

MicroSave Briefing Note # 102

Marketing E/M-Banking More Deliberately and Strategically (1/5)

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September 2011

Previous *MicroSave* Briefing Notes and India Focus Notes on e/m-banking have dealt with a wide range of topics – such as the customer value proposition, implementation formats, agent management, and pilot testing. The following note is the first of a series of technical briefs focused on strategic marketing for mobile money, covering the following topics: challenges in marketing, branding, product marketing, and parallel links with successful marketing efforts to the rural poor by other industries.² This note highlights the need for marketing e-/m-banking services and derives its content from several field research initiatives undertaken by *MicroSave* along with its Action Research Partners (ARPs) in India, Indonesia, Kenya, South Africa, Colombia, Papua New Guinea and the Philippines.³

Is There a Need for Marketing E/M-banking?

With more than a hundred live mobile money deployments across the world, e/m-banking is being hailed as the newest and most promising alternative to the high-cost brick and mortar branch model for inclusive banking. However, despite the intense attention and investment in this channel over the past few years, the relative growth in the number of active e/m-banking users (and their usage of the services) has been low. Only a handful of deployments have been able to win customers' hearts and reach a scale to qualify as a "game changer".

Some examples of successful mobile money deployments (that will be described in more detail in subsequent notes) are G-Cash-Philippines, Easypaisa-Pakistan, Giros Tigo-Paraguay, Eko-India, and M-PESA-Kenya – and their efforts in marketing/promotion can take much of the credit for that success. While Globe, for example, has been actively promoting G-Cash in Philippines through television commercials, flyers and display boards at agent locations, Telenor adopted a similar strategy to create awareness and promote Easypaisa in Pakistan. Tigo in

Paraguay realised the importance of marketing and targeting the right market segment when Tigo Cash did not take off as expected. This realisation helped Tigo modify its mobile money offering and launch Giros Tigo, using a two-pronged marketing approach: first awareness was created amongst the target segment, followed by demonstrating product functionality.

The significance of marketing for promoting e-/m-banking is clearly depicted in *MicroSave* India Focus Note 73.⁴ This Note reveals results from analyses of three different scenarios that played out over time for one of *MicroSave*'s partners and how each influenced customer enrolments, transactions and revenues.⁵ The introduction of marketing activities increased the volumes for each revenue driver by at least 50% compared to the scenario where the products were priced and offered without marketing support.

Convincing customers to try the service has been one of the biggest challenges for providers and can be attributed to a variety of reasons: lack of awareness of m-banking services, absence of a strong proposition, and an evolving technology and related customer service issues (and trust).⁶ As a result of these common shortcomings, the sales strategy for most of the m-banking services offered have been more of an inadequate "push" than "pull", where the focus of marketing has been skewed towards account opening (see table below for examples). Many of these accounts have been opened on a mass-scale, free of cost, especially in India, and the new customers are not truly aware of why and how to use the new accounts.⁷

This clearly indicates that the role of marketing does not end once the customer is acquired. To ensure that they become regular users, a few other contributing factors—or "levers"—such as customer service, pricing, and technology, must be examined with a marketing lens along with typical branding and promotional efforts.⁸

¹With support from Chris Linder

²Please refer to the series of *MicroSave*'s Briefing Notes on marketing, BN#103, BN#104, BN#105, BN#106

³Please note this series of Notes assumes that the reader has already conducted the necessary market research and segmentation. (Please refer to *MicroSave*'s [Strategic Marketing Toolkit](#) for more information.) Budgeting will also not be covered here but is an obvious issue to plan for before implementation. Therefore, these Notes will focus more on the actual marketing mix and implementation of actual marketing/promotional activities.

⁴[India Focus Note 73: Sustainability of BC Network Managers \(BCNMs\) - Business Scenarios and its Effects](#)

⁵The 1st scenario involved not charging customers any fees with no marketing; the 2nd scenario entailed charging customers nominal fees but still no marketing; and the 3rd involved charging customers combined with marketing (mainly below the line marketing activities such as street plays and promotions at village fairs).

⁶These challenges will be covered in more detail in the subsequent BN#103: Top Marketing Challenges for E/M-Banking.

⁷For example, 'No Frills Savings Accounts' in India are the typical starting point for inclusive banking. Also in India, much of the recent drive for e/m-banking stems from financial inclusion targets given to commercial banks by the Reserve Bank of India (RBI, India's central bank). Due to this, the limited suite of products has been more supply driven rather than demand driven.

