lending product as the most valued: convenience, ease of access, affordability, quick processing times, privacy and easy loan recovery processes.¹⁵

Initial market research found that an impressive 90% of participants were saving, using the mechanisms of MTN Mobile Money, banks and microfinance institutions, savings groups, at-home savings and livestock savings. Three months after the MoKash launch, a second market research study revealed that 97% of customers were savers. However, saving mechanisms had evolved more towards mobile money (including MoKash) versus at-home savings.



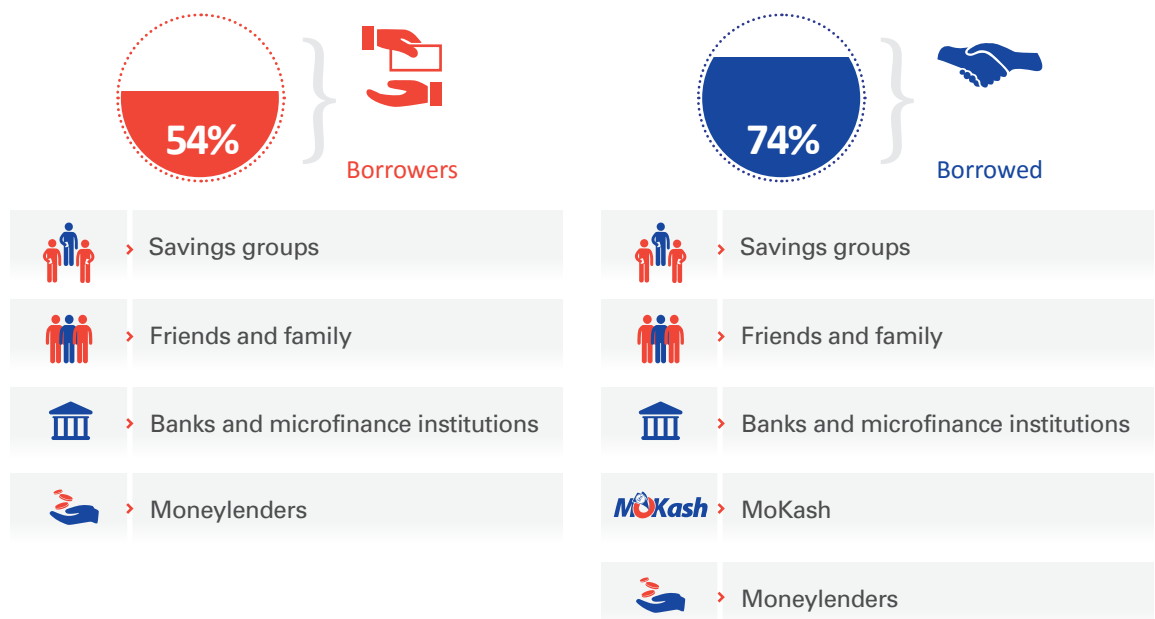
Human-centred design based market research in rural areas

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¹⁵ UNCDF-MM4P commissioned PHB Development to conduct market research in April 2016.

In the initial market research, 54% were borrowers, using mechanisms such as savings groups, friends and family members, banks and microfinance institutions, as well as moneylenders. In the second market research, 74% declared having borrowed. Borrowing mechanisms were similar, except for MoKash that was ranked as the fourth most used method by the market research participants.

Initial market research:



MoKash addresses the needs expressed by customers, as it enables them to conduct transactions by themselves, which makes every transaction easier and faster. MoKash is not only convenient and always available, it is fast—it takes only seconds to save money or to request a loan. The fact that customers only need a (basic) mobile phone and an MTN Mobile Money account makes it suitable for remote rural areas, where banks do not reach and financial inclusion is low or non-existent. It is affordable because there are no charges for maintaining the MoKash account. The only time a customer is charged is when withdrawing money at an agent. Many interviewees explained that they see MoKash as their own secret bank, encouraging them to save in the privacy of their home. Most valued is the loan feature, since customers perceive it as an emergency tool. As for the loan recovery process, most customers said they felt no pressure and some even claimed they were able to repay before the due date.

