

MicroSave Briefing Note # 71

Creating a Tipping Point for Mobile Phone-based Financial Services

John Owens

The take up and active use of mobile phone-based financial services, other than mobile airtime purchases, has been slower than anticipated. This is due to a number of issues including a lack of understanding of mobile financial services, lack of trust in sending money via a mobile phone, and low levels of technological literacy. As more and more institutions focus on mobile financial services, it is now generally accepted that some amount of financial education will need to be provided in order to address and overcome these issues.¹

In order to understand some of the key elements needed to educate clients about mobile financial services and to reach a critical mass of clients and customers using these services, it is important to understand a bit about what has made other similar campaigns effective. In his book, *“The Tipping Point: How Little Things Can Make a Big Difference”*, Malcolm Gladwell describes three agents of change that create tipping points in the spread of various social epidemics.² Under the “Law of the Few” he talks about the importance of building social epidemics by involving a rare set of people or partners with a special skill set. These include connectors, mavens, and salesmen. Connectors are the people who *“link us up with the world...these are people with a special gift for bringing the world together”*³. Mavens are the information specialists or the *“people we rely upon to connect us with new information”*⁴. They are the ones in each community who accumulate knowledge and know how to share it with others. Salesmen are the “persuaders” and have charismatic and powerful negotiation skills. They tend to be the ones that have a special trait to make others want to agree with them. The second major agent of change is referred to as the “Stickiness Factor” or the specific content of a message that makes it memorable and the third major agent of change is referred to as the “Power of Context.” This last factor points to the fact that human behaviour is sensitive to and strongly influenced by the environment and the surrounding circumstances at a particular time and place.⁵

In understanding how to better promote and educate people about mobile financial services, these three factors can be used to analyse some of the approaches now taking place.

The Law of the Few – Strategic Alliances/ Partnerships and Marketing Agents

Establishing strategic alliances and partnerships as well as attracting and training marketing agents is one of the key

areas in promoting and educating clients about mobile financial services. In the Philippines, the Rural Bankers Association of the Philippines ([RBAP](#)) Microenterprise Access to Banking Services ([MABS](#)) program approached Globe Telecom’s G-Xchange Inc. ([GXI](#)) subsidiary just after it had launched the GCASH platform in October 2004.

The *MABS* programme had a long established history and had gained experience with banks in developing market-based solutions for the development of microfinance products and services. The rural banks, on the other hand, were important “connectors” and “mavens” in their respective communities with long established histories that date back decades, with some banks having a 50-year history in their communities. Their connections with hundreds of thousands of microenterprise borrowers and millions of small depositors made it easier to help to provide information and promote the opportunities and advantages of mobile financial services, especially mobile phone banking. Several banks hired mobile phone banking specialists who acted as “salesmen” not only to register and encourage clients to actively use mobile phone banking services but also to initially target particular business owners who were seen as connectors, mavens, and established salesmen in their own right. These included the heads of market vendor associations, small but popular [pharmacies](#), travelling [salesmen](#), and even hair salon operators. These key businesses were important since they are the ones that can create a tipping point where they actually advise other customers about the benefits and features of mobile financial services.

WIZZIT also used unique “salesmen” known as [“Wizz Kids”](#) who were from the same socio-economic background and from the same communities to directly connect to potential clients. The selection of right “connectors” and “salesmen” is also apparent in the case of [Eko India](#), which is using small business agents to train and recruit clients to offer mobile phone banking services.

The Stickiness Factor – Branding and Building on Initial Uses of Mobile Financial Services

In order to ensure a sufficient level of “stickiness” to educate and promote mobile financial services, branding and building on the initial mobile financial service experiences (airtime loading) that most clients are familiar with are key. [GCASH](#) and [SMART Money](#) in the Philippines were easy to brand since they also operated under the national brands of the two major

¹ Microfinance Opportunities, Freedom from Hunger, Genesis and *MicroSave* have done significant work on this already.

² Gladwell, Malcolm “The Tipping Point: How Little Things Can Make a Big Difference”, Back Bay Books, 2002

³ Gladwell, p. 38

⁴ Gladwell, p. 19

⁵ Gladwell, p. 129

mobile network operators (MNOs), [Globe Telecom](#) and [Smart Communications](#), which combined serve some 60 million subscribers. In fact, when the rural banks in the Philippines were developing mobile phone banking services, they opted to co-brand their products with the MNO, since the brand was well recognised and allowed the banks to jointly support and benefit from an already established national brand.

