Integrating Consumer Protection in New Product Design Processes

MicroSave: Your Local Expert In Financial Inclusion

Key partners and clients

International FI consulting firm with **20+** years of experience

11 offices around the world

Projects in **~50** developing countries

Our impact so far

200+ Clients

Implemented **>75** DFS projects

Developed **200+** FI products and channels

>550 Publications

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Trained **1,000+** Leading FI specialists globally

BILL & MELINDA GATES foundation

OMIDYAR NETWORK™

TPB Bank
Grow with us

1966 2016 UN CDF

Opportunity International

GF GRAMEEN FOUNDATION
Connecting the World's Poor to Their Potential

IFC International Finance Corporation
World Bank Group

FSDT
FINANCIAL SECTOR DEEPENING TRUST

AFRICAN GUARANTEE FUND

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HF GROUP
Dreams Made Possible

JamiiBora BANK

Faulu
YOUR BRIDGE TO SUCCESS

EQUITY Bank
The Listening, Caring Financial Partner

KWFT
BANKING ON WOMEN

CRDB BANK
The bank that listens

MFinance
Madison Finance Company Limited

By the end of this session, we will appreciate the rationale for customer centric product development and be able to describe and apply customer centric product innovation and development process (Market Insights for Innovation and Design (MI4ID) to develop financial solutions that clients will prefer, choose and use.

Session Plan

1. Importance of Effective Product Innovation and Design

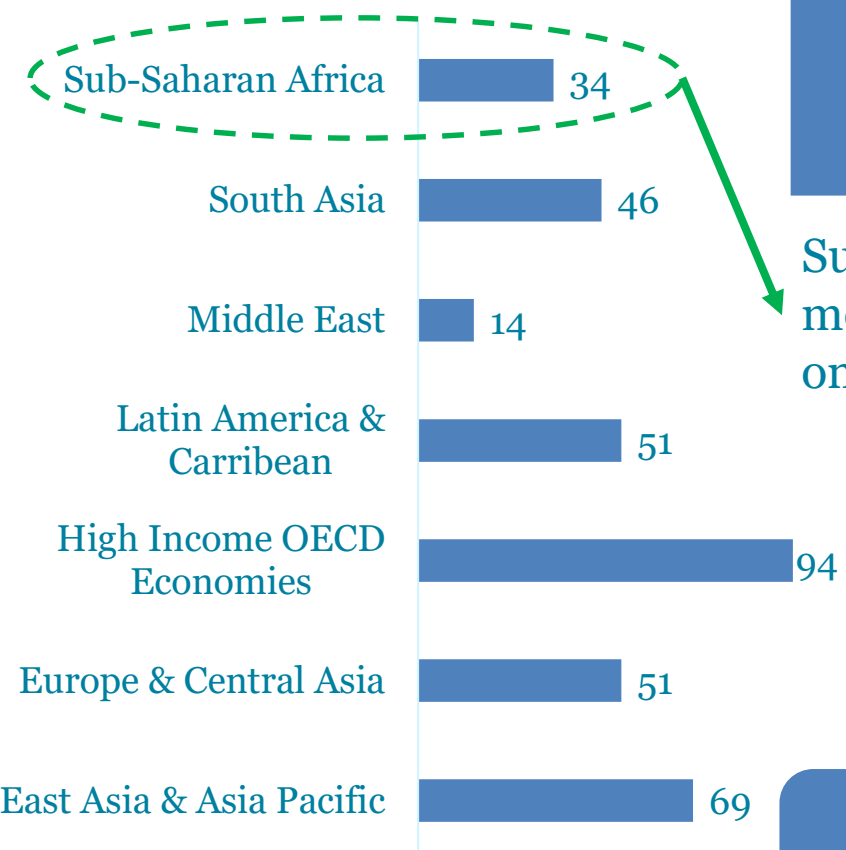2. Ensuring a Customer Focus in Product Development

3. Product Innovation and Development Process; *MicroSave* MI4ID Approach

Importance of Effective Product Innovation and Development/Refinement

Integrating Consumer Protection in New Product Design Process

Financial Inclusion: Access

Account Penetration
Adults with an account (%), 2014

- Sub-Saharan Africa — 34
- South Asia — 46
- Middle East — 14
- Latin America & Carribean — 51
- High Income OECD Economies — 94
- Europe & Central Asia — 51
- East Asia & Asia Pacific — 69

Globally

62%
Of Adult population have an account

54%
Of Adult population in developing countries have an account

Sub-Saharan Africa – **12%** of adults have mobile money accounts; **45%** of them have only a mobile money account

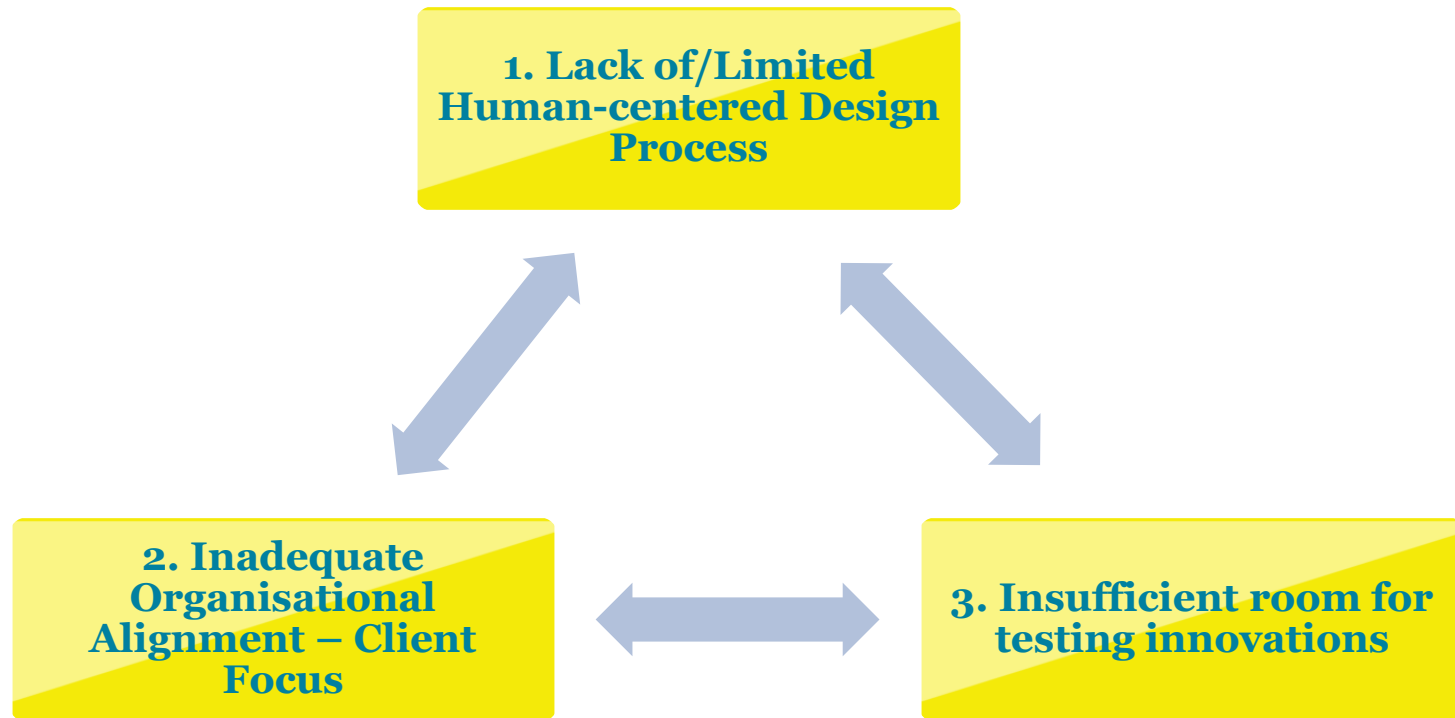**9%**
Steady gender gap in developing countries

	Men with account	Women with account
2011	**46%**	**37%**
2014	**59%**	**50%**

46%
Of Adults in the Poorest 40% of households in developing countries have an account

Provider Issues Impeding Effective Product Design

- 3 key factors impeding the delivery of more products and adoption of business models that are more conducive to financial inclusion

1. Lack of/Limited Human-centered Design Process

2. Inadequate Organisational Alignment – Client Focus

3. Insufficient room for testing innovations

- Product Design that deals with *market failures, meet consumer needs, and overcome behavioural problems* can foster widespread use of financial services

Increased Access To Financial Services Leads to…

Increased access to financial services…

…could potentially produce the following positive outcomes…

Access to better value storage and savings options	**Save for the future, afford basic necessities such as education, health facilities, clean drinking water, sanitation**
Access to better Credit, investment and insurance options	**Invest in productive assets leading to job creation in rural areas**
Ability to efficiently move money to/from peers	**Reduce direct costs of financial transactions**
Ability to efficiently move money to/from governments/ institutions	**Increase transparency and reduce pilferage in government payments to persons**

Why Develop/Refine Products?

- The financial sector is fast moving from being a "product-driven" to a "market-driven" industry

- Financial institutions struggle to balance three potentially competing objectives:
  - To reduce the costs;
  - To widen the range of products; and
  - To accomplish objectives 1 & 2 while mitigating risks.

- These three desired objectives are not independent of each other, and may require rational thinking around product development/refinement

Market Driven

Product Driven

Marketing concept

Selling concept

time

Product concept

Production concept

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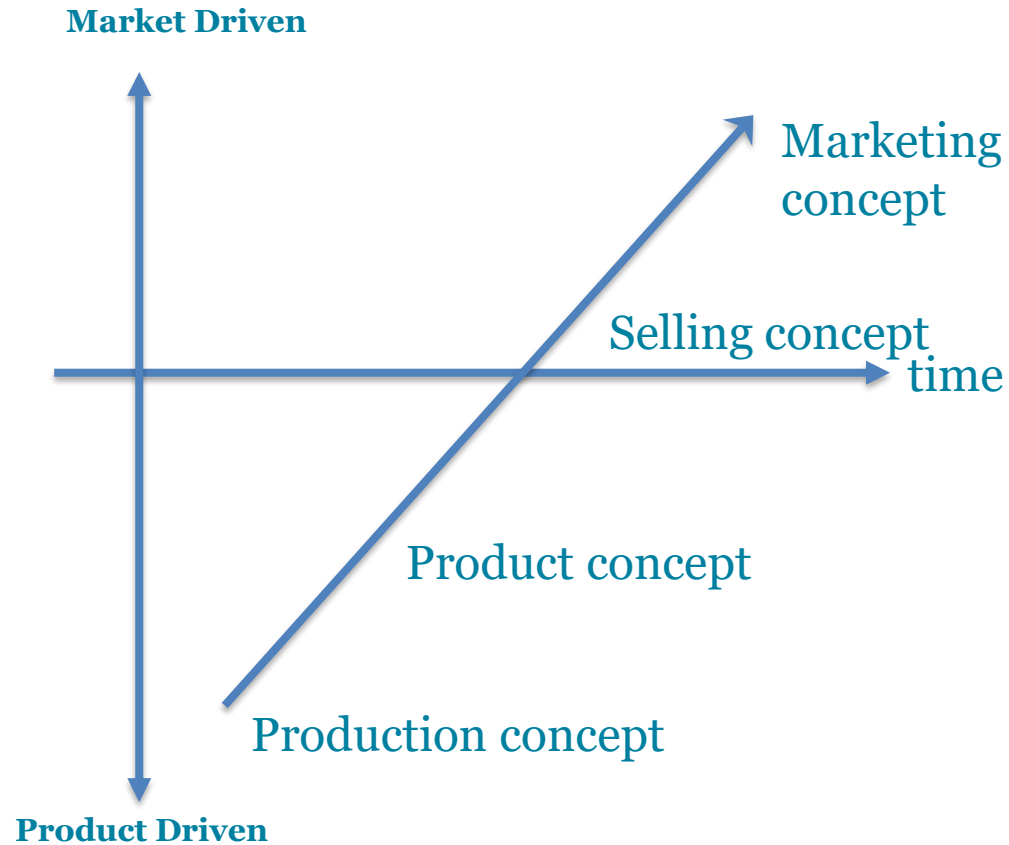
Symptomatic Issues