MOKASH SUBSTITUTES

Initial market research explored saving and borrowing behaviours and mechanisms currently used, as shared in the paragraphs above. It helped MTN and CBA realize that their competitors were not the usual ones (i.e., mobile network operators [MNOs] and banks), but semi-formal and informal saving mechanisms (e.g., savings groups or at-home savings) and borrowing (e.g., family members or moneylenders). MTN and CBA understood that their market positioning needed to be reviewed in view of these substitutes and other options customers had on the market. Understanding customers' satisfaction or dissatisfaction with and perceptions of their current saving and borrowing options was crucial to MoKash positioning (i.e., banks are perceived as a long-term, secure savings option whereas mobile money is perceived as a short-term, accessible option). Namely, MoKash savings were positioned as short term and easy to access from a mobile phone.



A try-and-learn approach

LEVERAGE KEY LEARNINGS FROM OTHER MARKETS

The growth of mobile money in developing countries paved the way for more digital credit and savings products using alternative credit scoring algorithms, based on mobile phone data usage records.

A first mover in Uganda, MoKash leveraged lessons learned in Kenya and the United Republic of Tanzania on digital credit and savings. MTN and CBA also considered learnings regarding design, pilot, launch and uptake of comparable products in similar markets within Africa. To that end, prior to the market study, PHB carried out comprehensive desk research on similar products in other markets, including interviews with key stakeholders, to identify lessons and key success factors that MTN and CBA could apply. Some of these are elaborated below:

Key learnings: Launch preparation

1. **Ensure seamless integration between the bank and MNO systems and enhance customer service delivery**
 - › Develop business processes to ensure seamless integration and to bridge any service delivery gaps between the bank and MNO, prioritizing processes that will impact customer accounts with positive and negative balances
2. **Bridge gaps between the bank and MNO through regular (weekly) collaborative stakeholder meetings**
 - › Implement project management structure with project team meetings on a weekly basis and then more frequently just before launch; implement a Steering Committee in charge of validating the necessary decisions
3. **Track progress by generating frequent reports of all attempts, successful sessions and customer usage**
 - › Start on an hourly basis (frequency can be reduced over time with proven system stability) to establish needs for support and areas of difficulty for customers
4. **Know your customer (KYC): Work towards ID sanitization target (above 80%), maintaining flexibility but focusing on rural areas, to enable customers with ID types that do not meet current criteria to save and eventually to utilize the full range of services**
 - › Depending on the official ID types recognized in the country, determine which IDs to consider 'safer' (e.g., passport, national ID, driver licence) and which IDs to consider more cautiously (e.g., voter ID, company ID), including whether to accept local government letters or similar identification; consider that KYC level will likely depend on ID type, meaning for instance that customers with official IDs will be eligible for higher loan amounts



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5. **Assess bank and MNO capacity to process more transactions as well as readiness to resolve a potentially large number of issues while maintaining the defined service-level agreements**
 - › Perform a 'know your partner' assessment to evaluate the partner's capacity to handle the extra workload or bandwidth on its system; clearly define escalation mechanisms and responsibilities when issues arise

Key learnings: Customer feedback

1. **Provide customers with clear information on how to use the product (hidden/insufficient information results in loss of trust)**
 - › Ensure customers have easy access to terms and conditions and understand them; ensure information on the product is easily accessible and available in local languages, as needed
2. **Provide suitable choice for loan duration for different profiles (e.g., farmers with seasonal incomes)**
 - › Start with a standard (one-size-fits-all) product that can be customized to cater to certain segment needs (e.g., farmers' need for longer term loans)
3. **Ensure scoring criteria are clearly and repeatedly communicated to address numerous queries on how to save with the product, and also communicate that mobile money and airtime usage are required to access a certain loan amount**
 - › Ensure customers understand loan eligibility criteria; encourage users to first query their loan limit and then request a loan within their approved limit to avoid the frustration of soliciting several amounts and being refused
4. **Consider that, for existing similar products, there has been higher uptake of loans than savings and, as such, promotional campaigns have encouraged savings**
 - › Depending on the main target of the product, emphasize in communications either savings or loans or both (in the Kenyan and Tanzanian examples, providers experienced higher demand for loans than savings and thus developed savings campaigns)

