
BUSINESS CHALLENGES BOOKLET

 OCGAP

ACQUISITION

Reaching new customers



Customer acquisition is a critical and ongoing strategic need for any financial service provider. Those interested in serving the poor must work particularly hard to cultivate customers in difficult-to-access areas that have limited knowledge of services. Some financial service providers in urban areas are facing increased competition and are now looking to rural customers, such as smallholder farmers, as an engine for growth. But customers like these often live in remote areas and have little previous experience with formal financial services.

Regardless of the strategic driver, customer acquisition can be extremely cost intensive and efforts don't always lead to success. Sometimes, despite continuous promotion of high-profile branchless banking services, the number of active users in areas like these is fairly low.

Any opportunity to improve your acquisition strategy's effectiveness can be a major benefit to your bottom line. Customer experience can help your team rapidly gather key insights about customers to successfully enter new markets or increase your base in existing ones.

Think of the potential customers you want to reach:

- What are their key characteristics?
- How do you get to know their day-to-day financial service needs?
- How will you identify opportunities to drive awareness and engagement with your products and services?
- What challenges do you face as you sign up and enroll new customers?

CUSTOMER EXPERIENCE FOR ACQUISITION

Customer Journey Phase

AWARENESS

Do your customers know there are products and services that suit their needs? Do they want to learn more?

ENROLLMENT

Once customers are aware, do they understand benefits? Do they want to get involved with your products and services?

Acquisition Challenge

Potential customers are unaware of your products and services, or feel that your offerings are not targeted toward them.

Potential customers know about your products and services, but don't see the benefits or don't know how to engage with them.

Customer Experience Questions

- How do potential customers currently satisfy their financial needs?
- What kinds of everyday financial activities do people carry out in their communities?
- Are your branches located in areas that are relevant to the potential customers you're trying to reach?
- Do you have enough physical presence in the community to build trust and awareness?
- Do potential customers use informal financial services? If so, which ones – and how?
- Which social dynamics are evident in informal services that your formal financial services may not cover?
- Do you promote products and services in these contexts based on an understanding of what's relevant to your customers?
- Is your communications strategy targeted enough to reach a potential new group?
- Do you understand which channels would best reach them (print, radio, word-of-mouth, social networks)?
- Which key community influencers shape the decisions your target customers make?
- Are you getting significant referral business?
- Do you know how agents publicize your products and services?
- Do you know which script agents use?

- Do you know the community's literacy levels?
- Are you aware of specific language, ethnic, status, age, gender, or religious nuances that may pose barriers to enrollment?
- Do you employ any user-centric tools to match potential customer needs to your offerings?
- How do you communicate the benefits of your products and services to various customers based on their personal needs?
- Does your product or service account for alternative options to handle paperwork?
- Do you know what kinds of issues people face with their national IDs?
- Is your enrollment process too time-consuming?
- Do you know what customers consider an acceptable waiting time to get approval and enroll in your products and services?
- Have you thought of an alternative creditworthiness process to grant credit to new customers?
- Do you understand the social implications when customers seek a credit guarantor in the community?



“Testing new product and strategy concept designs with customers has become a norm within our team. This practice has proven to be particularly valuable in designing products and communication strategies for a low income, underserved, and illiterate target market.”

**Daniyal Khalid, Assistant Manager Business Intelligence,
Habib Bank Limited, Pakistan**

Rethinking Acquisition by Design: Customer Experience in Action

Project: Habib Bank Limited **Date:** 2013

Location: Regions surrounding Lahore and Multan, Pakistan

Partners: Habib Bank, Continuum Innovation, and CGAP

Team: 2 people from Habib Bank, 2 local designers, 2 designers from Continuum Innovation, and 2 people from CGAP

Challenge

The Benazir Income Support Program (BISP) transfers money to 5.5 million households regularly, and Habib Bank distributes over 1 million of these transactions in Pakistan. The project's original objective was to develop a sustainable financial product that the bank could offer government-to-person (G2P) customers. However, the program faced many financial, social, and educational challenges.

Question

How can we better understand G2P payment customers in Pakistan? The team was particularly curious about program beneficiaries since nearly all are women and are among the nation's poorest.

Overview

Over the course of 13 weeks, the team embarked on the acute challenge of

determining whether the poorest and most illiterate population segment – social payment beneficiaries, all of whom are women – could ever be sustainably banked through any type of financial product. The team learned that, given the uniqueness of this particular segment, the bank would have to completely deconstruct its assumptions. They learned that an appropriate communications strategy tailored to the needs and capabilities of these customers is the vital lever for creating any product that the segment would actually sign up for and use.