- Poor performance
- Slower growth than expected

Institution

- Poor repayment
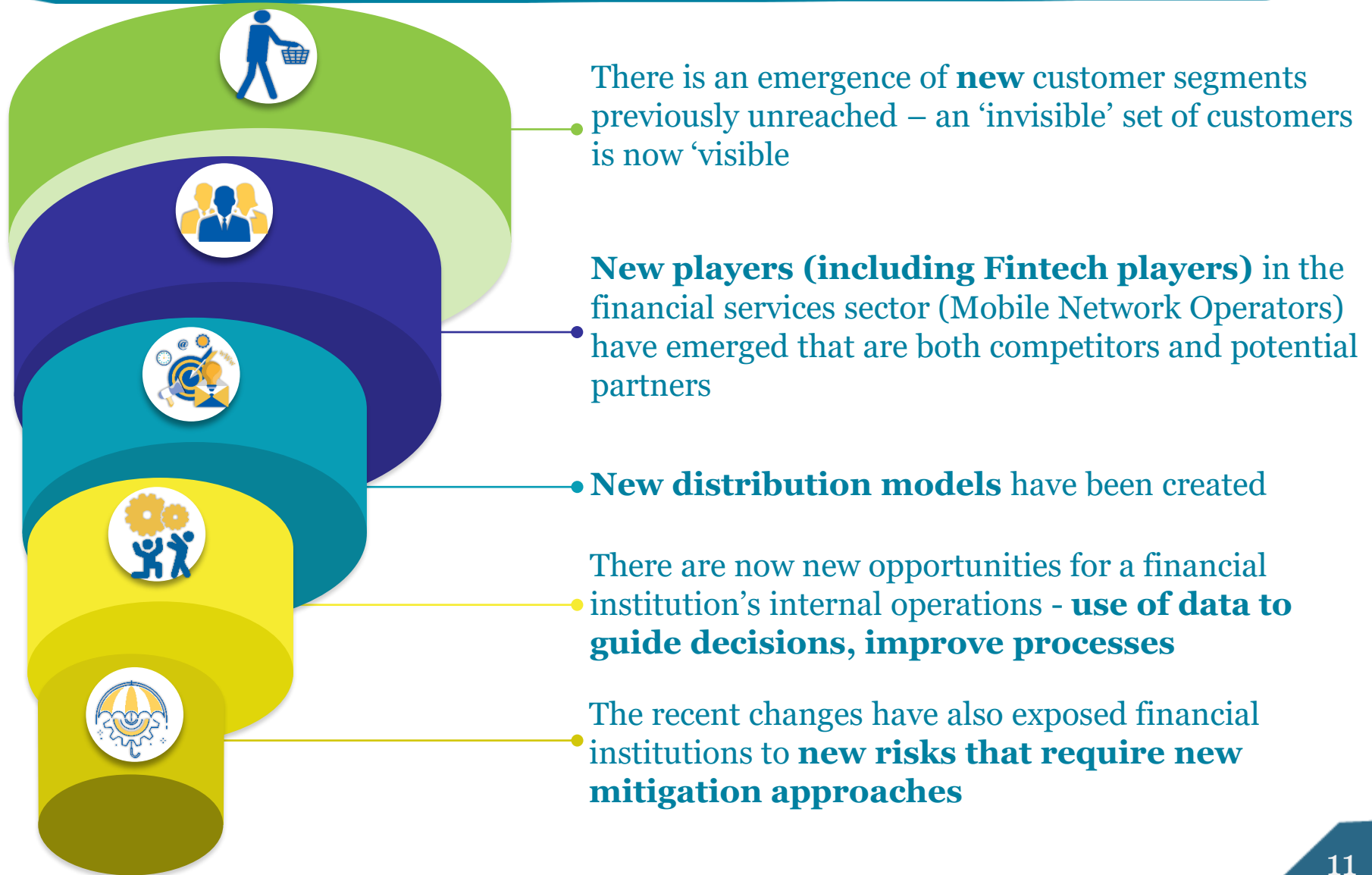- Slow growth in renewals

Clients

- Emergence of new client markets
- Need to improve services
- Compete more effectively

Markets

Are there any other reasons that you could think of?

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Relevance of Product Development/Refinement

There is an emergence of **new** customer segments previously unreached – an 'invisible' set of customers is now 'visible

New players (including Fintech players) in the financial services sector (Mobile Network Operators) have emerged that are both competitors and potential partners

New distribution models have been created

There are now new opportunities for a financial institution's internal operations - **use of data to guide decisions, improve processes**

The recent changes have also exposed financial institutions to **new risks that require new mitigation approaches**

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Value Proposition for Clients and Institutions

Enhanced products and services

Expanded product suite

Accessibility

Simpler, faster access processes

Customers' Value

Financial Institution's Value

Increased loyalty

Reduced operational costs

Better leverage of partnerships

Increased outreach

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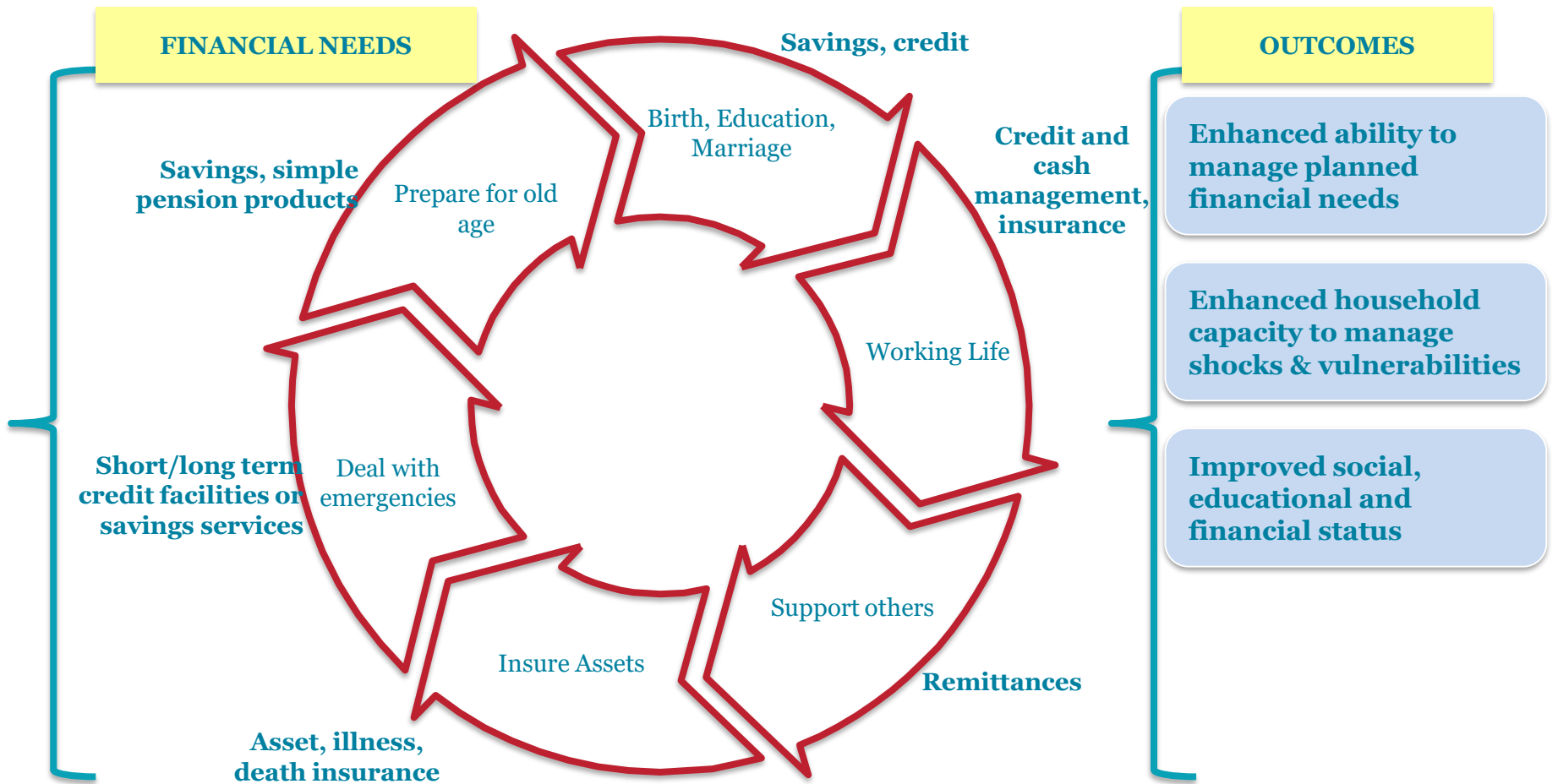Market-led solutions for financial services
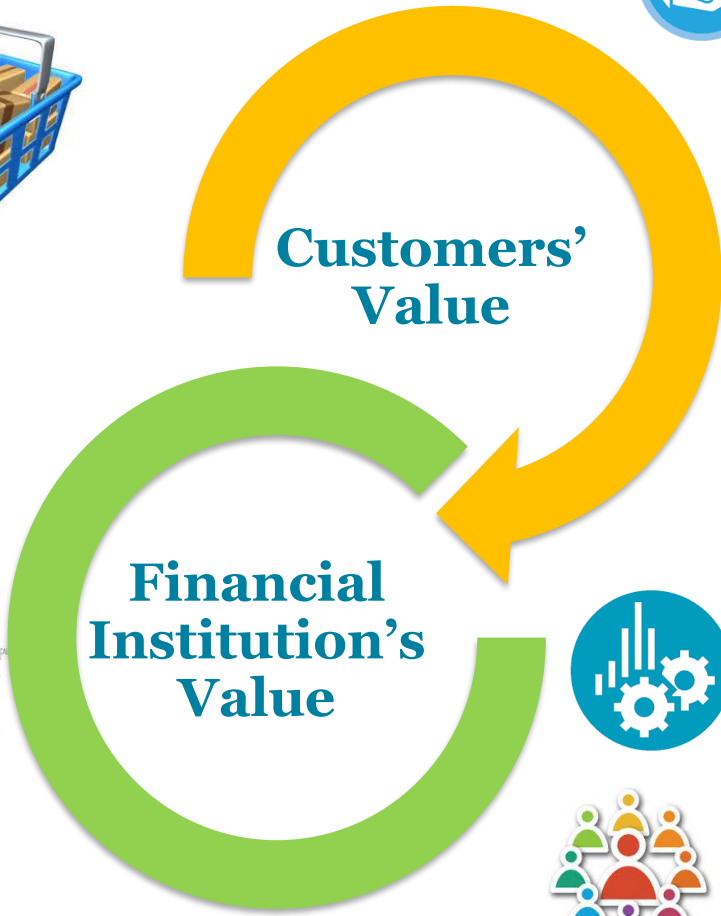
Call Out:

❖ **What should be the focus going forward for the customer-led product innovation and development?**

Ensuring a Customer Focus in Product Development

Integrating Consumer Protection in New Product Design Process

Financial Needs for Low and Mid Income Segments

FINANCIAL NEEDS

Savings, simple pension products

Short/long term credit facilities or savings services

Asset, illness, death insurance

Prepare for old age

Deal with emergencies

Insure Assets

Birth, Education, Marriage

Working Life

Support others

Savings, credit

Credit and cash management, insurance

Remittances

OUTCOMES

Enhanced ability to manage planned financial needs

Enhanced household capacity to manage shocks & vulnerabilities

Improved social, educational and financial status

Over the years, many studies have unequivocally established that the "unbanked" need and use a range of financial services (not just credit) and are willing to pay the "right" fee for these services.

Financial Services Used by Low and Mid Income Segments

Digital: Digital credit by banks/ MNOs, Fintechs
Formal: Banks, Non Bank Formal
Informal: ROSCAs, SACCOs, MFIs