5. **Create awareness of the credit reference bureau and its operations, especially within rural unbanked populations, to ensure the loan recovery process is well understood**
 - Clarify for customers the process/steps in case of default (e.g., extension of loan duration, additional interest paid, blacklisting—if default means being blacklisted at the credit reference bureau, make that explicit to customers)
6. **Translate terms and conditions into all common languages to ensure all customers can read them, especially information pertaining to fees, interest rates and loan recovery process**
 - Identify the most frequently used languages by customers; at the very least, ensure terms and conditions and basic product information/communication (e.g., short message service) are available in those languages; according to customers' literacy, consider if IVR (interactive voice response) is needed; ideally, develop the entire product in all common languages

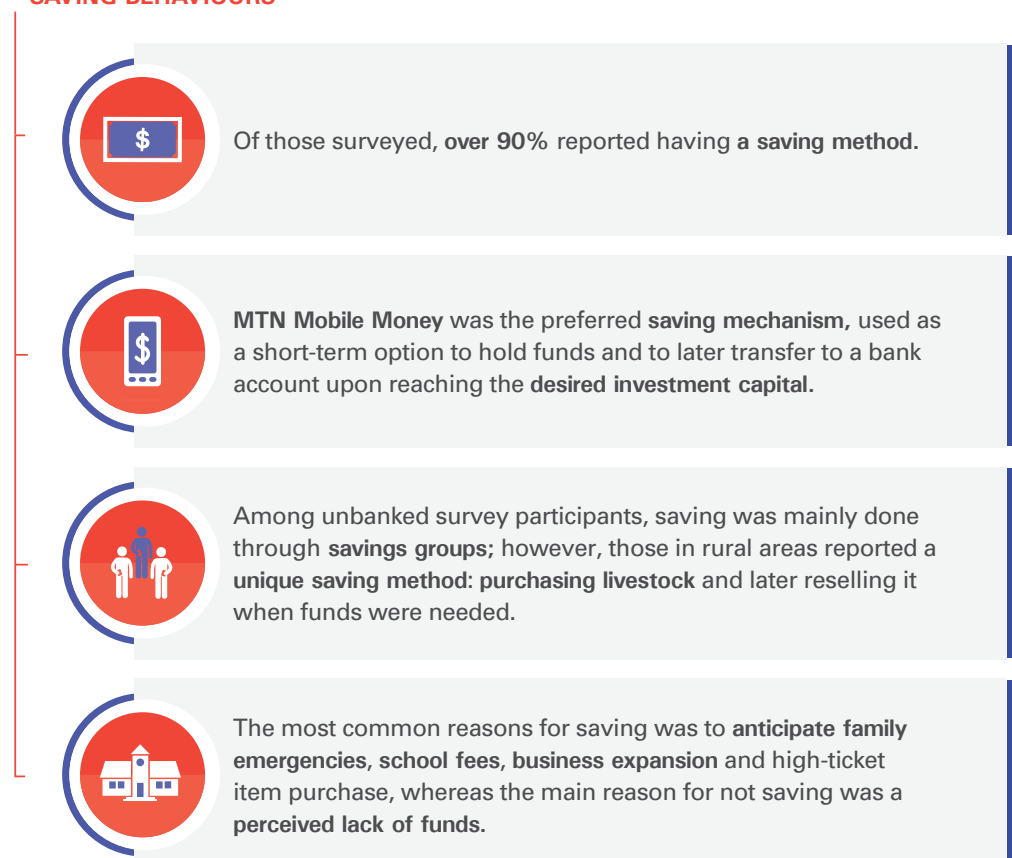
INTERACT WITH CUSTOMERS TO GATHER FEEDBACK AND MAKE REFINEMENTS

Providers are increasingly aware of the importance of an HCD approach. To achieve success (i.e., adoption and then regular usage) after launch, it is critical to gather customer feedback and, based on it, refine the product and processes. The cycle of collecting and integrating feedback to improve the product should not be a one-time event but a repeated process. In the case of MoKash, MTN established several such touch points with their clients.