The bank initially hoped the design team would create new products so they could fully bank these clients. However, the team found so many issues and such a lack of trust with the bank's basic service that they recommended refocusing on making it work for beneficiaries before attempting to develop new products for them.



BISP beneficiary cards, Pakistan

Research Scope

13 weeks

31 individual and group interviews

6 product and service improvement concepts

3 prototypes tested and validated with customers

Key insights

The design team discovered numerous usability issues that prevented customers from engaging with existing services. To receive social payments, BISP beneficiaries were given a 4-digit PIN code designed by the bank to be entered from left to right.

However, **beneficiaries often input their PIN from right to left since local Pakistani**

languages are written and read that way.

Research also showed that beneficiaries did not understand many of the diagrams and icons the bank presented for illiterate audiences. A very literal communication form was recommended instead, which includes photos that show exactly what beneficiaries need to do on their specific mobile device.

Rethinking Acquisition by Design: Using Personas

A **persona** is a summary description of representative users that combines attributes like situation, context, needs, motivations, and benefits into a holistic description of an individual – much like a character in a book.

In the case of the Benazir Income Support Program, research findings emphasized the need for a communications strategy tailored to the unique circumstances of a demographic that faces the acute challenge of widespread illiteracy. But many decision-makers at the bank were unaware of the practical realities these women face. **Persona profiles helped accurately represent and communicate the context of this target group and their struggles** as they try to interact with ATMs or agents – and their feelings of embarrassment and confusion when they visit a bank.

By the end of the project, the team had not created any product prototypes. Instead, they tested ways the bank could communicate more effectively and make it easier for the segment to access banking services. The result was a design guide with very specific recommendations on making banking services accessible to illiterate individuals. The guide helped Habib Bank and other institutions make offerings more appealing and easy to use by G2P customers in this and similar contexts.



Design Guide to help HBL communicate with G2P customers. Learn more about the **Habib Bank Limited experience in Pakistan** ([Download](#)).



RETENTION

Maintaining your
customer relationships



Customer retention is a central goal of most financial service providers since it's generally more cost effective than acquiring new customers. But retention has become a huge issue in an increasingly competitive financial landscape, and mobile money account dormancy rates can reach up to 68 percent. Providers face challenges because customers may not understand product value or may not have a sense of loyalty as they jump around to various offerings and brands.

Retention requires anticipating and responding to your customers' changing needs through constant dialogue. This is

particularly true with low-income customers since life events such as funerals and marriages can result in significant changes in circumstances and finances. Additionally, customers may take a more opportunistic approach, jumping around to providers based on sales and incentives.

Customer experience methods can help your team rapidly gather insights that will help you build trust and remain relevant so you can anticipate and respond to the ever-changing needs of your customers.

Think of the customers you currently serve:

- What data do you have on their current usage and behaviors?
- If you have customer use and behavior data, do you employ it at all? Intermittently? Continuously?
- Are there particular characteristics or behavior patterns associated with customers who leave or stop using your products and services?
- When and where in the customer journey do they seem to drop out?
- Did you structure an insights and analysis function to find out?

CUSTOMER EXPERIENCE FOR RETENTION

Customer Journey Phase	ACCOUNT OPENING	PRODUCT USE	RELATIONSHIP MANAGEMENT
Retention Challenge	<p>Customers begin onboarding but don't finalize account set-up – or allow too much time to elapse before first use.</p>	<p>Customers use their account once or twice – then it lies dormant.</p>	<p>Customers switch to a competitor's offerings.</p>
Customer Experience Questions	<ul style="list-style-type: none"> • What's confusing or unclear about your onboarding experience? • Why do people struggle to complete your sign-up process? • What's the cost to customers in terms of time and effort to complete the sign-up process? • How do you help customers overcome these barriers? • Do you offer any immediate benefits to customers to incentivize immediate use? • Are there technical barriers to opening an account, either online or off? • How do you use digital channels to communicate with customers and confirm enrollment? 	<ul style="list-style-type: none"> • How well do you understand the context in which customers use your products and services? • What incentives do you have in place to increase use? • How may the context be changing? • Are there key pain points customers face that you may not be aware of? • What incentives you have in place to increase uptake? • Who has the most influence on decision-making behaviors of your customers? • Do you know why this could be happening? 	<ul style="list-style-type: none"> • How can you make your products and services easier to engage with? • How do you gather feedback? • Does your service experience help customers meet their needs and aspirations? • How do you personalize products and services to meet customer needs? • What benefits do customers look for that your products and services may not address? • How does the competition frame offers differently? • What's the word-of-mouth impression of your products and services? • Why do your customers switch? Are there financial incentives? Social incentives (their networks use the competitions' channels)?