Digital: Mapped savings accounts, Group Savings, (M-Chama etc.), Wallets
Formal: Banks, Non-Bank Formal
Informal: RoSCAs, SACCOs, MFIs
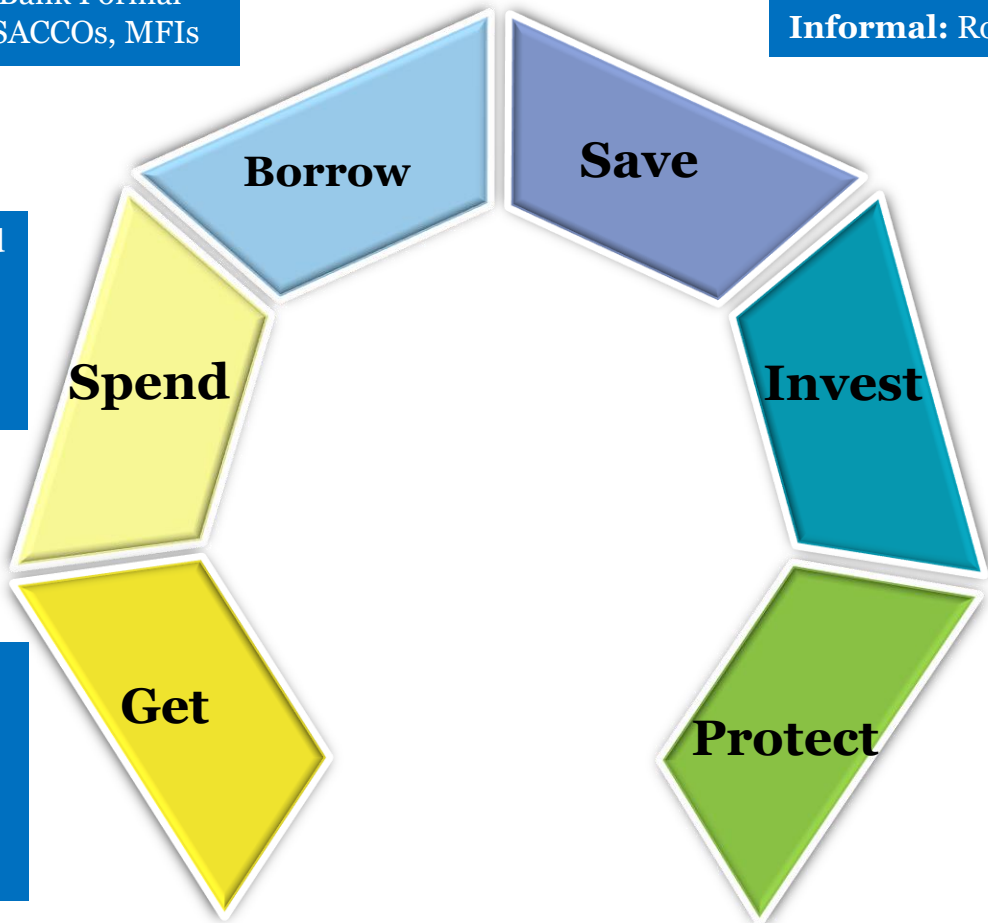
Digital: Merchant, Utility and Bill Payment
Formal: School Fees
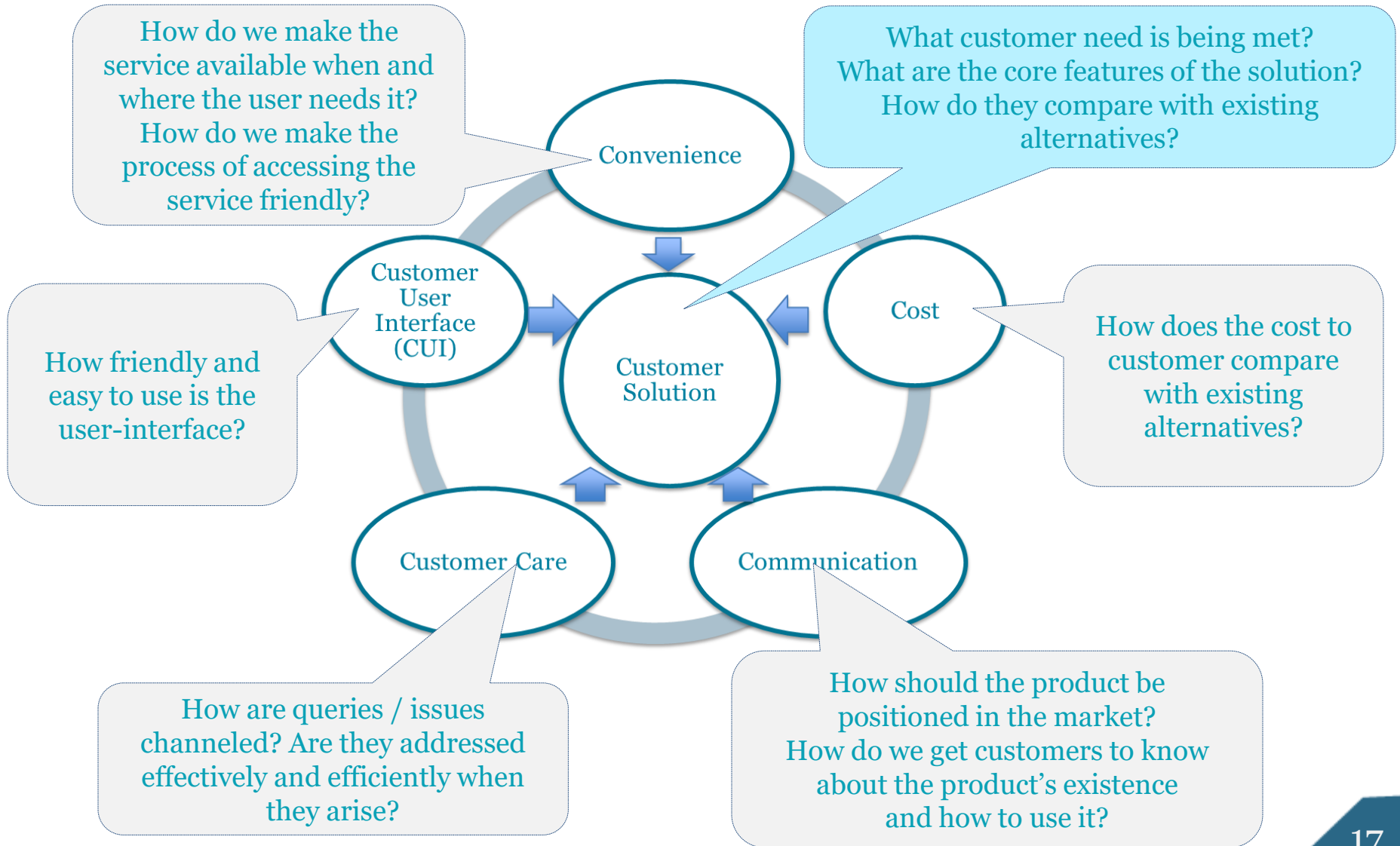**Informal:** Grocery, Medical, Lifestyle, School Fees

Digital: Mobile money based government bond for investment (M-Akiba)
Formal: Primary and secondary markets
Informal: Income supplementing and subsistence assets

Digital: Remittance, Fundraising accounts (e.g. M-Changa)
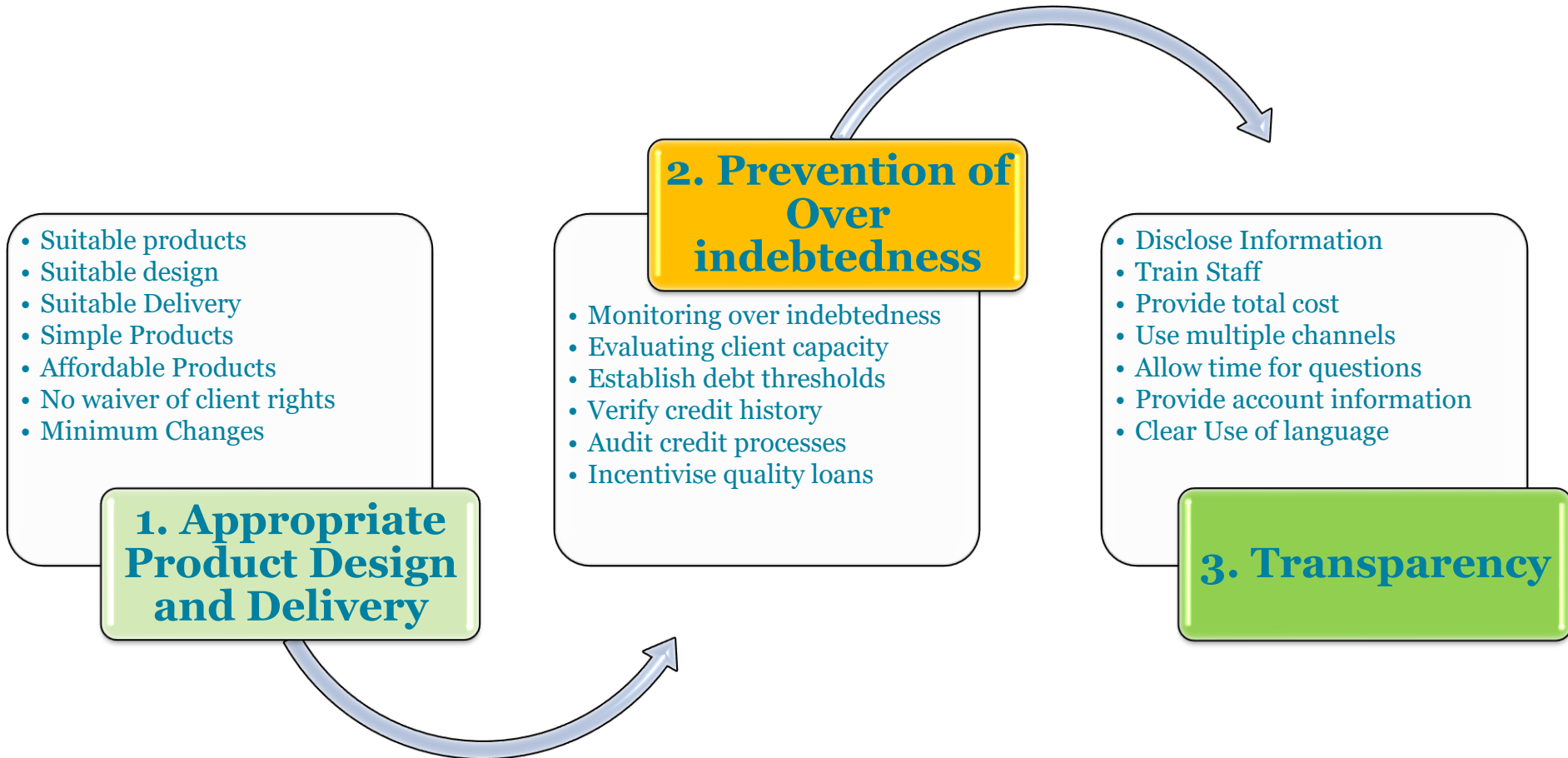**Formal: G2P**
Informal: Income, Wages, Remittances, Loans

Digital: Wallets, Micro-insurance
Formal: Mandatory insurance products
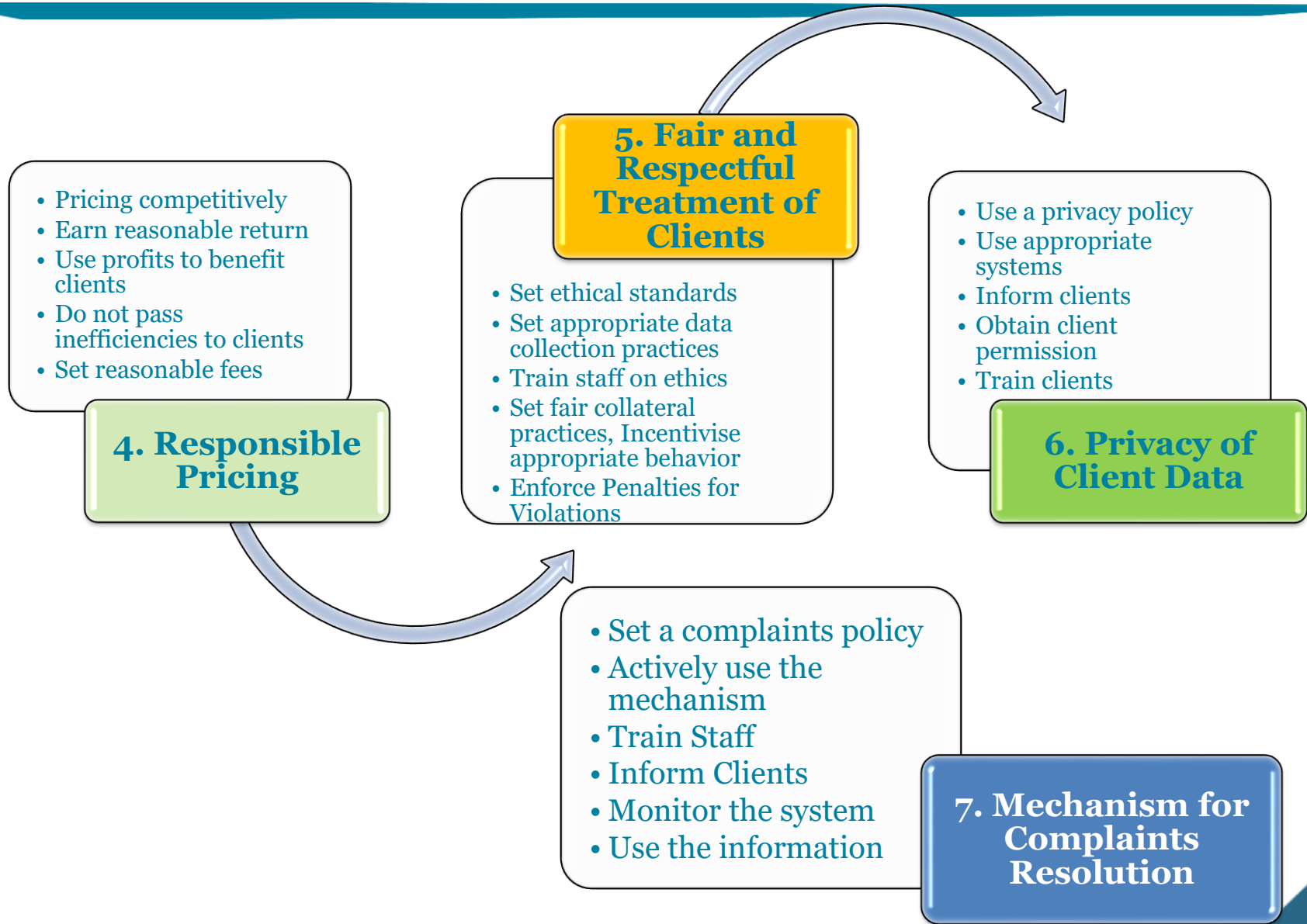**Informal:** Social savings/insurance

Borrow

Save

Spend

Invest

Get

Protect

Ensuring a Customer Focus on All Aspects

How do we make the service available when and where the user needs it?
How do we make the process of accessing the service friendly?