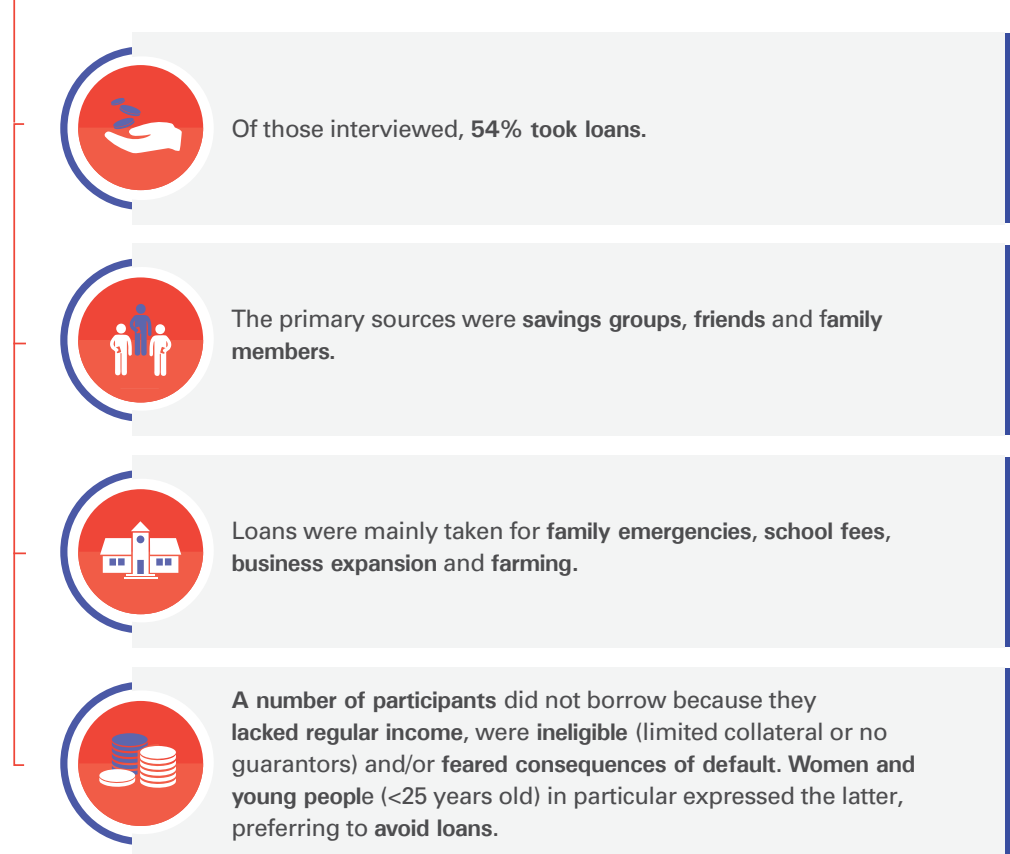
First, two-phased market research using an HCD approach was carried out by MTN with support from MM4P and PHB. It was conducted before and after launch, with intermediate product testing to assess client needs and opinions and product suitability in rural areas.

Second, PHB carried out market research in April 2016 prior to launch that included customer focus-group discussions (n=202) and one-on-one agent interviews (n=17), bringing to light customer saving and borrowing behaviours in the absence of a digital credit and savings product.

• SAVING BEHAVIOURS



• BORROWING BEHAVIOURS



MoKash was positioned as a short-term savings option, with communication that included posters displaying families. MoKash communication on loans mainly targeted men, displaying *boda boda* drivers (motorbike drivers who run their own business) on billboards. Communication on television targeted families, with customers investing in the future of their children to help them succeed.

Third, after launch, PHB conducted additional research through which further refinements were identified.

Fourth, in October 2016, product testing was conducted through mobile phone interviews (n=60) to allow MTN to better appraise the features of MoKash and assess the adequacy of MoKash for the rural market. Namely, MTN determined customer usage, reasons for non-usage and preferences, and thereby assessed intervention and improvement areas and implemented product refinements.

Fifth, in November 2016, extensive post-launch market research, which consisted of one-on-one HCD interviews (n=100), was conducted. The research lasted three weeks and was conducted in 12 locations across Uganda. It built on the earlier market research, establishing customer reactions and perceptions to MoKash three months post-launch. The key findings reinforced the product testing results. Areas of improvement for education and usage were identified and plans were designed to address them.

