

Digital Financial Services (DFS) Toolkit for Financial Institutions

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What is it?

Utilizing a foundation of decades of experience in designing and implementing digital financial services around the world, Accion’s Digital Solutions team has created a simple *DFS Toolkit for Financial Institutions*.

The Toolkit aims to support Financial Institutions (FIs) to properly plan, pilot, roll-out, and operate scalable and effective digital delivery channels, such as mobile banking, mobile point of sale, agent banking and other forms of branchless banking. Embedded within are best practices, key activities, tools, and components that should be in place in order to allow digital financial services (DFS) to thrive and scale. The approach is designed to help organisations remain agile, facilitating continuous improvements as monitoring and evaluation insights inform necessary adjustments.

By sharing the best practices, tools and guidelines we’ve developed, we hope to advance industry knowledge to facilitate future development and usage of digital financial services.

How is it used?

The *DFS Toolkit for Financial Institutions* is applicable but not limited to two main use cases:

* The planning and implementation of new DFS delivery channels
* The review of existing DFS channels as a way to revisit certain steps and diagnose areas for improvement

In each case the Toolkit defines a structured approach, which is universally applicable across all DFS channels.

Structure of the DFS Toolkit for Financial Institutions

The structure of the Toolkit consists of 8 components comprising a high-level process flow for the planning and implementation of DFS channels. Underpinning each component is a requirement to constantly assess and review potential risks, taking action where appropriate. Figure 1 describes the structure of the DFS Toolkit for FIs, illustrating that each stage is secured by risk assessment.

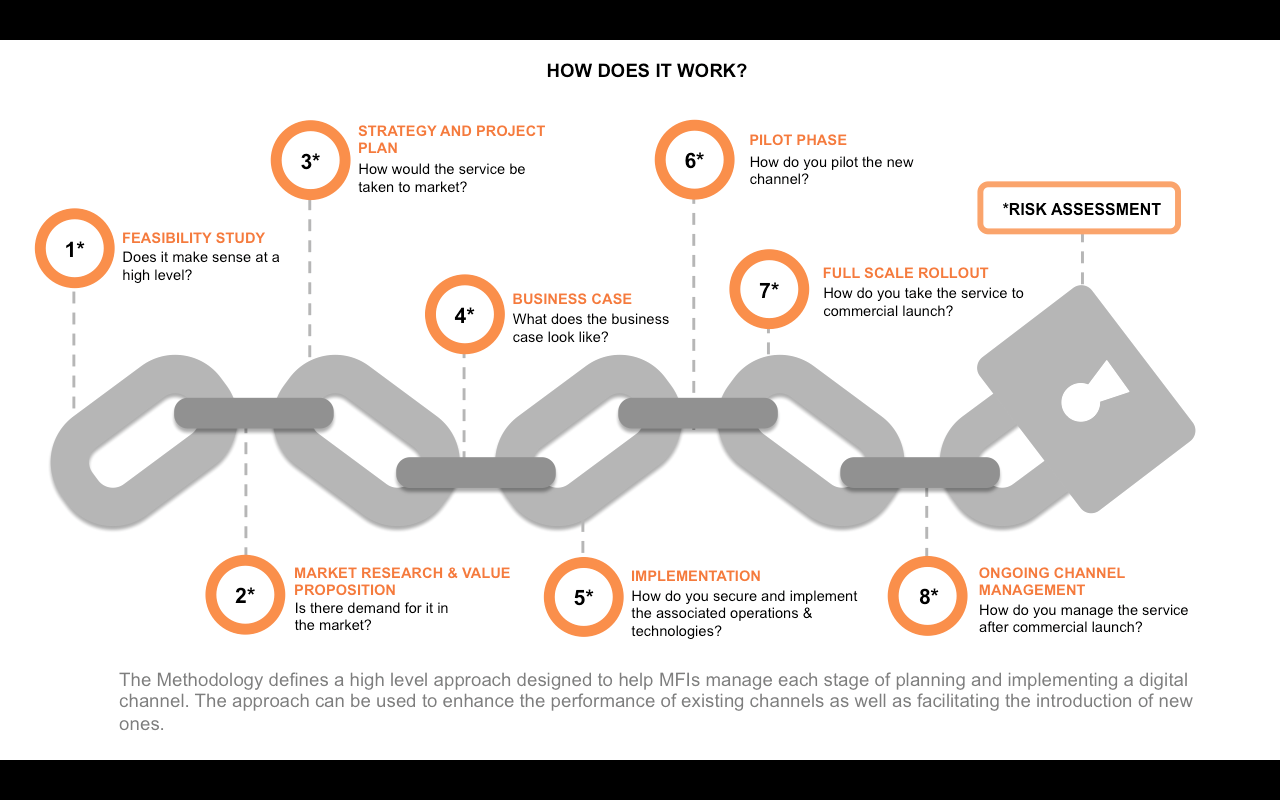


Figure 1: Structure of the DFS Toolkit for Financial Institutions

Understanding the Components of the DFS Toolkit for Financial Institutions

Each of the Toolkit components can be categorized as either planning or implementation stages as defined below. Figure 2 identifies subcomponents within each.