“Human centered design really got beyond the superficialities of consumer research to actually get to the bottom of the real motivations and feelings of customers.”

Selorm Adadevoh, CEO, Digicel, Haiti

Rethinking Retention by Design: Customer Experience in Action

Project: Tigo Cash **Date:** 2013

Location: Accra and Kumasi, Ghana

Partners: Tigo Cash, IDEO.org, and CGAP

Team: 5 people from Tigo Cash, 4 designers from IDEO.org, 3 people from CGAP

Challenge

Tigo Cash launched a mobile money service in Ghana in 2010. Two years later, only a fraction of their over 1 million registered subscribers actively used the service and the company struggled to gain momentum.

Questions

What prevented uptake of mobile money offerings among low-income Ghanaians?

How can an understanding of customer needs and pain points help Tigo Cash improve its products and services?

Overview

Over 13 weeks, CGAP and IDEO.org worked closely with Tigo Cash to explore breakdowns in the mobile money service customer experience. Using a customer-centric design approach, they conducted user research in the field, tested customer experience prototypes, and positioned the prototypes Tigo Cash would pilot.



Research Scope

13 weeks

34+ interviews

1 customer journey map

8 concepts

4 prototypes

3 live pilots in communities

Key insights

After distilling key insights from field visits and interviews, it was clear that customers found mobile money to be confusing – and a hassle. Cash was “fast enough.” The design team decided they needed experience principles that would promote customer retention by building trust and increasing the perceived value of Tigo Cash. Ultimately, three experience principles helped inform the new customer experience design:

- Create a visible Tigo Cash community (wherever I am, Tigo Cash is there)
- Offer expanded potential (create value beyond convenience, have Tigo Cash offer growth opportunities)
- Provide continuous support and make customers feel valued

Focusing on the Customer Journey

A **customer journey map** is a tool you can use to understand the most critical challenges your customers face when they interact with your products and services, and the context of their decision-making process. **Illustrating or writing down the customer experience from beginning to end may help you understand what people do, how they think, and the way they feel when they interact with your products and services.** Create a customer journey map to gain a better understanding of where across the existing experience you may find the largest opportunities for improvement.

The example at right shows how Tigo Cash created an ideal customer journey as a tool to learn about retention challenges they faced in Ghana, and ways they could activate registered customers with the new product concept.

For more about customer journey maps, visit the [CGAP Customer Experience Toolkit](#) and the [CGAP Customer Experience Workbook](#).



EXPANSION

Expanding your
customer relationships



Expanding customer relationships in both value and longevity is one of the best indicators of the health of a financial service provider – and one of the most effective ways to grow your bottom line.

Existing customers can drive as much as 50 to 80 percent of an organization’s revenue, making expansion strategies a more cost-effective way to generate profit than acquiring new customers. Financial service providers typically look to **increase customer value through cross-selling, adding to their portfolio, or up-selling the increasing value of existing products and services.**

This is particularly true of financial service providers looking to target low-income customers. The initial value of each customer will likely be low, but there’s huge room for growth through up-sell as customer needs and situations dramatically change over time. Also, since many low-income customers are currently **“unbanked,” the opportunity for cross-sell and decreased churn is significant, as long as offerings are relevant to their needs and aspirations.** Expanding customer relationships requires more than just the right mix of products and services.

Never assume that active or existing customers will automatically increase the value of their relationship or will never withdraw.

Customer relationships are based on a strong foundation of trust that must be nurtured through many forms of feedback and engagement – beyond product and service offerings. As first movers with many low-income customers, financial service providers have a unique opportunity to shape expectations and build trust across the customer experience, but a concerted effort to understand latent needs and aspirations now and in the future is required.

Think of the customers you currently serve:

- What are their long-term needs and aspirations, and how are they currently being addressed?
- What are the key messages and qualities that can create a stronger sense of trust with your brand and organization?
- How can you better fulfill expectations throughout the customer experience?
- How do informal financial institutions serve your customers?
- Where are the gaps in informal offerings and how can you improve on them?