PRIORITIZE IMPROVEMENTS NEEDED

Before launch, four categories for improvements were identified, based on the results of the first phase of market research:

1. Customer engagement (language, communication, education, pictograms)
2. Product refinement (loan duration, interest rate, locked savings, group savings)
3. Customer experience (default personal identification numbers, issue resolution, business processes)
4. Risk mitigation (ID types, agent fraud)

From these, priorities were established using a matrix: must-have, nice-to-have or discarded. From there, must-have and nice-to-have improvements were classified by time frame: short-term, mid-term (3–6 months) or long-term (>6 months):

- Customer experience and customer engagement refinements were considered quick-wins (short-term), apart from language choice (more mid-term).
- Product refinements (loan duration, groups savings) and risk mitigation were considered long-term, except for locked savings to be implemented 3–6 months post-launch.

This approach helped MTN tackle priorities and ensure all improvements were addressed. The same exercise was performed after launch based on findings from the product testing and second phase of market research.



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How to design a comprehensive roadmap for route-to-market

ASSESS THE LEGAL AND REGULATORY ENVIRONMENT

In an effort to deepen financial inclusion, Bank of Uganda established the Financial Inclusion Project (2012–2015),¹⁶ which focused on extending financial literacy, improving financial consumer protection, leveraging emerging technology to improve financial service quality and enhancing the application of financial service data and measurement.¹⁷

Further, in 2013, Bank of Uganda issued Mobile Money Guidelines,¹⁸ which were designed to govern partnerships between licensed financial institutions and MNOs. These guidelines aimed to streamline mobile financial service operations in an enabling environment where innovations could thrive in a sustainable, safe manner and where consumer protection, including dispute resolution mechanisms and risk management planning, was prioritized.



MTN marketing and communication at agent shop

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¹⁶ Bank of Uganda, 'Financial Inclusion: Financial Inclusion Project' (accessed October 2017).

¹⁷ Bank of Uganda, 'Financial Inclusion: Overview' (accessed October 2017).

¹⁸ Bank of Uganda, *Mobile Money Guidelines*, 2013 (Kampala, 2013).

Regulation in Uganda at the time MoKash was conceived required an MNO to partner with a bank in order to provide financial services.¹⁹ After the successful launches of M-Shwari and M-Pawa in the Kenyan and Tanzanian markets, respectively, CBA decided to extend a similar product to the Ugandan market and approached MTN, which was the starting point for the creation of MoKash.

ESTABLISH MUTUALLY BENEFICIAL PARTNERSHIPS

Strategic alliances, though complex in nature, have proven to be a winning tactic in expanding product and service offerings, with partners focusing on their core competencies while achieving mutual benefits. As a market leader in the Ugandan telecom sector with 11.5 million subscribers (as of 30 June 2017), of whom 9 million were mobile money users,²⁰ MTN was well versed in customer-facing activities. Though a new entrant in the Ugandan banking sector, CBA offered a wealth of experience in the development of successful mobile savings and loans in Eastern Africa (i.e., M-Shwari and M-Pawa). MM4P, the development partner, with the help of PHB provided insights necessary to advance inclusive finance.

ADOPT A CUSTOMER-CENTRIC APPROACH TO DEFINE MARKET POSITIONING

When developing a new product, the most valuable resource is customer feedback. With a focus on customer needs and fears, dreams and aspirations and other lessons, MoKash is in continuous evolution.

HCD market research provided all of these elements to MoKash, for example by differentiating what women want from what men want. More interested in helping others, Ugandan women want a permanent job, stability and the opportunity to pursue goals through hard work. More business focused, Ugandan men are interested in expanding their existing resources. For both, family values are central; being able to pay school fees and to provide for their family are key achievements. From these goals, it is clear that saving behaviour should be encouraged. In terms of fears, unexpected events and future insecurity stand out for both men and women, as well as losing a job and not getting any opportunities. Having a secure fund in case of emergencies seems to be a very good idea for most, which is where MoKash comes in.

This in-depth market research enabled MTN to fine-tune MoKash positioning and features to deliver these benefits. For instance, MTN identified business, education and emergencies as the three main reasons for borrowing and the need for quick loan processing, which in turn helped MTN position MoKash as the product to cater to family and business emergencies.

SEGMENT THE MARKET AND DIFFERENTIATE THE VALUE PROPOSITIONS

Market research also enabled MTN to segment customers according to needs, current saving and borrowing practices, and adoption drivers as well as to adapt the value proposition for each segment. Three customer profiles were identified: rural women, farmers and micro-entrepreneurs.