What customer need is being met?
What are the core features of the solution?
How do they compare with existing alternatives?

How friendly and easy to use is the user-interface?

How does the cost to customer compare with existing alternatives?

How are queries / issues channeled? Are they addressed effectively and efficiently when they arise?

How should the product be positioned in the market?
How do we get customers to know about the product's existence and how to use it?

Convenience

Customer User Interface (CUI)

Customer Solution

Cost

Customer Care

Communication

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SMART CAMPAIGN Client Protection Principles (1)

1. Appropriate Product Design and Delivery

- Suitable products
- Suitable design
- Suitable Delivery
- Simple Products
- Affordable Products
- No waiver of client rights
- Minimum Changes

2. Prevention of Over indebtedness

- Monitoring over indebtedness
- Evaluating client capacity
- Establish debt thresholds
- Verify credit history
- Audit credit processes
- Incentivise quality loans

3. Transparency

- Disclose Information
- Train Staff
- Provide total cost
- Use multiple channels
- Allow time for questions
- Provide account information
- Clear Use of language

SMART CAMPAIGN Client Protection Principles (2)

5. Fair and Respectful Treatment of Clients

4. Responsible Pricing

- Pricing competitively
- Earn reasonable return
- Use profits to benefit clients
- Do not pass inefficiencies to clients
- Set reasonable fees

- Set ethical standards
- Set appropriate data collection practices
- Train staff on ethics
- Set fair collateral practices, Incentivise appropriate behavior
- Enforce Penalties for Violations

6. Privacy of Client Data

- Use a privacy policy
- Use appropriate systems
- Inform clients
- Obtain client permission
- Train clients

7. Mechanism for Complaints Resolution

- Set a complaints policy
- Actively use the mechanism
- Train Staff
- Inform Clients
- Monitor the system
- Use the information

Integrating CPPs in the Eight Ps of Products (1)

Product (design): specific features of the product and range of products and services being offered

Price: What the customer must pay to access the products and services being offered: Interest rates, transaction costs, returns

Place: Refers to distribution channels, accessibility (branches, agents, ATMs, mobile etc.)

Promotion: Advertising, public relations, direct marketing and all other aspects of sales marketing

Integrating CPPs in the Eight Ps of Products (2)

Positioning: Position recall in customer's mind

Physical Evidence: Tangible, visible presentation of product and delivery systems

People: Human interactions involved

Process: The way in which, or the system through which, the product is delivered

Sample Case Studies

Downscaling Support to a bank (previously mortgage lender and serving HNW) to Implement Mass Market Banking

Enhancing a Microfinance Bank Footprint in the MSME Segment

Mobile Financial Services for Mass Market

Product Innovation and Development Process

Integrating Consumer Protection in New Product Design Process

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Call Out:

Internal Readiness for Effective Product Development

- **What are the key elements/capacities/ resources necessary for product development/refinement by an institution?**

   What do you need to start developing/refining new products ?

Successful Product Development/Refinement Involves

Research Issue — Identification of unmet or poorly met financial service needs and design of the product prototype

A Team — Team that possesses multidisciplinary skills and a product champion

Institutional Buy In — Support within the institution for the process

Market Understanding — Defined customer group(s) to be targeted
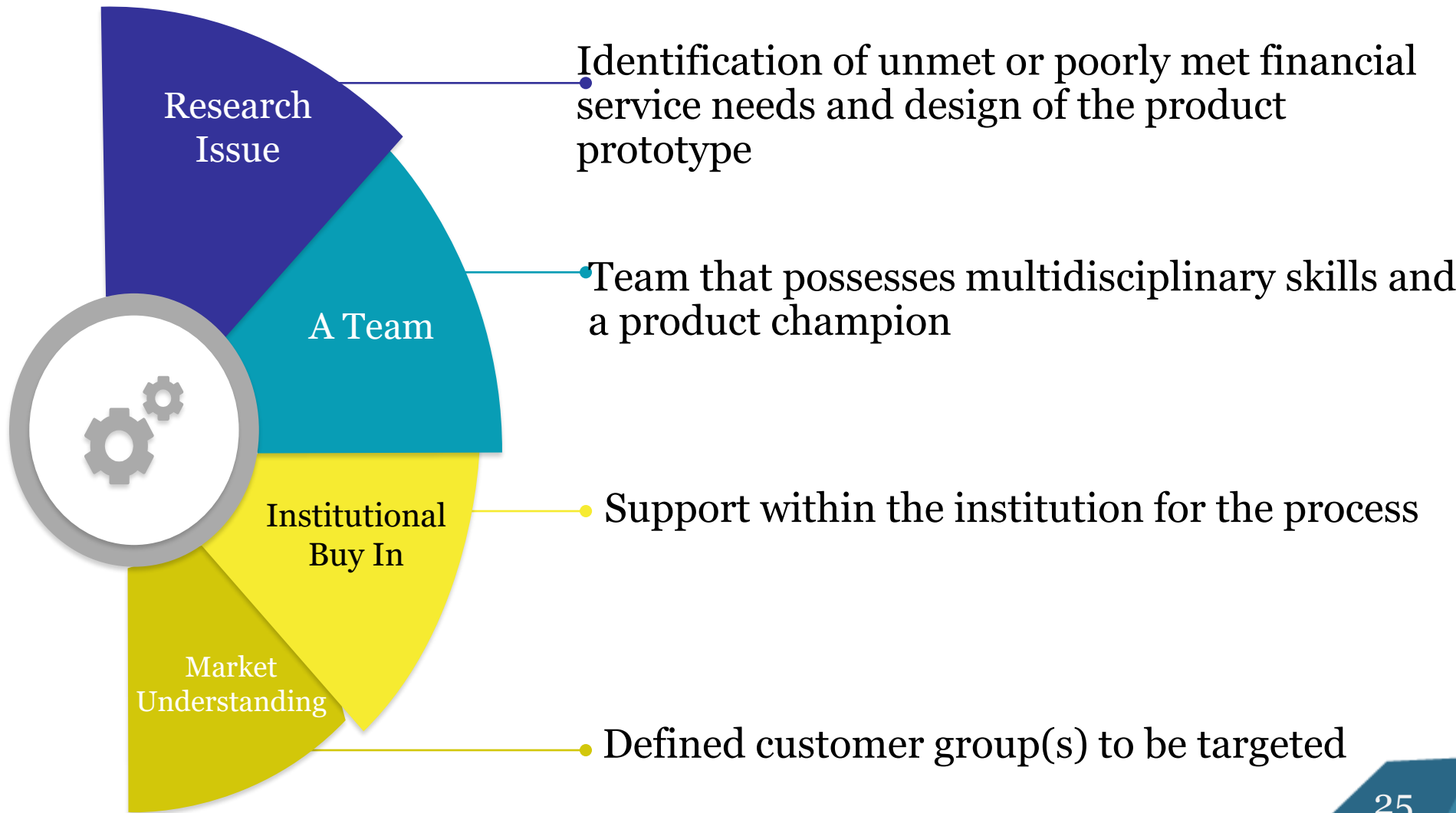
Internal Assessment

Staff Skills and Time
Requirement of specialised expertise or more time from existing staff

Systems
System needs to track and manage performance of new/refined products

Risk Management
New/refined products may enhance risks and may need to be managed effectively

Channels
Sufficient capacity within its delivery channels to market and distribute

Skill Building Capacities
Product development/refinement needs skill building capacities to train staff on the specifics of the product, promotion, and performance management

Financial Resources
All the above require a substantial commitment on the part of the institution

Call Out:

- **What are the key steps of product innovation and development/refinement?**

  Who should own product innovation and development/refinement process in the institution?

Product Development/Refinement Process

Research Issue	Market Research	Concept and Prototype development	Pilot Test	Roll Out
Stage 1: Identifying a research issue	Stage 2: Understanding clients' needs	Stage 3: Refining concept into the prototype. Testing the product prototype	Stage 4: Pilot test and refinements to products	Step 5: Roll out and operational integration
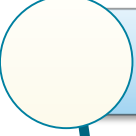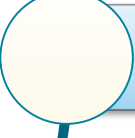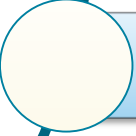
Research is about understanding the context in which service providers intend to serve and compete. It helps to:

Learn about existing customers

Recognise and understand potential customers

Identify business opportunities

Take informed strategic and business decisions

Examine and solve business problems

Qualitative
Research Methods
Quantitative

Qualitative research is primarily used to examine and understand the complexity of human behavior, and is more descriptive than definitive

Quantitative research emphasises objective measurements and the statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys

Research Techniques

Participatory

Involve groups or communities heavily in data collection. Examples: community meetings, mapping, transect walks

Observational

A way to gather information with minimal impact on participants. Can be used to collect evidence of development related to interactions, skills, behaviors, attitudes, and levels of awareness

Self-Reported

Self-report methods, such as interviews and questionnaires, ask the person for information directly

Expert Interviews

Gain informed perspectives from valued experts who are outside of the system

Call Out:

- **Have your used any of these research techniques earlier? What was your experience?**

Product Innovation and Development Process – MI4ID

Integrating Consumer Protection in New Product Design Process

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Market Insights for Innovation and Design (1)

Market Insights

Innovation and Design

Market Insights gear:
- 1. Define problem
- 2. Investigate
- 3. Generate insights

Innovation and Design gear:
- 1. Generate concepts
- 2. Build prototype
- 3. Design
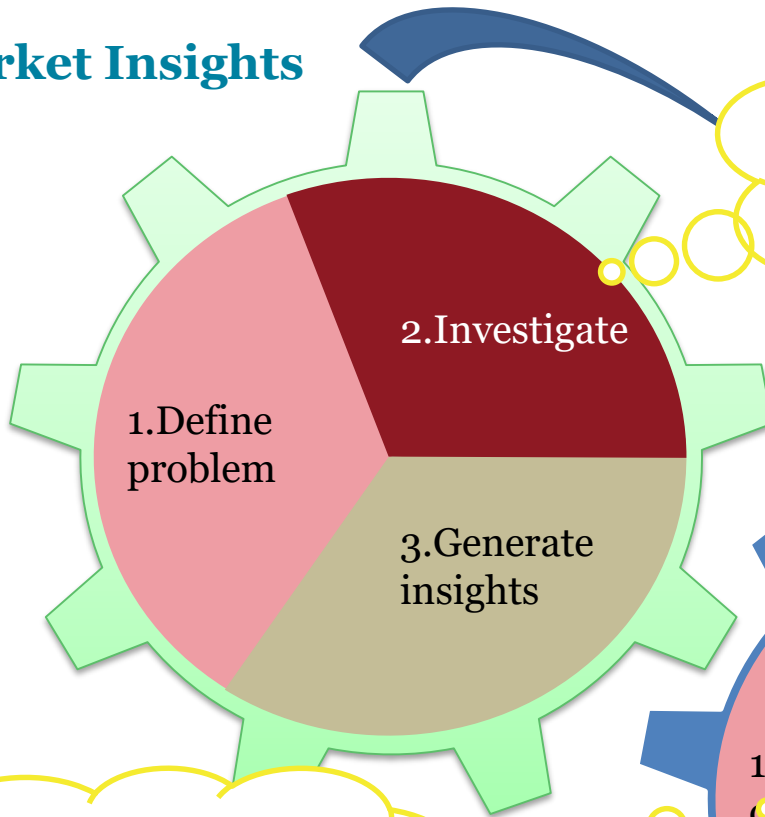
Understand clients' <u>needs</u>, <u>preferences</u>, <u>attitude</u>, <u>behavioural biases</u> and their <u>journey</u> towards <u>decision making</u>
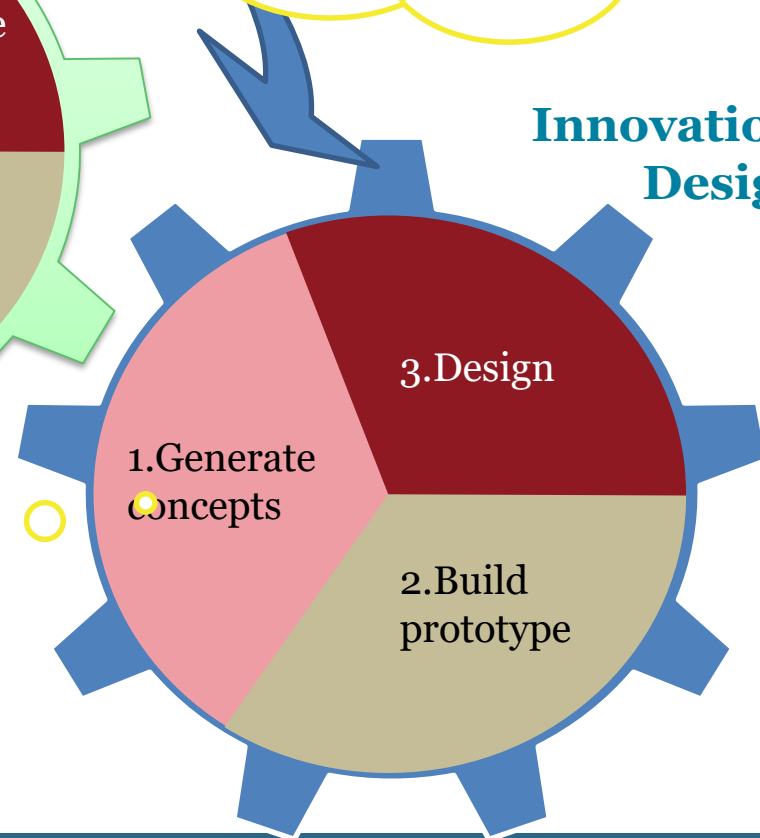
Design/refine solution/s for clients which they will <u>prefer</u>, <u>choose</u> and <u>use</u>