CUSTOMER EXPERIENCE FOR EXPANSION

Customer
Journey Phase

EXPANDING TO NEW PRODUCTS AND SERVICES

INCREASING THE VALUE OF EXISTING PRODUCTS AND SERVICES

Expansion
Challenge

Customers don't "opt-in" to offers over time - or use other providers as their needs grow.

Customers make limited use of existing products and services, and overall activity doesn't grow along with positive changes in their livelihood.

Customer
Experience
Questions

- How well do you understand your customers' changing needs and aspirations?
- What are key life events that may trigger a significant change in their needs?
- Do your customers actively use products and services of other financial service providers as well?
- How do you continue to evolve products, services, and offers to increase your organization's relevance?
- Can you tailor offering to the specific needs and situations your customers face?
- How do you communicate the benefits of integrating various products and services?
- Do your customers understand the benefits and find them relevant to their context?

- How well do you understand your customers' changing needs and aspirations?
- How do you build trust and sustain a dialogue with customers over time?
- How do you train customer-facing employees (retail branch, call center) to foster positive dialogue with customers?
- Can you tailor offers and messaging to the specific needs and situations your customers face?
- Do you continue to provide information and incentives for customers to expand their relationship with you?
- Who has the most influence over your customers' decision-making behaviors?
- Do you know why customers continue to use informal services as their first choice in times of need or growth?
- What do informal services offer that your products and services may not take into account?

A close-up photograph of a person's hands holding a green mesh bag. The person is wearing a yellow shirt. The bag has a white label with some text on it. The background shows a blue patterned fabric and a purple metal chair.

“In my opinion, human centered design is more than a method, it’s a way of thinking. And there is no turning back after you start.”

Gabriel Villa, Head of ShopFácil Business Unit, Bradesco, Brazil

Rethinking Expansion by Design: Customer Experience in Action

Project: Bradesco **Date:** 2014

Location: Recife, Brazil

Partners: Bradesco, IDEO.org, and CGAP

Team: 2 people from Bradesco, 4 designers from IDEO, 2 people from CGAP

Challenge

Bradesco, the second largest commercial bank in Brazil, has one of the most mature agent networks in the world. Bradesco wanted to introduce the country's first truly innovative mobile wallet to low-income customers.

Question

How can Bradesco better understand low-income customers to increase uptake and differentiate the design of a mobile wallet developed in partnership with Claro, the mobile network operator?

Overview

On the team's first trip to Recife, IDEO shared 14 ideas and solicited customer feedback for each. To understand the financial behaviors of lower-income Brazilians, the team conducted in-home interviews, then gauged interest in concepts by testing 10 rough paper prototypes. Customer reactions were used to refine existing concepts and create new designs for the specific themes that echoed throughout the interviews.

On the second trip to Brazil, the team tested the new concepts and paper prototypes. Unlike other engagements where they simply recommended a product or service, here the team suggested an integrated engagement strategy for the Brazilian market: a carefully thought out strategy to guide customer behavior, drive awareness, increase behavior, and build loyalty.



Research Scope

20 interviews
14 concepts
10 prototypes

Key insights

The team initially assumed that because of its steep growth in Brazil in previous years, credit would be a popular offering. But instead they found that people wanted help curbing spending and saving more. Credit felt dangerous, and after their difficulties with credit cards many had switched back to the safety of cash.

The design team also learned that people were savvy with cash and were always

looking for great deals or ways to spend smarter. These insights shaped product recommendations, which helped customers stretch their money and make every cent count.

In large commercial banks, product development and process change often takes a long time. It took two years for Bradesco to launch the mobile wallet that incorporates a number of features generated by the human centered design process.

Expansion by Design via Rapid Prototyping

The team goal for the second round of Bradesco fieldwork was to talk to people and test refined product concepts and ideas. As a result of synthesis from the first field visit, IDEO refined popular concepts based on feedback from interviewees. These concepts were made as realistic and viable as possible by building the wallet's financial model and adding Brazilian Real (R\$) values to prizes and incentives.

One concept from the first round of fieldwork was the idea of a "13th salary," but the team realized that people in this income bracket were unlikely to be able to save that entire salary. The refined concept presented an "end-of-year bonus" of at least R\$40, but it could increase based on how much people saved or spent.

The team tested product features as well as taglines and catchphrases to describe the service, such as "Secure money at your fingertips," "Make every cent count," and "Earn more for your money." The favorite in most cases was "Secure money at your fingertips."