Rural women aspire to ensure the well-being of their family. Typically 25–45 years old and literate, they have family responsibilities and varied, irregular income sources, necessitating micro savings and sometimes loans.

Farmers wish to be self-sufficient, particularly when crops are off-season. They are male and female, 25–65 years old, with family responsibilities, mainly from rural areas and with different literacy levels (the majority are literate, especially men, and a few speak English.) They are dedicated to farming and diversify their crops to ensure year-long yields. A few engage in other income-generating activities.

¹⁹ Bank of Uganda has since introduced new guidelines enabling agency banking.

²⁰ MTN Uganda, 'MoKash anniversary,' press release from August 2017.



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Micro-entrepreneurs aspire to grow and diversify their businesses activities. They are men and women, 23–49 years old, from urban, peri-urban or rural locations. They are mostly literate and earn a living through entrepreneurship in the informal sector.

The final step was for MTN to convey the segmentation, positioning and key attributes in the customer value propositions:

- **Rural women:** MoKash has a simple entry and usage procedure for savings, which does not involve paperwork or regular deposits. Interest on savings is considered a key benefit.
- **Farmers:** The savings feature is the most important, as farmers can easily save during off-season and then purchase farm inputs in-season. Given that farmers have seasonal income and sometimes suffer crop failure, loan products with repayment periods pegged to harvest times are suitable, in addition to varied loan limits to cater to farmers requiring higher loan amounts (specific farming loans).
- **Micro-entrepreneurs:** The loan feature is of more interest, as it can help boost their business (specific business loans). The loan limit of \$300 might be too low for some of them.

BUILD A STEP-BY-STEP ROUTE-TO-MARKET STRATEGY

To make such a product suitable to the market and to succeed in engaging customers, from urban and rural areas, the two factors below need to be considered.

Mitigating risks

It is very important to anticipate malpractice, fraud and breaches and to plan mitigation strategies to address them in order to ensure a healthy, functional product. The following are some of the potential risks that can affect a product such as MoKash:

- Non-performing loans, especially for longer durations, as they can be rampant at various stages of the product cycle and are starting to be an issue, for example, in Kenya where 400,000+ borrowers are listed in the credit reference bureaux for outstanding mobile loans of less than K Sh 200 (~\$2).²¹
- Agent fraud, as some agents might try to charge extra for the service.

²¹ George Ngigi, 'Pain of Kenyans blacklisted for amounts as small as Sh100 in mobile loans, bank fees,' 9 September 2016. Conversion rate: K Sh 1 = US\$0.0098765668 (Source: www.xe.com, 9 September 2016).

- Personal fraud in the form of impersonation, as a result of multiple acceptable IDs, some of which are easy to fabricate; therefore, a strict ID process is recommended.
- System breaches, as they can lead to a loss of trust and a loss of customers.

MTN assessed these and other risks ahead of the launch and implemented mitigation strategies, such as strict access to loans based on ID type and not involving agents in the service process.

Creating an engaging customer journey

A successful journey from awareness to regular usage is not without ups and downs. Though for most products awareness-raising is not a struggle, the first milestone of registration is typically challenging. Being aware is often not enough to convince someone to actually register for or try to use a product. Engagement with the customer is needed at the registration stage, to ensure registration is completed and converts into trial and usage. Achieving regular usage is the next big milestone.

In the case of MoKash, a high level of awareness was clearly reached: over 92% of post-launch market research respondents had heard of MoKash and 39% of the general population, even those in more rural areas. But, while awareness was high, the percentage dropped when it came to knowledge and understanding (62%), leading to a lower registration rate (52%) and an even lower trial rate (30%)—more than 60% of customers aware of the product were lost. Direct engagement and education are needed to ensure adoption and regular usage, as MTN has recognized and made efforts to this effect.



How to engage rural customers and move them from awareness to regular usage

Engaging rural customers requires more field work, direct engagement and education on a regular basis than for urban customers.