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Market Insights for Innovation and Design (2)

Market Insight

- Understand customers' needs, preferences, attitudes, behavioural biases and their journey towards decision-making

Define Problem

- Identify idea end state in project vision workshop
- Explore information gaps and develop a research plan

Investigate

- Conduct fieldwork using appropriate research methods

Generate Insights

- Analysis of data, results in emerging themes
- Mental modelling

Innovation and Design

- Design solution/s for customers which they will prefer, choose, and use

Concept Distillation

- Concept generation workshop
- Concept distillation as per service providers' strategy lens

Build & Test Prototype

- Product concept in 8P format
- Rapid prototyping of the concept

Design

- Low-fidelity prototype of the solution shared with provider
- Finalisation of the solution by the provider

Defining A Research Issue

There may be several possible research issues such as:

- Exploring the market
- Exploring the behavior and attitudes of users
- Creating effective approaches to marketing
- New product concept development:
- Programme evaluation/Impact assessment
- Detection of fraud

An institution may use the following data sources to define a research issue:

Data Sources	Internal	External
Primary	• Feedback from front-line staff • Questions on customer forms	• Focussed Discussion Groups • Customer Consultative Groups • Mini Surveys • Competition Analysis
Secondary	• Analysis of own financial/management information • Evaluation and monitoring reports	• Competition Analysis • Industry data from networks • Legal/environmental issues • Industry publications/websites

Thereafter, we build contextual knowledge to understand chain of events, hypothesis

Based on understanding of contextual knowledge, the research issue then is translated into a problem statement to design the market research activity. For an example, the research issue at hand here is "Why users are using informal financial products?"

Observed Behavior:
Users are not aware of use of formal financial products and end up using informal financial products

Users are not aware and do not use formal financial products for the financial transactions they conduct

Desired Behavior:
Users are aware of and use their formal financial products for all financial transactions

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Call Out:

Watch the Constance video and formulate one problem statement that you would need to research further to develop insights and design solutions. Take a practical example of your institution

Assess Information Gap

Once the problem statement has been identified, it is important to identify what we know and what we do not know to effectively design the market research activity.

For what we do not know the next step is to identify if we can get it through either of the methods:

Secondary research	Primary research
• Existing data – desk research • Loan Ledger • Portfolio Reports • Passbooks	• Staff and management • Clients and users • Non-users/non-clients • Dropout clients

Design Market Research

The research design entails the following:

Research Objectives
- Research issue
- Contextual knowledge
- Problem statement

Research Tools
- Type of research
- Research technique
- Research method
- Research tools
- Sampling strategy

Resource Plan
- Research timelines
- Resources involved for field work, analysis, and reporting
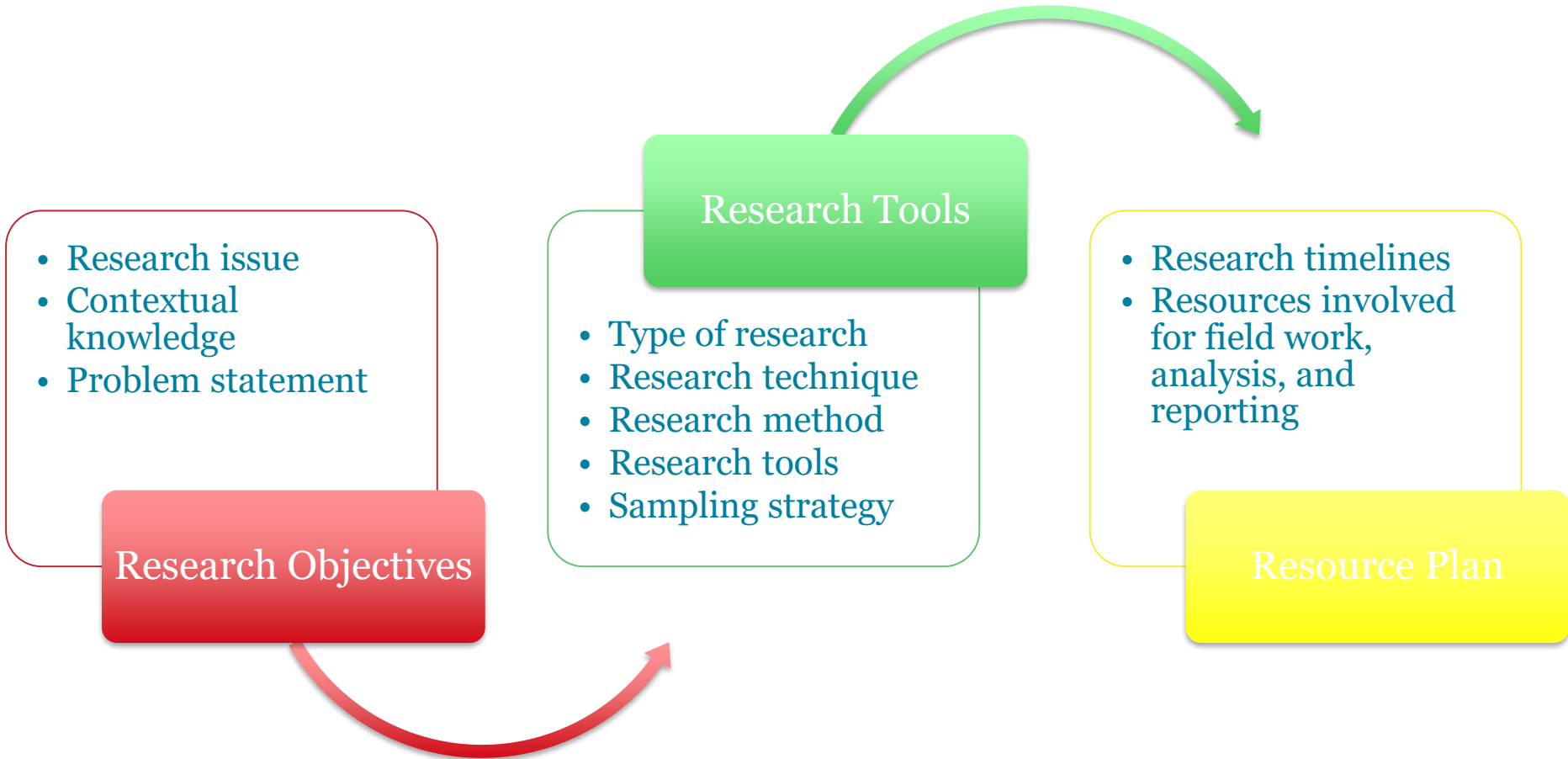
Product Innovation and Development Process: Behavioural Assessment for Market Research

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Product Development/Refinement Process (Recall)

Research Issue	Market Research	Concept and Prototype development	Pilot Test	Roll Out
Stage 1: Identifying a research issue	**Stage 2: Understanding clients' needs**	**Stage 3: Refining concept into the prototype. Testing the product prototype**	**Stage 4: Pilot test and refinements to products**	**Step 5: Roll out and operational integration**

Understanding Behavioural Constraints

Behavioural analysis explores why people behave differently than what would be rational based on economic models.

People prefer, choose and use (decide and act) based on

❑ Available information

❑ Society, peer pressure

❑ Planning (or absence of it)

❑ Personalities

❑ Available choices (or too much of them)

❑ Available resources (or in absence)

❑ Temptation etc.

Scarcity: Time, Capital and Cognitive

Time Inconsistency : Planning fallacy and present bias

Probability /Belief: Availability and Salience

Decision Making: Hassle factor and choice overload

Social: Social proof and reciprocity
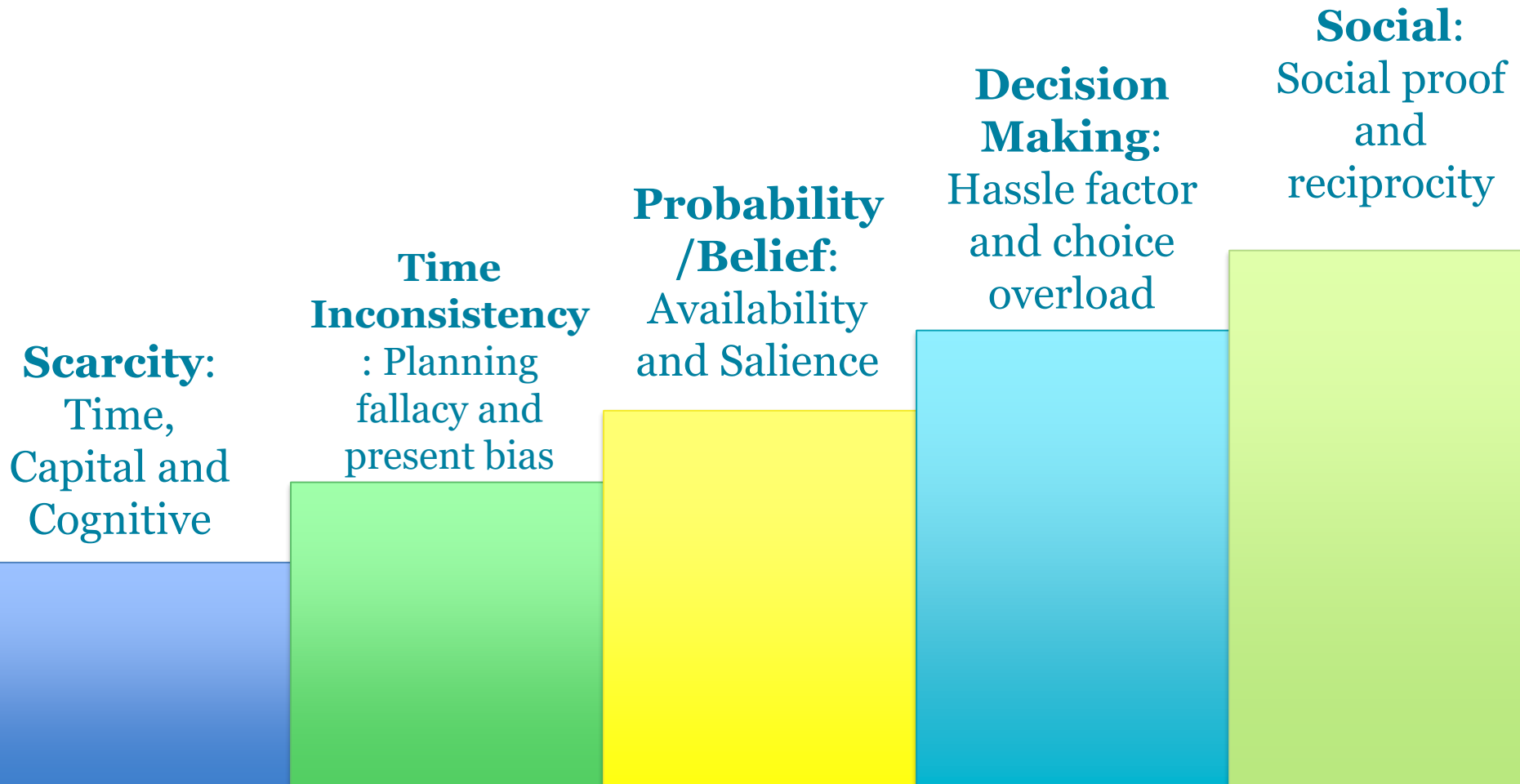
Scarcity drives a lot of Behavioural Aspects

Scarcity creates a perpetuating mindset that alters decision making.