**What does
change look like?**

Incremental Change

Requires a shift in strategy, mostly around research methods, and integration of new skills and roles

Transformational Change

Requires formal changes in organizational structure, allowing people to organize by teams or task forces around specific customer needs



INCREASE PRODUCT, SERVICE, OR BRAND AWARENESS TO IMPROVE UPTAKE

A lighter approach to customer centricity is identifying how to reach customers more effectively. Your team may seek to understand primary channels, locations, and interactions used to gain awareness of products, services, and brands. Use these insights to prioritize marketing toward certain channels and locations, create more compelling and targeted messages, and identify creative ways to reach end users.

Potential actions to take internally

- To better understand which products/ segments are the best starting points, review which marketing efforts lack effectiveness.
- Equip teams to conduct lightweight quantitative and qualitative customer research methods around these efforts.
- Appoint a customer insights team leader to ensure that research and prototyping are prioritized in the marketing process.

Go-to-Market Lessons from Centenary Bank, Uganda. CGAP Customer Experience Toolkit.

ADAPT EXISTING INCENTIVES TO REDUCE DORMANCY (e.g., a period of no deposits or withdrawals in savings accounts)

Dormancy, or non-use, often exists because of very human reasons – required transaction amount or distance to the bank branch, for example. Customer experience research can help identify the human story behind dormancy challenges. Your team can conduct qualitative research to identify potential reasons for non-use, and employ this information to adapt incentives and basic product features accordingly.

Potential actions to take internally

- Map the customer journey to identify points for intervention.
- Use a mix of qualitative and quantitative customer research methods to better understand barriers to use.

Rethinking Mobile Money: Tigo Cash, Ghana. Insights Into Action, page 67.

REDUCE THE COST TO SERVE YOUR CUSTOMERS

Help reduce costs by training sales and support teams to anticipate potential areas of friction for customers, and redesign your channel strategy to improve your portfolio of offerings to be more cost efficient.

Potential actions to take internally

- Establish a formalized feedback loop. Set processes for how and when employees should share insights – and with whom.
- Establish insights sharing practices through internal social events or social media forums that are visible to top management and employees.

myAgro: CGAP Smallholder Finance Report. Applied product Innovation for Smallholder Finance.

LAUNCH A NEW PRODUCT OR SERVICE

At its best, a customer-focused perspective shapes your culture and your offerings. A more intensive customer experience project may also shape new offerings. Organizations use customer research to identify challenges to solve with financial products and services. Insights shape messaging and features, which are then quickly tested in the field before rollout.

Potential actions to take internally

- Place customer insights team members directly in product development teams to ensure insights are translated into product features and design.
- Form a startup team and allow them to work outside existing legacy processes.
- Dedicate budget and resources so the team has the flexibility to test and quickly prototype new product and service ideas.

Designing a New Mobile Wallet: Bradesco, Brazil. Insights Into Action, page 57.

PRO TIP – Tackle an initial project that yields quick wins. This will demonstrate the benefits of customer experience prior to a huge organizational undertaking to become more customer-centric.

Business Value Matrix

Use this matrix to better understand the value a customer experience project can create, and how it relates to your organization's business needs.

	QUANTITATIVE (Financial)
ACQUISITION	<ul style="list-style-type: none"> • Increase customer acquisition • Reduce cost to acquire
RETENTION	<ul style="list-style-type: none"> • Reduce dormancy • Reduce churn / dropoff • Increase average revenue per user (ARPU) • Increase customer lifetime value (CLV)
EXPANSION	<ul style="list-style-type: none"> • Increase up-sell and cross-sell • Increase ARPU • Increase CLV
CUMULATIVE	<ul style="list-style-type: none"> • Reduce cost to serve • Increase market share • Increase level of internal investment in customer experience initiatives

QUANTITATIVE (Non-financial)	QUALITATIVE
<ul style="list-style-type: none"> • Increase customer conversion rate • Decrease drop-off 	<ul style="list-style-type: none"> • Increase word-of-mouth / social media
<ul style="list-style-type: none"> • Increase net promoter score • Increase customer engagement 	<ul style="list-style-type: none"> • Increase word-of-mouth / social media • Increase customer loyalty
<ul style="list-style-type: none"> • Increase net promoter score • Increase customer engagement • Increase customer data 	<ul style="list-style-type: none"> • Increase word-of-mouth / social media • Increase customer loyalty
<ul style="list-style-type: none"> • Increase product development efficiency / reduce time to market • Enter new markets / market segments • Increase customer / market intelligence 	<ul style="list-style-type: none"> • Improve brand awareness • Increase competitive positioning • Incubate new capabilities • Increase cross-silo collaboration • Increase employee engagement

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