**Planning:** When deploying digital channels, a brief feasibility study is the first step in gaining a good understanding of what is possible and the potential for success, considering your market environment, institution and target clients. It will also provide a clear path and help with decision making and planning. This is followed by deeper market research and finalizing the value proposition, strategy, project planning and business case. Collectively, these steps can all be considered part of the planning phase.

**Implementation:** Execution of the plan comprises operational and technical implementation, pilot and roll-out phases, and ongoing channel management, with activities related to process, technology and communications, training, marketing, customer service, and monitoring.

Throughout the deployment of a channel, risks should be identified, assessed, and mitigated. Figure 2 provides a high level summary/checklist of the components of the DFS Toolkit for Financial Institutions:

|  |  |
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| **PLAN** | |
| **Feasibility Study** | |
| * 1. Draft Project Charter |  |
| * 1. Conduct an External Analysis of the market environment |  |
| * 1. Conduct an Internal Analysis of the organization's readiness |  |
| * 1. Create High-Level Business Case |  |
| * 1. Present Overview of Feasibility Study Findings |  |
| * 1. Make Go/No-Go Decision and How to Go Decision |  |
| **Market Research and Value Proposition** | |
| * 1. Identify and size the target market |  |
| * 1. Perform market segmentation |  |
| * 1. Perform demand-side research (including customer behavior and needs) |  |
| * 1. Learn from the results and translate into services/products |  |
| * 1. Conduct concept testing for value proposition and product(s) |  |
| **Strategy & Project Plan** | |
| * 1. Define the priority and timeframe of objectives from the project charter draft |  |
| * 1. Define impact metrics (KPIs) |  |
| * 1. Define customer outreach/acquisition strategy |  |
| * 1. Identify business requirements |  |
| * 1. Identify partners and strategy. Define partnership scenarios and value proposition |  |
| * 1. Develop project management approach |  |
| * 1. Define market strategy |  |
| * 1. Map financial products (new and existing) to channel(s) |  |
| * 1. Finalize partners and engagement strategy |  |
| * 1. Finalize project charter |  |
| * 1. Consolidate and refine the high-level business case |  |
| **Assess the business case and Develop financial model** | |
| * 1. Define assumptions and scenarios |  |
| * 1. Identify payment and pricing models |  |
| * 1. Define cost inputs |  |
| * 1. Identify cost savings |  |
| Confirm potential revenue streams |  |
| * 1. Calculate potential savings |  |
| * 1. Perform total cost/benefit analysis for the pilot and if possible roll-out phase |  |
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| **IMPLEMENT** | |
| **Implement Channel (Technical / Operational)** | |
| * 1. Review and develop processes, procedures and policies (including agent network,   2. segregation of duties and customer service). |  |
| * 1. ICT: Define / Refine overall project plan and functional specifications |  |
| * 1. Define technical specifications |  |
| * 1. Training and Education planning |  |
| * 1. Call center and helpdesk support |  |
| * 1. Define disaster recovery and business continuity plans |  |
| * 1. Marketing plan development |  |
| * 1. Measurement and impact planning |  |
| * 1. Development and Testing |  |
| **Pilot Phase** | |
| * 1. Define pilot plan |  |
| * 1. Perform pilot staff training and client education activities |  |
| * 1. Define metrics that will measure pilot objectives |  |
| * 1. Execute marketing activities |  |
| * 1. Launch pilot |  |
| * 1. Monitor and evaluate Pilot |  |
| * 1. Make Go/No Go Decision |  |
| **Full Scale Rollout** | |
| * 1. Define rollout approach and strategy and address issues identified during pilot |  |
| * 1. Perform staff training |  |
| * 1. Implement full scale helpdesk and call center support |  |
| * 1. Implement full scale marketing plan |  |
| * 1. Implement monitoring and evaluation plan |  |
| **Ongoing Channel Management** | |
| * 1. Perform regular monitoring, focus on driving customer adoption |  |
| * 1. Assess customer experience |  |
| * 1. Conduct on-going staff training |  |
| * 1. Conduct further market research (e.g., customer satisfaction surveys) |  |
| * 1. Perform further marketing activities |  |
| * 1. Perform ongoing customer education |  |
| * 1. Adjust service as necessary (functionalities, pricing, support, offering) |  |

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| **Risk Assessment** | |
| * 1. DFS risk review |  |
| * 1. Operational risks |  |
| * 1. Financial risks |  |
| * 1. Reputational risks |  |
| * 1. Technology risks |  |
| * 1. Regulatory risks |  |
| * 1. Other risks |  |

Figure 2: Components of the DFS Toolkit

DFS Toolkit for Financial Institutions: Guidelines and Templates

Accompanying each component are tools, guidelines, templates and best practices specifically engineered to assist in the execution of associated tasks. These tools, templates and guidelines are designed to be customized appropriately to the dynamics of each individual implementation.