Capital

Time

Cognitive

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Cognitive Scarcity

Intention Action Gap

Limited Attention
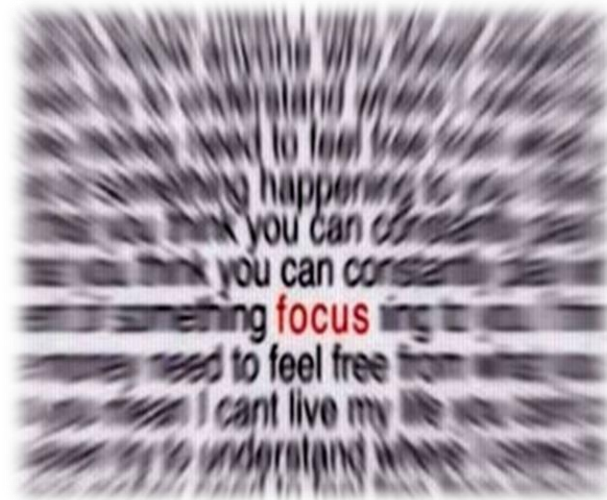
Tunnelling

Time Inconsistency Biases
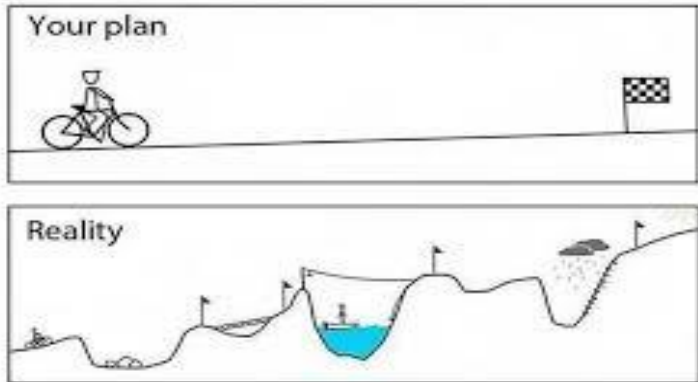
Planning Fallacy

HOFSTADTER'S LAW

"It always takes longer than you expect, even when you take into account Hofstadter's Law."

Present Bias

Weighing present concerns more than future ones

The phenomenon whereby a person's tastes and preferences change over time, leading to a different evaluation of the costs and benefits of a certain decision.

Probability/ Belief Biases

Availability Bias

Salience

Anchoring

What are the last two digits of your social security number?

11

99

Now, how much will you pay for this wine, if you were to bid for it?

$30

French Wine

$80

Victim of anchoring bias
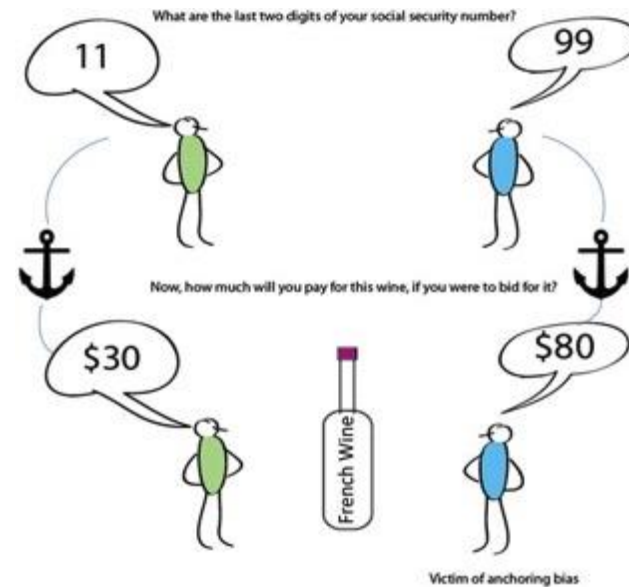
Seen ad

- Brain expects tasty treat and so emotional brain is stimulated

- The stimulation of the emotional brain ensures consumers enjoy the brand more
- = better long term brand metrics

Priming

Decision Making Bias

Hassle Factor

Status quo

Sunken cost

Choice Overload
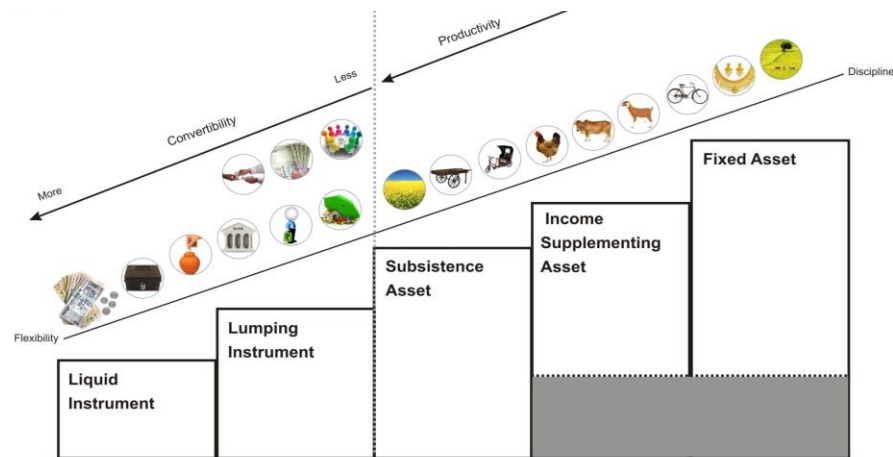
Mental Accounting

Loss Aversion

I have USD 10,000. I can give you;
A. Sure gain of $2500
B. 75% chance to gain nothing

I have USD 10,000. I can give you;
C. A sure loss of $7,500
D. 25% chance to lose nothing

Social Biases


Social proof

Reciprocity

Call Out:

What are the implications on design of solutions for the money management model used and behavioural assessments?

Product Innovation and Development Process: Insight Generation and Behavioural Levers

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What does Insights Mean?

Market insights highlights the behavioural biases explaining the user's behaviour as gathered from the research findings.
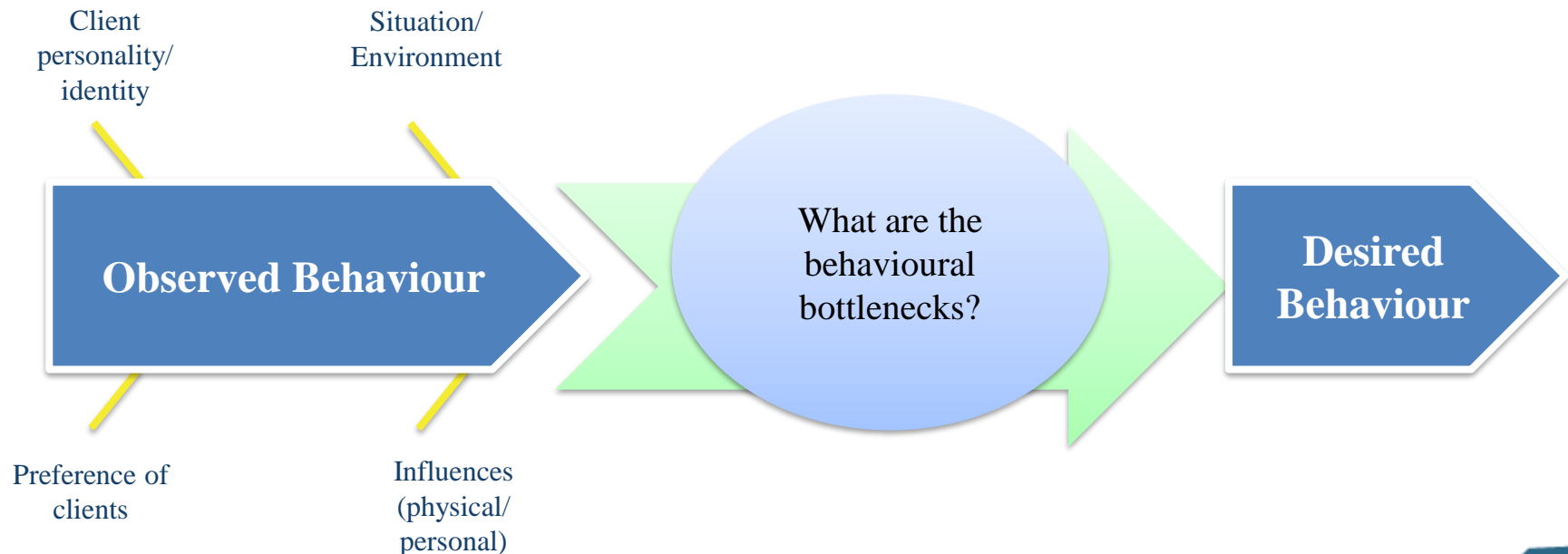
| Research Findings | | Design Concepts | Design |
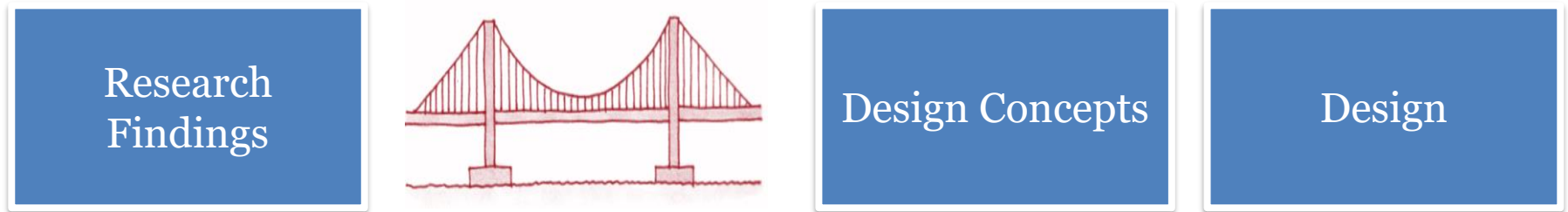
Insights cover:
- Who is the client and under which environmental context does she/he decide/act?
- What are the bottlenecks in the desired behaviour?

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Generating Insights

Insight generation process involves:

- Defining a client persona and client context
- Identifying behavioural biases and bottlenecks in decision making/action

Client personality/ identity

Situation/ Environment

Observed Behaviour

What are the behavioural bottlenecks?

Desired Behaviour

Preference of clients

Influences (physical/ personal)

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Persona Mapping - Tool for Client Persona Identification

Think & Feel
attitude
preoccupations
hopes & fears
what matters most

*Make sure to note assumptions.
How can you verify them?*

Say & Do
actions
appearance
behavior towards others
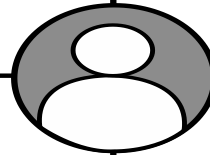
See
environment
physical barriers

Hear
what influencers say
what employers say
what friends & family say

Scenario Mapping - Tool for Client Persona Identification

Action: School Operations

Experience:
Registration, Enrolment of Students, School Infrastructure, School Fees Payments

Barriers:
Barriers faced by the school in this action

Implications:
Implications of barriers

Opportunities:
Assessing their experience, barriers and implications, where does the opportunity lie?

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What are Behavioural Levers?

Behavioural levers are triggers that helps overcome biases and bring about the desired outcome!
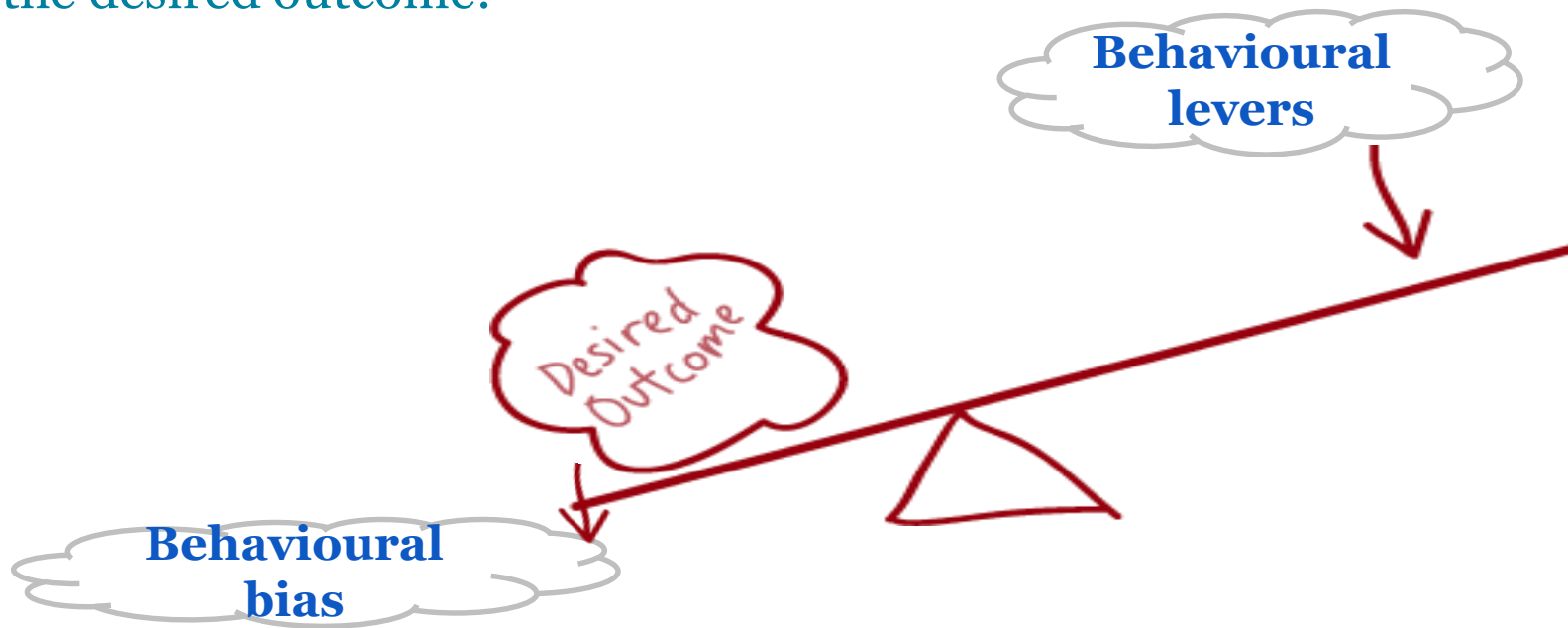
Use of behavioural levers lets the users get rid of their behavioural biases and helps them to move from observed behaviour to desired behaviour

