

Systemic Change

From Rhetoric to Reality:
applying the AAER Framework
to an FSD Kenya intervention



Common terms but uncommon meanings?

Sustainability Scale Facilitation Impact

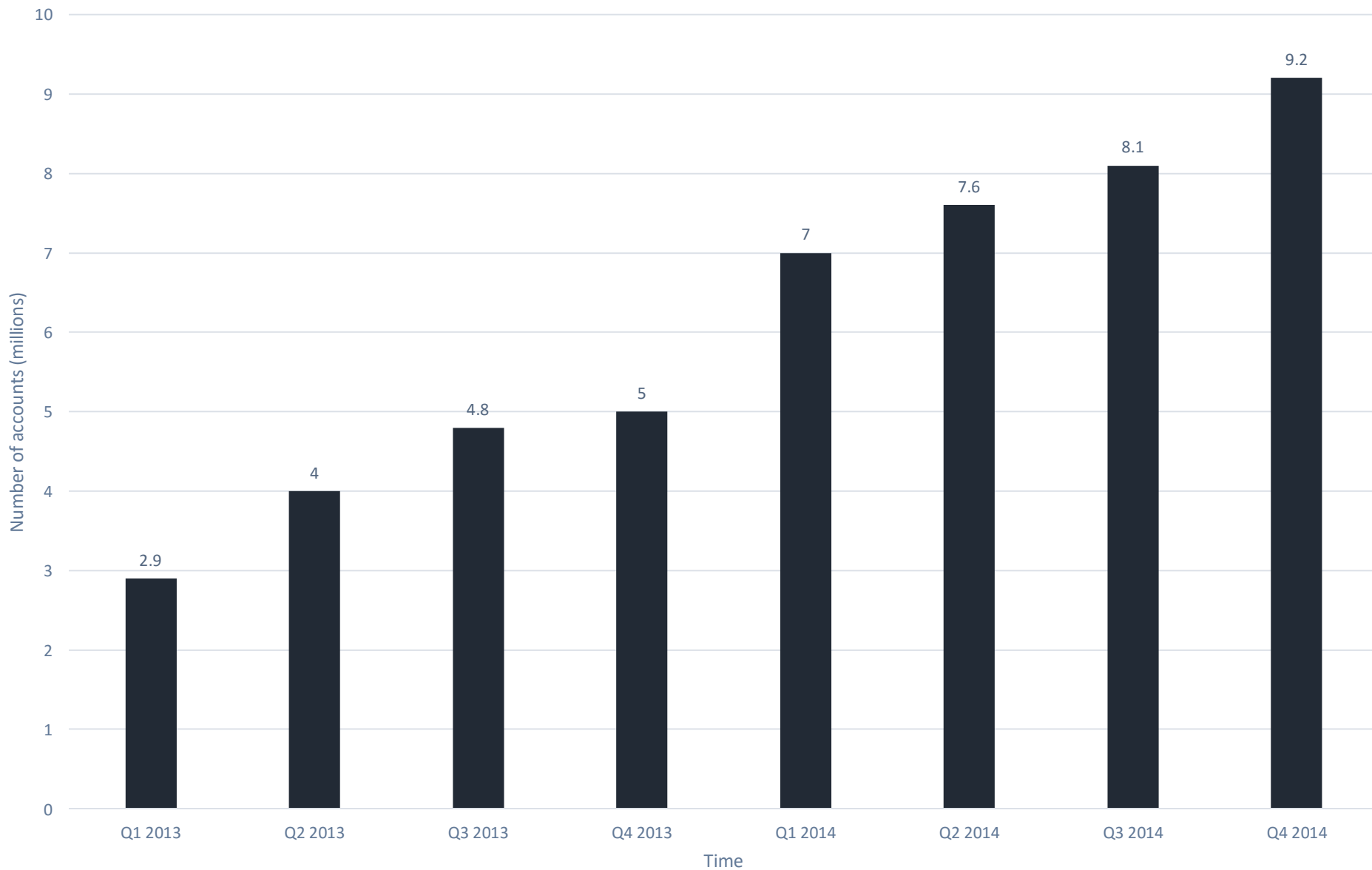


Systemic Change: Sustainable Impact at Scale...*in practice means what...?*

M-Shwari

1. Partnership between CBA and Safaricom
2. Banking product integrated on M-Pesa platform
3. Offers interest bearing savings accounts (protected)
4. Offers short term (30 days) loans on fixed fee basis
5. Launched in 2013...when only 700,000 Kenyans had formal bank access

