

# Building Customer Engagement and Financial Capability Through Better Product Design

## Mainstreaming Financial Inclusion: Best Practices

Drawing lessons from behavioral economics, mainstream financial institutions are designing products to help build financial capability and drive more active and effective product use among underserved customer segments—a win-win for customers and providers alike.

### Engagement and Capability Product Breakthroughs



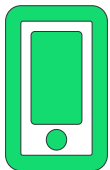
#### **Bancolombia** Ahorro a la Mano (“Savings at Hand”)

To reach low-income, rural customers, Bancolombia created the mobile-based Ahorro a la Mano savings product to deliver helpful nudges and reminders to customers via SMS. Through two-way conversation, an artificial intelligence chat bot, Emilia, informs customers about the savings product, and customers, in turn, feel more comfortable asking Emilia for financial advice. These interactions help strengthen customer engagement and trust.



#### **Standard Bank** Society Scheme Savings Account

Given the popularity of informal savings groups and clubs (*stokvels*) in South Africa, Standard Bank developed a group savings product with a built-in lottery incentive to encourage savings. Groups that maintain a minimum balance of approximately \$500 are entered into a monthly lottery to win \$50, and once a year, groups that maintain that minimum balance are entered into a lottery to win \$5,000. The possibility of winning positively reinforces savings behavior, even if groups defer other financial opportunities to do so.



#### **CIB Egypt** Smart Wallet

This mobile money platform seeks to overcome the pitfalls of poorly designed user interfaces by creating a streamlined digital customer experience. Smart Wallet is open to both account holders and non-account holders and requires only a verified national ID and an Egyptian mobile number to enroll—increasing its potential as an on-ramp to other formal financial services. CIB analyzes customer transaction data to offer additional products and services customers might be interested in, including credit.



#### **RBL Bank** No Proof of Income Loans

Recognizing the challenges MSME entrepreneurs face producing formal documentation to verify their incomes, RBL Bank changed its proofing process to give this segment the opportunity to access formal credit. Loan officers start with a one-time cash-flow assessment, and after validating that information, extend a credit offer to eligible customers. Borrowers complete a credit literacy module at the time of disbursement—a timely moment to provide information on the terms of the loan and consequences of delinquency—and are reminded to make payments through automated follow-up calls.



### Arizona Federal Credit Union Don't Swipe the Small Stuff

Arizona Federal Credit Union deployed a behaviorally-informed advertising campaign to reduce customer credit card debt. The message: "Don't swipe the small stuff. Use cash when it's under \$20," was delivered to a sample population via email, targeted ads and calendar magnets. People who were exposed to the campaign carried on average \$104 less credit card debt compared to those who were not, and this effect was even larger for younger cardholders, who also had higher savings rates.



### BBVA Bconomy

BBVA launched its Bconomy digital platform to allow customers in Spain to harness the power of data to gain insight into their own financial health. Using data from clients' BBVA and other financial accounts, the tool generates a score comprised of four components: monthly savings relative to income, available emergency savings, spending on housing relative to income and spending on outstanding debt relative to income. Bconomy helps customers identify relative weaknesses, suggests areas for improvement, and allows them to compare their spending habits to those of their peers.

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**Mainstreaming Financial Inclusion: Best Practices** is an initiative of the Center for Financial Inclusion at Accion, in partnership with the Institute of International Finance and the International Finance Corporation, with support from MetLife Foundation, to facilitate learning and action on how mainstream financial institutions around the world can reach underserved populations with quality financial services. Learn more: <http://bit.ly/MainstreamingFI>

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