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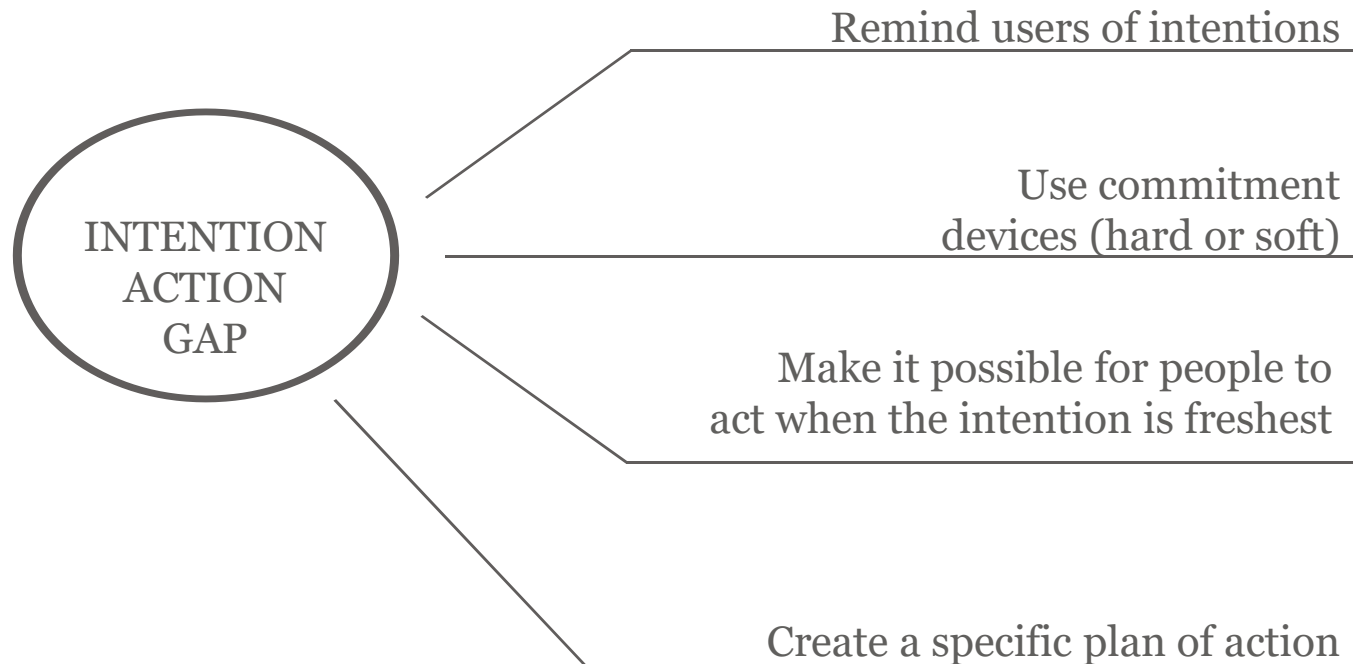# How Insights and Behavioural Levers Work?

Market insight: Potential users do not use formal financial services as they feel that they are not for them.

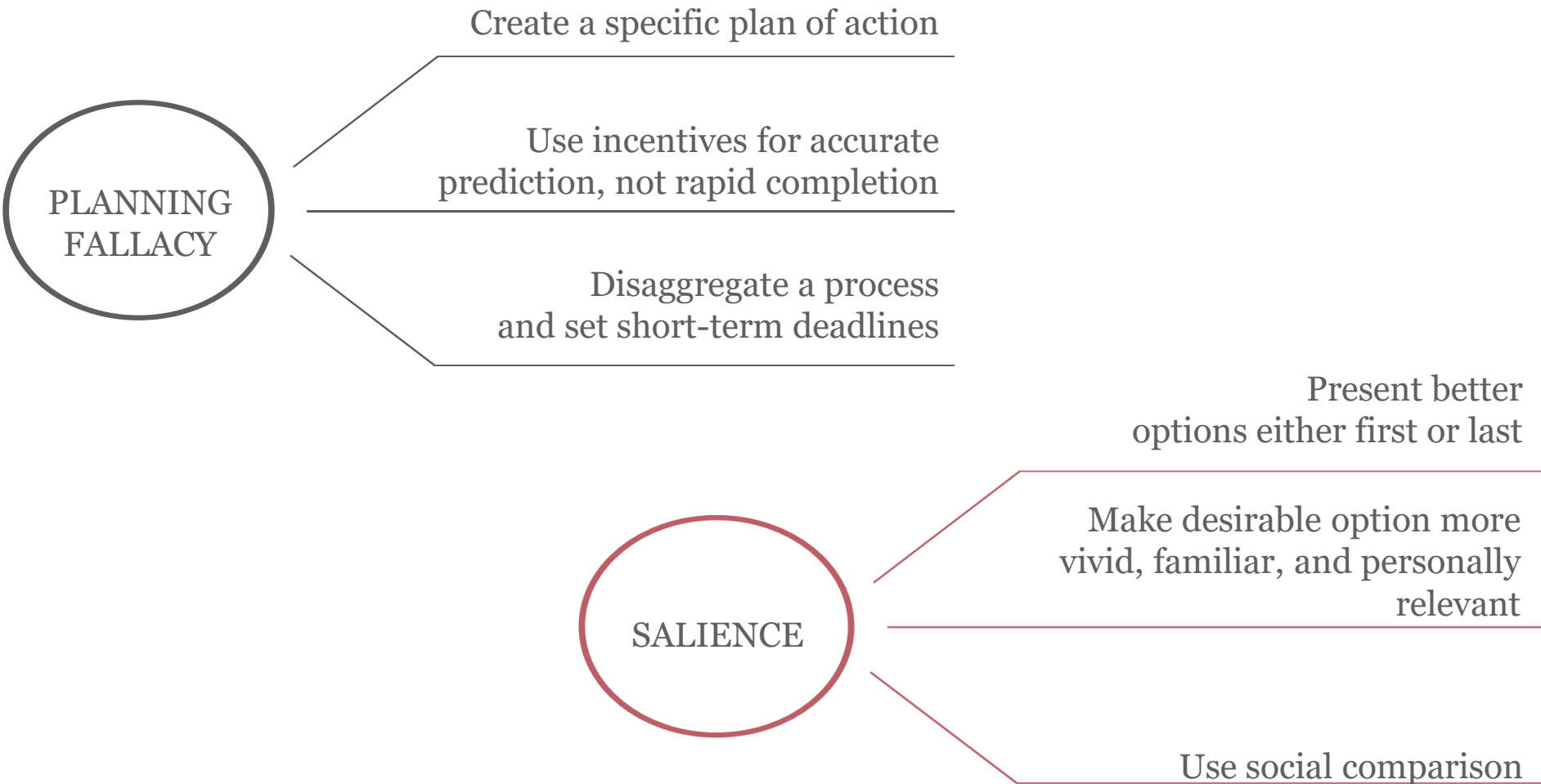**Behavioural barrier**: Status quoism of use of informal services.

Behavioural lever: Reframe how people perceive an option and create new, positive associations

Behavioural lever to be used: Reframe the perception of formal financial services so that users understand that they are for them.

Behavioural Levers (1)

INTENTION ACTION GAP

Remind users of intentions

Use commitment devices (hard or soft)

Make it possible for people to act when the intention is freshest

Create a specific plan of action

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Behavioural Levers (2)

Create a specific plan of action

PLANNING FALLACY

Use incentives for accurate prediction, not rapid completion

Disaggregate a process and set short-term deadlines

Present better options either first or last

SALIENCE

Make desirable option more vivid, familiar, and personally relevant

Use social comparison

From Levers to Prompt

The levers are turned into prompts (statements) to help in generation of ideas. These are also called HMWs (how might we... questions)
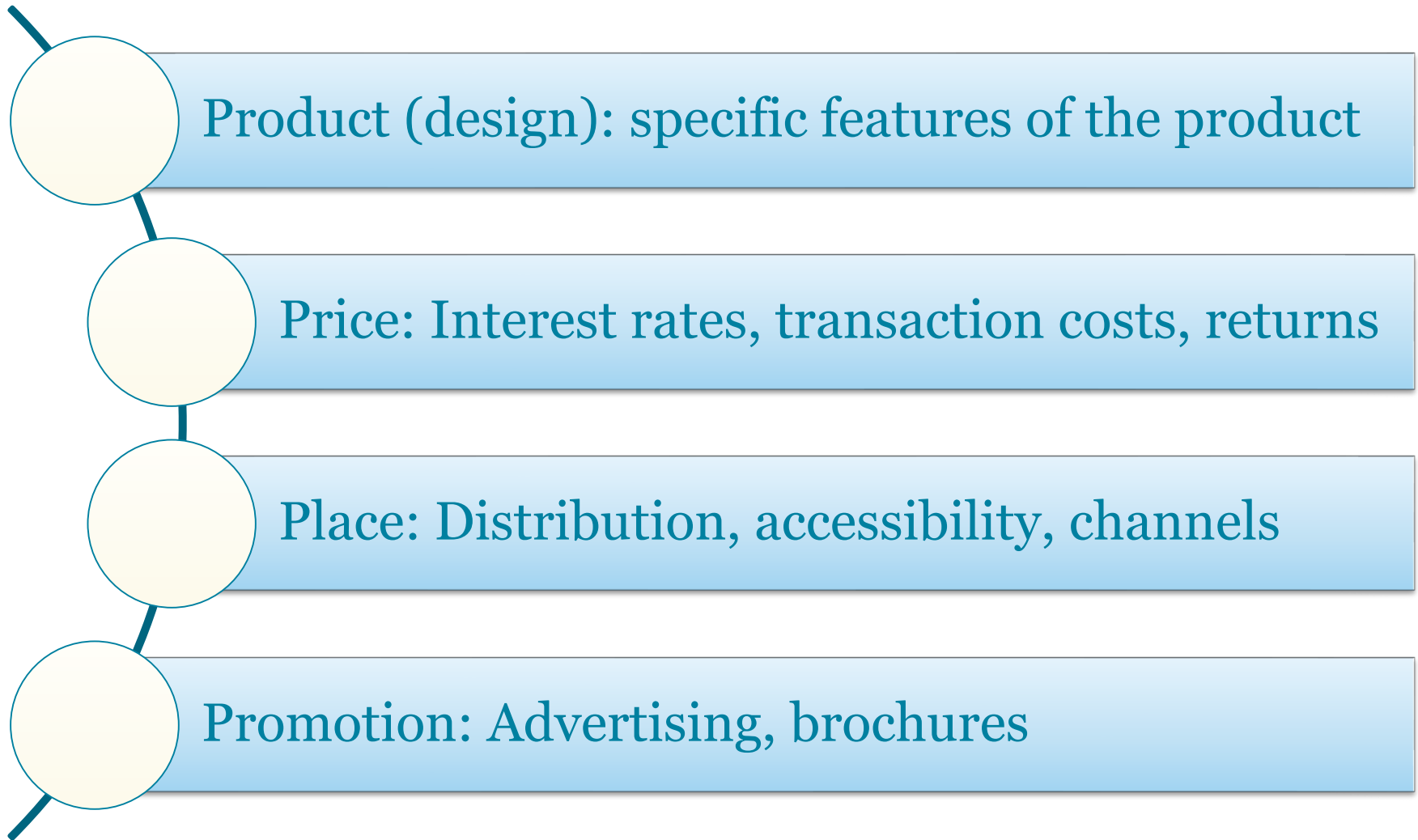
For example: "How might we design an intervention that best uses the ....(behavioral levers)..... to trigger the ....(desired behaviour)..... ?"