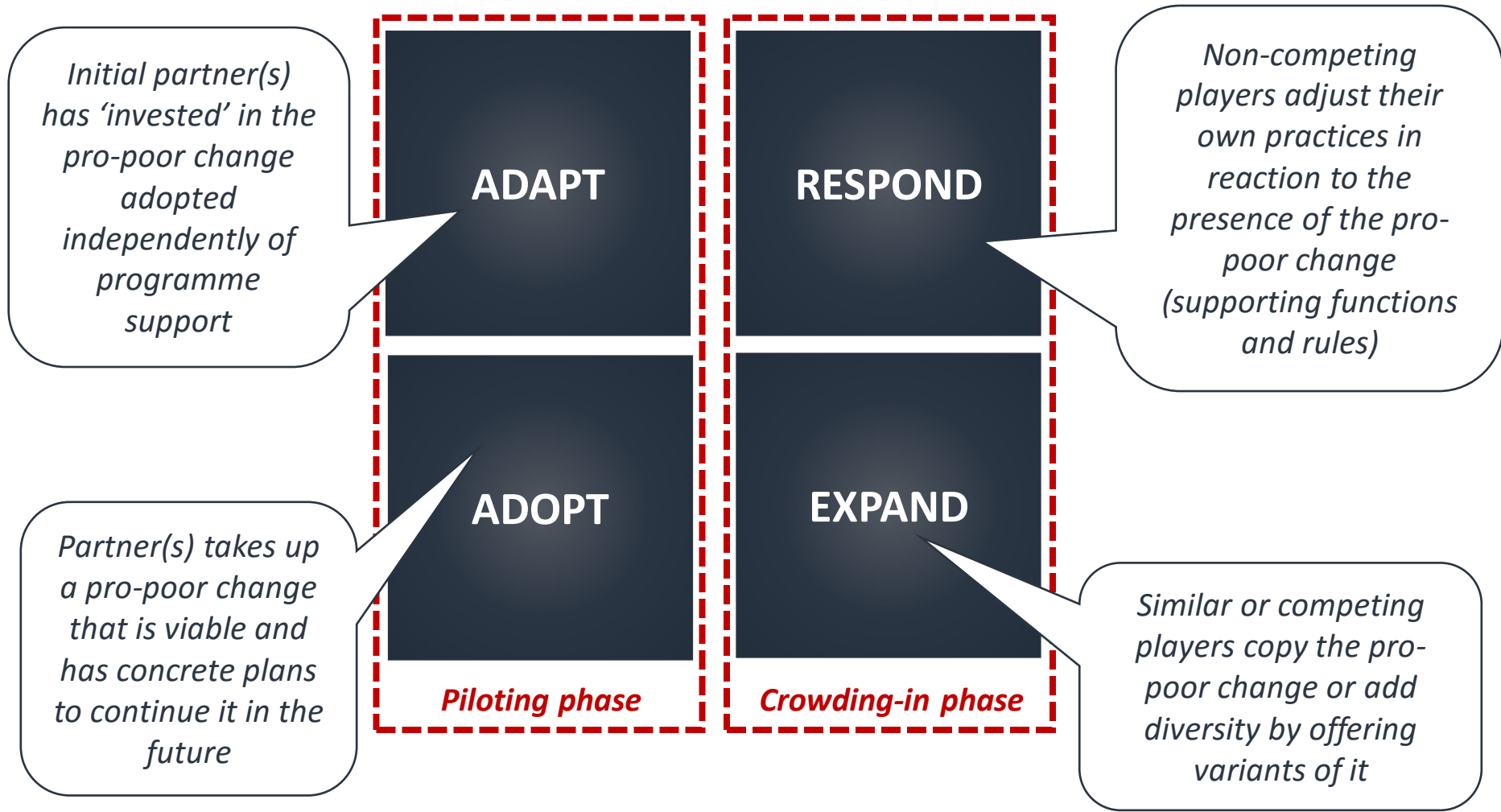
Growth in M-Shwari Savings Accounts (in millions)



M-Shwari...cont.

6. End of YR1: 19% clients under national poverty line
7. End of YR2: 30% clients under national poverty line
8. 57% of clients have credit access...2% default rate
9. New competitors have emerged
10. New products are targeted to M-Shwari users
11. M-Shwari expands beyond Kenya
- 12. Is this “systemic change” ...????**

AAER: unpacking systemic change





ADAPT

RESPOND

ADOPT

EXPAND

Investment

CBA = USD 14.5mn

FSDK = USD 650k

Return

CBA: B/E 11mths; [19% net profits]

FSDK: 19% poorest have access;
1mn people in first week!

Iterative Partnership Approach

- Seconded FSDK staff / advisers
- CBA led teams
- Regular joint decision points

ADAPT

RESPOND

ADOPT

EXPAND

Improved scorecard:

- Transitioning from '*anticipated*' scores based on telco data, to '*observed*' scores of actual clients
- Significant *reduction in default rate*; continued client growth

Segmentation project:

- *Behavioural economics* applied to stimulate responses from various client groups (eg those who borrowed once, but not again)
- Response rates *95% higher* than control group



ADAPT

RESPOND

ADOPT

EXPAND

CBA expands access:

- Targeted rejected 60% majority; 1mn more poor; credit assignment from 42-57% of clients; reduced default rate by 50%

KCB enters the market:

- KCB-M-Pesa launched 03/15
- 1.4mn users in first 6 mths
- Others primed...

CBA takes M-Shwari overseas:

- Tanzania launched
- Planned for Rwanda, Uganda and Cote D'Ivoire



ADAPT

RESPOND

ADOPT

EXPAND

'Hello Doctor':

- MMI Holdings South Africa
- Medical subscription service (phone diagnostics, SMS prescriptions, in-patient cash)
- Targeting smaller towns
- Target: 200k clients in YR1

'Lock' Savings:

- Promoting longer term savings
- Interest premiums
- >100k clients in first 6 mths

Systemic Change...?

“Systemic Change: Sustainable Impact at Scale”

Sustainable: ADOPT & ADAPT



Scale: EXPAND & RESPOND



Impact: Access

>10mn clients; 30% below pov line (increasing); but 53% rejection rate still.



Impact: Benefits

- M-Pesa: empirical evidence on consumption impact
- M-Shwari: anecdotal, but following M-Pesa trajectory



FSD Kenya – would you believe it...

A card carrying M4P programme: it 'lives' systemic!

And yet....

- It doesn't use results chains...
- It is not DCED compliant...
- It doesn't use AAER...
- Its measurement stops at “access”...

But it is thinking more about such things...seriously

- FSD Academy: tailored M4P good practice training
- Processes not just people matter
- AAER: FSD-Network Cases and synthesised learning

THANK YOU

Want to know more?

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