In countries where mobile financial services are increasing, the initial focus has been to encourage clients and businesses to switch to mobile phone payment/money transfer platforms to facilitate airtime reloading and money transfers. Examples of this include GCASH and Smart Money in the Philippines and M-PESA in Kenya. Due to the low value amounts that clients can load their pre-paid accounts, most pre-paid customers load their mobile phones several times a week and this is important in becoming familiar with the uses of mobile money and increases the “stickiness” factor.

Understanding how small clients shifted from the normal scratch-card-based airtime loading systems to an electronic airtime loading system via a mobile wallet is important in order to educate the public and promote a broader range of mobile financial services, especially mobile phone banking services.

Repeated use of new technologies, whether they be ATMs, Smart Cards, or mobile financial services is necessary for clients to learn and remember how to use new technologies⁶. Having clients regularly use a mobile phone and a PIN to convert mobile money to airtime load, or use it to send a money transfer, is probably the easiest way to get clients accustomed to using a mobile phone for payments. As clients become familiar and grow more accustomed to relying on mobile money, other services, such as mobile phone banking services, are then easier to introduce.

The Power of Context – The Customer Value Proposition

In promoting mobile financial services, especially mobile phone banking services, the focus must be on the value proposition for the customer. The important messages to focus on in an educational campaign include: why a mobile channel is better than alternatives, the various types of transactions that are possible, the speed, accessibility, convenience, ease of use, low cost and improved personal security in using mobile financial services.

Television campaigns, sitcom shows, advertorials, billboards and the use of videos that demonstrate the actual use and benefits of mobile phone banking services can also be important in helping to develop the appropriate “context” of mobile financial services. SMS campaigns are also viewed as very effective, and of course, are cost effective for MNOs. In the Philippines,

these examples include [MABS Mobile Phone Banking videos](#), Globe Telecom’s promotion of GCASH during popular daytime shows, and television ads and commercials produced by Smart Communications to promote SMART Money. M-PESA also successfully used [short videos](#), as well as one local television ad with a catchy jingle that focused on the advantages of quickly sending funds from the city to the countryside.

M-PESA’s Tipping Point

Since its launch, [M-PESA](#) continues to report phenomenal growth and far reaching popularity with close to 5 million registered users moving an average Kshs.120 million per month.

Strategic Alliances/ Partnerships – The growing number of subscribers have access to over 4,000 conveniently located M-PESA outlets nationwide that also double up as sales and key information points. They include leading supermarkets chains, banks and ATM service providers – partnerships that have substantially reduced the challenge of insufficient cash float.

Furthermore, following in the footsteps of [GCASH and Smart Money](#), [Vodafone](#) announced its partnership with Western Union to pilot its cross border Mobile Money Transfer (MMT) service that lets customers send remittances between the UK and Kenya.

The Stickiness Factor – M-PESA benefits largely from its strong brand association to its parent company – Safaricom – East Africa’s most profitable company serving over 12 million subscribers. Its popularity and use is such that now many small to medium sized companies are using the solution to pay salaries to their casual labourers. Over and above sending and withdrawing cash, buying airtime, M-PESA clients can also pay their post-paid bills, purchase goods and withdraw funds. In addition, client now have the option of withdrawing cash from a PesaPoint ATM.

The Power of Context - Microfinance clients essentially look for five things when deciding to choose a financial service provider. Namely: convenience, affordability, trustworthiness, proximity and security. These are not only critical financial service attributes to a microfinance client but are M-PESA’s demonstrated and strongest brand attributes. M-PESA’s strong marketing arm uses these attributes in its wide range communications channels that includes both above and below the line channels to inform and encourage use of M-PESA’s range of services/functions.

Source: Corrinne Ngurukie, *MicroSave*

Mobile financial services, especially mobile banking services, are now being viewed as having the potential to reach a large number of customers, especially un/underbanked customers. This is because of the widespread availability of mobile phones worldwide as well as the ability to offer clients an enhanced range of financial services at very low cost. But to realise the full potential of the mobile banking revolution, providers will have to achieve trust and understanding amongst a critical mass of potential customers.

⁶ Cracknell, David, “Electronic Banking for the Poor”, *MicroSave*, September 2004