Prompts are used in concept distillation workshop to generate ideas/concepts

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Product Innovation and Development Process: Concept Distillation and Product Prototyping

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Product Concept -The Eight Ps (1) - Recall

Product (design): specific features of the product

Price: Interest rates, transaction costs, returns

Place: Distribution, accessibility, channels

Promotion: Advertising, brochures

Product Concept - The Eight Ps (2) - Recall

Positioning: Position recall in customer's mind

Physical Evidence: Appearance of product and delivery systems

People: Human interactions involved

Process: Steps until Sale

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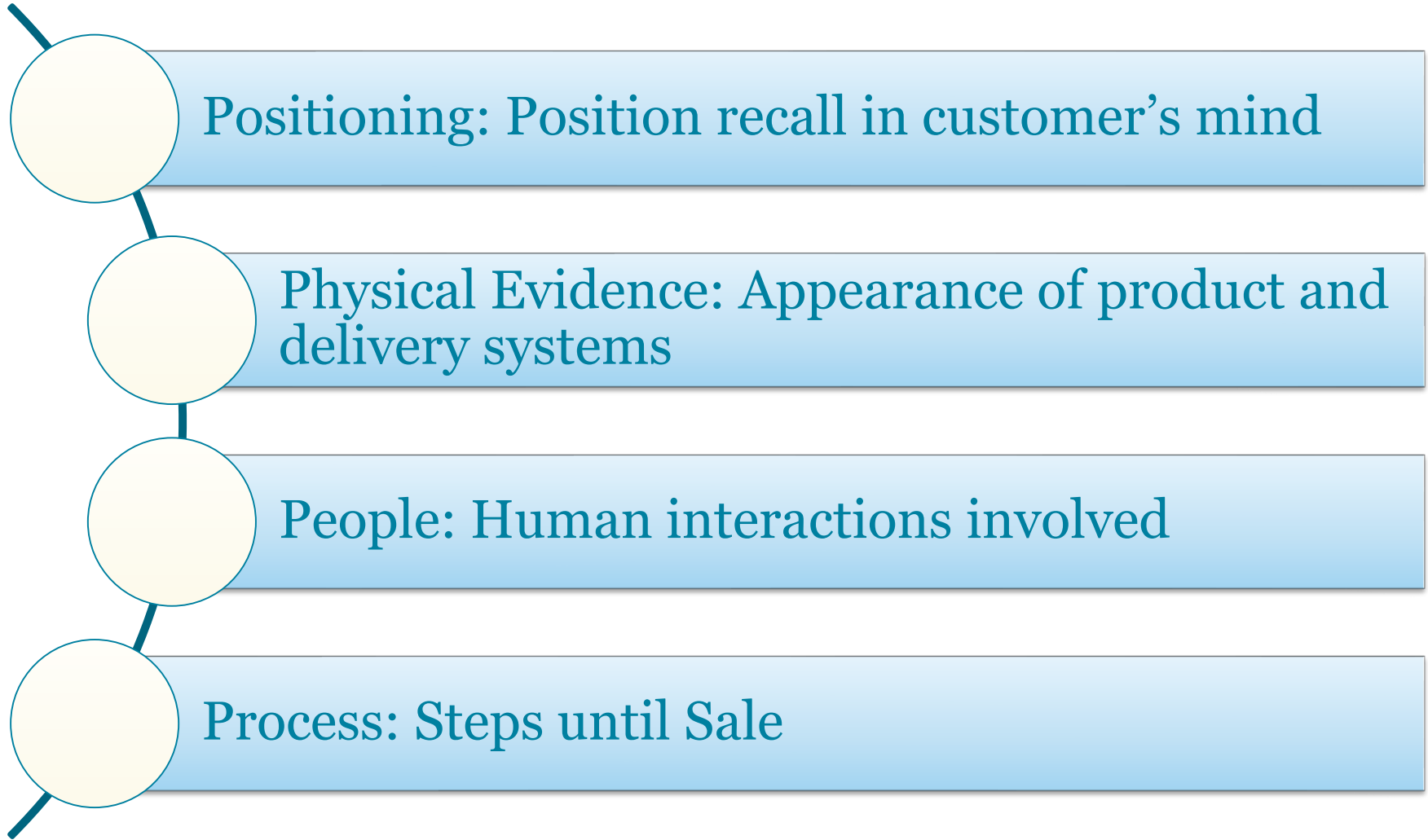
What is Concept Distillation Workshop?

Participants discuss potential solutions and generate concepts to address market insights/behavioural levers

Characteristics of the concept distillation workshop
- ➢ Uses divergent thinking
- ➢ Brings multiple concepts on the table
- ➢ Drives innovation
- ➢ Is first step towards conceptual prototype
- ➢ Involves diverse participant set
- ➢ Is a high-energy activity

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Divergent Thinking

Divergent thinking is ability to interpret a question in many different way

Ability to see many solutions to a question - which is what you do when you are not forced to conform

Longitudinal study described in Breakpoint and Beyond

➢ 98% of kids at Kindergarten were classified as geniuses
➢ 32% of them remained geniuses when we were 10 year old
➢ 10% remained geniuses when they were fifteen

What happens when we grow up? We start conforming!

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Let's Test It Out...

In how many ways we can use a paper clip

Could we get 50 ideas in 5 minutes

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Prototyping – What? Why?

- What: A rough representation of ideas, or "building to think."

- Why: To *generate* new ideas, *evaluate* them and *iterate*.

- Until we make things **'real enough to feel'** we are really just guessing what will work.

Developing Product Prototype: What to Prototype?

Products — Storyboards, paper prototypes, interactive demos, mood boards

Places — Make a model, adapt a space to serve a different purpose

Customer Services & Experiences — Storyboards, journey maps, draw out and role-play interactions

People — Write it out, act it out, journey maps, scenario maps

Processes — Map out the steps

Communications — Mock-up, role-play interactions, paper prototypes

Prototyping Product

Create a quick mock-up of prototype concept– this could be a physical object or a storyboard of how the product is used. Design an interactive way to involve your users in the making or testing.

At first they started with the image on a page, then stoves made out of paper

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Prototype Places

Identify, how does the consumer interact with the environment? What are changes you can make to the environment?

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Prototype Customer Services & Experiences

Act out the experience. You can use props like storyboards, games or process maps to describe it.

Prototyping People

Who carries out your design? What is your role as the designer? Write or draw descriptions, brainstorm interactions and act them out.

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Prototyping Processes

Make process maps to describe the steps. How are internal processes different from client facing processes?

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Prototyping Communications

How will the design reach the consumer? Are there forms, SMS messages or posters? Role-play different possibilities

Time of message	Message Text
The first day of the pilot (*AOs and SOs*)	Remember, the CARD Bank savings pilot started last week. If you have any questions about the pilot, please ask your CSO or Area Manager for help.
First day of pilot (CSOs)	Remember, the CARD Bank savings pilot started last week. We're counting on you to encode the data and send it every Friday. If you have any questions about the pilot, please ask your Area Manager for help.

Remember, the CARD Bank savings pilot started last week. If you have any questions about the pilot, please ask your supervisor for help.

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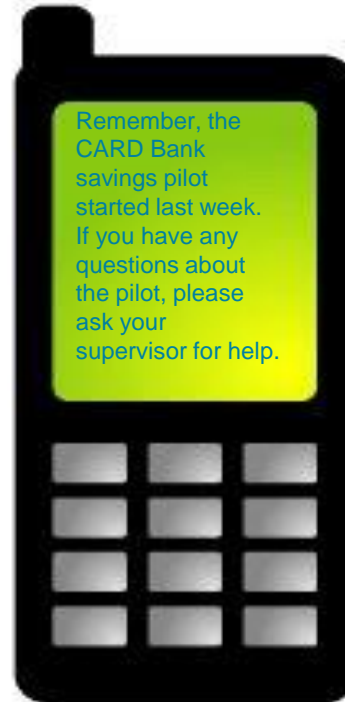
How Will You Deliver the Idea? Value Worksheets

Focus on logistics like business models, production processes and technology. How will the idea come to life in the real world?

- The value worksheet is a prototype tool to use once the idea is solidified and is in nearly ready to present it to the world.
- If you are unsure of one of the sections, write in your hypothesis. How will you validate this hypothesis?
- You may not have all the "answers" at this stage of your research and design. That is OK!
- Remember, prototypes are not final and are meant to help iterate and explore solution ideas

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Assesing Value of Your Solution (1)

Once you have developed the prototype, ask yourself "How will the idea come to life in the real world?"

Use the following to determine the value of your solution

VALUE [What need does the idea or solution address? What benefits will it offer?]

BACKGROUND [Describe the problem the idea or solution is trying to solve.]

PARTNERS [Who are you working or collaborating with to implement this idea?]

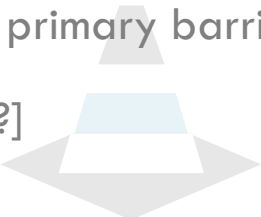TARGET GROUP [Who is the solution aimed at? Describe the target user group(s).]

IMPORTANT ACTORS [Who are main stakeholders that might be involved in the implementation of your idea?]

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Assesing Value of Your Solution (2)

MARKETING & PR [How will you get the word out about this solution? What outreach do you need to do to help it succeed?]
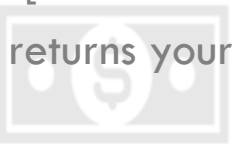
CHALLENGES [What are the primary barriers you foresee? What are the primary risks associated with your idea?]

COST [What are the expected expenses for your idea or solution?

REVENUE [What are the possible gains or returns your solution might generate?]

Product Innovation and Development Process: Pilot Testing and Roll Out

Integrating Consumer Protection in New Product Design Process

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Call Out:

- **What is a pilot test?**

  Should we skip pilot testing?

What is Pilot Testing?

Pilot test measures the worth of a thing, in such a way that the test itself acts as a guide. When applied to a new product or service, a pilot test is something that measures its worth on a limited scale and scope so that the results of the test guide management decision-making about a broader rollout.

Limited Scale Test

Prior to full launch, the product can be pilot tested by launching it in a limited area

Assess Performance

Various aspects of the product's performance are then monitored/measured over time

Impact on Resources

The institution may examine the implications of offering the product on financial/human resources and performance

Why not Just Skip the Pilot Test?

Because an institution needs to be certain that any new product is appropriate for its market, and because mistakes can be costly

So that management can retain control of their business and not create unnecessary and expensive risks.

Each subsequent stage of product development it costs a factor of several times more to correct an error.

Successful Pilot Testing Leads To...

Detailed understanding of customer need

Well-defined products that meet those needs

Focus on the value of the product to the customer

Total commitment to the product from management and staff

Developing and retaining a wide range of skill-sets amongst staff

Time from often over-committed staff

Financial resources for research and monitoring

Leadership and coordination

Internal marketing and clear and consistent communication

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When Should We Pilot Test?

- Most financial institutions have developed financial services without pilot testing the product
- Sometimes experience is very positive and at other times choosing not to pilot has been very expensive

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Case Study 1: Failed Launch of a Product Without Testing

Product:

Bank A developed a tractor loan. There was seen to be a high demand for tractors

Policies and procedures:
30% down-payment, 140% security, seasonal repayment

Result:
The loan was very popular ... but ultimately failed

Reasons for Failure:

- Many of the recipients of the loan were retrenched workers using their redundancy payments to purchase tractors. Lack of market understanding.
- Second hand tractors proved difficult for the customers to maintain. The tractors broke down and were gradually cannibalised for parts.
- Considerable time and expense was taken in driving between small holdings.
- Without an income borrower could not repay their loans
- The bank had insufficient staff to perform extensive field based follow up once problems started emerging.

Case Study 2: Successful Launch of a Product Without Testing

Product:

Bank B decided to offer a salary account

Policies and procedures: Additional features for employers, electronic processing of payrolls, payment at designated locations, ad-hoc payments facility

Result:

The Salary Account was a resounding success

Reasons for Success:

- Employers appreciated the flexibility of the product
- Employees liked the additional functionality of having a bank account and the ability to use the account as a savings account as well as for transactions
- The product built on an existing savings account, which was relatively simple for the bank to adapt

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Call Out:

Provide examples of products you developed that were not pilot tested, one a success the other a failure. Provide the following information:
A very brief description of the product
What happened
Reasons for success or failure
What could have been done better

What is Roll Out?

Roll out is the process of moving from a successful pilot test to full operation in all desired locations.

It is more than just a Product Launch

It involves Preparation, Launch, and Management

It is the culmination of the Product Development process

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Roll out Helps Transition

- After the product is approved, management of the product needs to be transferred from the Pilot Test Team to a permanent departmental home, usually in the Operations Department

- Making this transition as smooth as possible is important for the success of the product

- Pilot Test Team should be available to help the new Roll out Team in operations

Roll Out Planning Process Involves

Step 1: Compose team for roll out

Step 2: Define protocol and objectives

Step 3: Prepare for the roll out

Step 4: Conduct product costing and pricing, develop projections

Step 5: Train staff

Step 6: Conduct marketing activities

Step 7: Launch and assess

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Q & A Session

Thank You

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