

Expression of Interest for Customer Journey Action Study

Phnom Penh, Cambodia | 8 Feb 2017

Background

Financial Service Providers (FSPs) capture large amounts of customer data through regular banking and payment operations. However, they often struggle to make optimal use of it for decision making on product development, operations and market expansion. In particular, few financial institutions conduct gendered customer journey analysis over time with regards to client exit, product usage and uptake of different types of services (payments, credit, and savings). There is an increasing need to use data to drive product and program innovation.

Therefore, in 2016, UNCDF's SHIFT programme¹ implemented a customer journey action study to support financial institutions in Cambodia with technical and analytical support in tracking and managing their financial inclusion objectives. UNCDF offered training in data analysis and usage to over 68 senior and middle managers of 4 large Financial Service Providers that participated in the action research: Sathapana Bank, Vision Fund Cambodia, AMRET and AMK. In close collaboration with UN Pulse Lab Jakarta, we harvested 6.4 million records for 2.6 million customers to examine how long clients stay with their financial institutions and what savings and loan products they take up during their journey.

The preliminary study findings demonstrated that while men and women have equal access to credit and savings, their actual usage patterns in terms of loan and saving amounts mobilized are much lower for most women. The majority of people (69%) did not use their savings account, owning total deposits balances of below 5 US\$. Women more often had dormant accounts (75%) compared to men (55%). Also, savings mobilization remained concentrated to the capital of Phnom Penh. Interestingly, young Cambodian women took up more savings and loans compared to young men. These study findings can help to explore business cases for better product development and cross-selling that can improve women's financial inclusion.

The Cambodian financial sector has experienced rapid developments with 59% of the adult population having access to finance, of which 28% access credit and 37% domestic payment services. However other financial markets remain under-served with few people accessing formal savings (10%), sending international remittances (10%) and having an insurance (5%) (UNCDF MAP, Finscope 2015). An open

¹ UNCDF's SHIFT programme aims to catalyze access to and usage of formal financial services for women in the ASEAN markets by leveraging technical training, product innovation, data analytics and policy advocacy services at different market levels. Our programme advocates data-driven solutions that expand access and usage of financial services for low-income consumers, especially women.

question is how well these markets are inter-linked and how effective customers use their financial products. For example, borrower exit rates vary between 28-39% (Mix Market 2015), and 45% of the savings accounts are reported to remain dormant (Findex 2014). This not only constrains financial institutions in terms of improving operational efficiency and expansion, but also limits women's empowerment benefits that are associated with productive loan usage², savings mobilization³ and access to payment services⁴. The Customer Journey Action Research addresses financial service usage gaps by supporting Cambodian FSPs (MFIs, Banks, MNOs, cooperatives, Telecom companies) in their customer data management.

Action Study Objective

After the successful implementation of the first round of research, UNCDF's SHIFT programme now calls for an Expression of Interest to expand the action study with new FSPs including MFIs, banks, and payment providers, as well as sectoral market institutions. We further aim to expand the project into other Southeast Asian countries.

In 2017, SHIFT's Customer Journey Action Study aims to accompany an additional 2-4 FSPs in Cambodia with technical support in tracking and managing their financial inclusion objectives. UNCDF will offer training in data analysis and usage to better equip FSP staff to examine client exit, product usage and uptake. The FSP will be further supported through a Big Data study on customer journeys, in collaboration with a research team hosted at the UNCDF and UN Global Pulse – Pulse Lab Jakarta. The working paper will be presented at conferences to foster a wider sector dialogue in the ASEAN financial markets to promote data-driven financial inclusion practices and policies.

The working paper will:

- ✓ Examine how long customers stay with the financial institutions and what products, payments, credit, and savings they take up during their journey.
- ✓ Identify early warning signals for savings account dormancy, borrower exit, and inactive payment accounts, as well as the business case for improving access and usage of financial services through product development.
- ✓ Utilize a gendered financial inclusion and economic vulnerability lens by disaggregating data by sex, age, and other household characteristics and overlaying demand and supply side market data of a variety of products (credit, savings, payment, etc.).

Timeline for Activities

- February to April 2017 – Selection of up to 2-4 partners and sign the Plan of Action and Non-Disclosure Agreements.
- April to July 2017- Training conducted by UNCDF's Data Specialist and Consultant (4 days).
- May to Oct 2017- Production of a wider working paper on financial inclusion.

² Banjeree, Karlan et al 2015, Buvinic and O'Donnell 2016; Cho and Honorati 2003; Gravesteyn, Hoepner et al. 2015))

³ E.g. Ashraf, Karlan, Yin 2010; Dupas, Robinson 2013; Prina 2013; Karlan, Ratan et al. 2014; Kast, Pomeranz 2014 et al.; Buvinic and O'Donnell,2016)

⁴ E.g. Suri & Jack, 2016.

Selection criteria

Any financial service provider is eligible to participate including MFIs, Banks, Payment providers, Telco's, Insurance companies. The selection of 2-4 partners will be made based upon:

- ✓ A customer base of over 100.000 customers (either savings, credit, payment etc.)
- ✓ MIS system that can extract customer data
- ✓ Commitment to the project in terms of allowing staff from various departments to participate in the training and in terms of willingness to share data for wider financial inclusion research.

Main deliverables

During the action study, UNCDF will:

- ✓ Train and support FSP staff with data analysis on financial inclusion outcomes over time during a 4-day training workshop.
- ✓ Provide a workshop report.
- ✓ Mine the product datasets into a consolidated customer dataset.
- ✓ Produce a working paper and related outputs including infographics, website material etc.
- ✓ Cover expenses of the UNCDF analysis team.

The Financial Service Provider will:

- ✓ Arrange logistics for the trainer such as local transport and training venue.
- ✓ Make time available for the respective staff and management to participate in the data analysis training and knowledge management workshop.
- ✓ Make data available from the management information system to UNCDF and Pulse Lab to produce a working paper and related outputs. UNCDF and Pulse Lab will sign non-disclosure agreements with the FSP to ensure data confidentiality.

Kindly submit an Expression of Interest to UNCDF by writing to the team by the latest **21st of Feb 2017**. We will then follow up with a conference call. For submissions and inquiries, please write to the SHIFT focal point at: hong.ngin@uncdf.org and robin.gravesteijn@uncdf.org.

Kind regards,

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