INCLUSIVE AND EXPERIENTIAL MARKETING APPROACH

Conventional mass marketing strategies (television, radio, newspapers) may effectively reach consumers with standard behaviour but are often unable to address access and usage barriers among financially underserved and unbanked segments. Engagement with those customers is crucial. With MoKash, a multi-pronged marketing strategy was adopted to drive engagement across various customer profiles: use of additional languages in customer communication alongside English and Luganda, a major Ugandan language; through-the-line marketing (social media, fair events) integrating elements of above-the-line (television, radio, newspapers) and below-the-line (short message service) communication for added impact; and finally, expanded channels for customer education and support (social media, direct contact through ‘foot soldiers’ and agents to complement service centres and customer helplines). MTN used a mixture of market activations in high-activity areas where the product was presented and demonstrated, mobile units and roadshows.

EDUCATION

The market research enabled MTN to identify a clear need for direct engagement in client education, in rural areas in particular, on financial products and their terms and conditions (loan duration, facility fee, default consequences, etc.).

A new financial product is not easy to explain, even to literate customers. It is all the more complicated with illiterate customers. Product features need to be communicated in a simple, clear way (e.g., ‘get money from bank account’ instead of ‘withdrawal from savings account’) and repeated over time to ensure customers understand them. Though MoKash customers seem to easily understand the main features of MoKash, recurrent communication on the interest charged on loans (9%) and the interest received on savings (up to 5%) is still needed. Explanation of auto-savings mechanisms and locked savings, when added, will be required as well.

MTN is also considering using product ambassadors (leaders or highly valued members of the community) to educate rural customers on the product.

CUSTOMER SUPPORT CHANNELS AND ISSUE-RESOLUTION MECHANISMS

Using a mixture of customer support channels is crucial. On-the-ground help such as service centres, agents and/or ambassadors to assist customers with registering and performing initial transactions, as well as a helpline, are needed. All channels should be prepared ahead of time, and agents/ambassadors should be educated and trained to assist customers. In the case of MoKash, service centres were the

first point of contact for most customers as they were accustomed to visiting them. Agents were also requested for support, particularly in rural areas. Social networks such as Facebook played a key role in resolving issues and supporting customers.

SOLUTIONS TO OVERCOME BARRIERS IMPACTING ADOPTION AND UPTAKE

To address the main barriers of language²² and literacy, MTN developed the product and communication in both English and Luganda (the two main Ugandan languages). Additional languages should be available later. To address literacy, pictorials were used in leaflets. Going more rural, additional visual communication will be used.

To ensure awareness transforms into registration, then trial and finally regular usage of MoKash, there will be calls to action at various stages and possibly incentives and rewards (not necessarily financial).

Education and customer protection are the next big challenges MTN is tackling. Additional education on registration eligibility and on the loan feature (particularly default consequences) is needed. Access to terms and conditions has also been identified as an area for improvement and is being addressed.



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²² Of the initial market research respondents, 63% did not speak English.



Moving forward

After a successful launch, the next steps are ensuring long-lasting success, product usage and client protection. MTN is considering a series of measures for engagement and education, including these:

- **Create sustained awareness** through ongoing communication, via local experiential engagement and language variety, regarding the onboarding process, registration requirements and product features
- **Improve product knowledge** through awareness campaigns and product agents/ambassadors who provide education directly to customers, **and increase trust** by direct engagement with customers and direct access to all product information (particularly terms and conditions)
- **Convert trial into usage** via rewards and attractive interest rates, **and provide information on loans** (eligibility criteria, ways to increase limits and repayment process)
- **Encourage regular usage**, leveraging the main reasons for saving and borrowing: business, education and emergencies, as well as some additional product features
- **Ensure customer protection**
 - o **Be transparent** by making sure customers understand registration requirements, interest rates, loan duration, loan recovery process and default implications
 - o **Provide impartial treatment** by giving all customers the same level of assistance and education
 - o **Guarantee customer data** is not misused
 - o **Offer responsible and reliable digital financial services**
- **Focus on customer education, particularly in rural areas**
 - o Engage community leaders and influencers to drive adoption by rural customers
 - o Have stronger involvement of agents in disseminating information and educating customers about the product
 - o Focus on creating understanding of new/complex features such as interest accruals on savings, tiered KYC, credit scoring, rollover fee, loan recovery process and blacklisting
 - o Include more pictorials in customer education

With a clear focus on ensuring regular usage of both savings and loans through customer education, knowledge and customer protection, MTN and CBA have identified their way forward. Progress should be monitored and success measured in six and/or twelve months to evaluate whether understanding and usage have indeed increased.



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