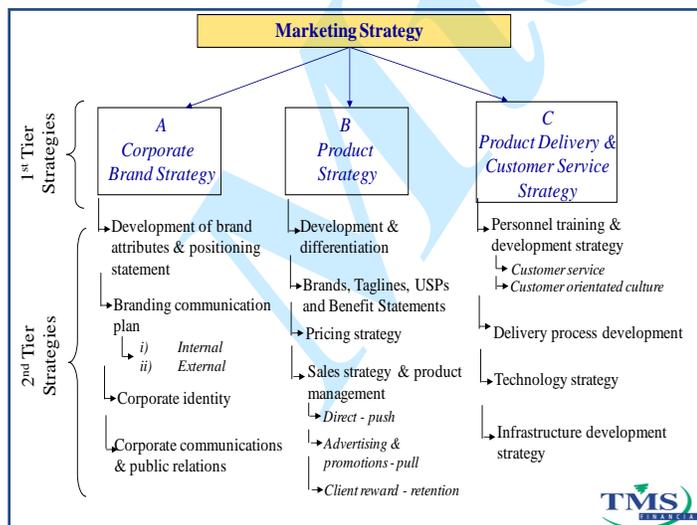
⁸[CGAP Framework for Active Customers: Process from awareness to ongoing activity](#)

“Push” Strategy	“Pull” Strategy
<ul style="list-style-type: none"> Personal selling by field agents in village meetings Taking assistance from opinion leaders to gain acceptance Account opening canopies to directly target potential customers 	<ul style="list-style-type: none"> Promotional vans Billboards, point of sale displays Events organised in association with banks Newspaper inserts and advertisements in local cable channels Special schemes and discount offers

Strategic Marketing for M-Banking

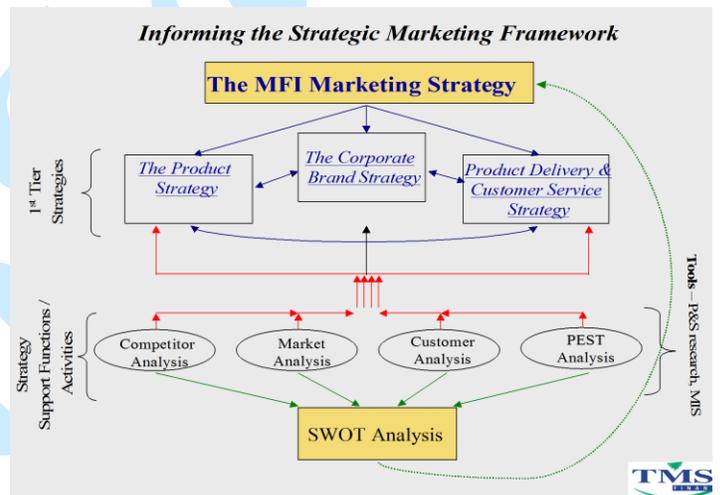
Given that most m-banking deployments are still in the nascent stages, many providers still do not have a dedicated marketing function. Even for those who have such dedicated teams, the scope of activities is often limited to corporate communication/PR with disconnected and inconsistent promotions/advertising. There is often confusion (or a lack of providing dedicated time and resources) on what strategic marketing entails and how it must function in conjunction with product strategy, operations, human resource development, and technology.

The strategic marketing framework developed by *MicroSave* for financial institutions serving the unbanked can be adapted for the context of e/m-banking. Strategic marketing is often confused in addressing just marketing communications, especially promotional activities. Yet, the framework (as depicted in the figure below) has three main pillars – Corporate Brand Strategy, Product Strategy, and Product Delivery & Customer Service Strategy. It is essential to understand that the three marketing strategy elements should not be viewed as silos. The elements must all be addressed as there is much interplay between them. Most importantly, there is a strong need for



coordination and consistency in the marketing efforts to ensure success.

MicroSave's strategic marketing approach strongly advocates a market oriented approach wherein market based information sources (as depicted in the figure below) are used to develop the first tier marketing strategies: the product, branding and customer service strategies.⁹ Sources of information will be the needs of target customers, competitors, customer service quality tracking, and external socio-economic and regulatory factors. All of which will be relevant in the e-/m-banking context as *MicroSave* has repeatedly seen that many (and probably most) implementation issues have little to do with technology, and more to do with misunderstanding customer needs and not providing appropriate messages.



Conclusion

As agent network managers (ANMs) and banks grow to understand more of the determinants of customer satisfaction and successful products, the role of the marketing function will expand to include customer service, delivery systems, and corporate branding and identity. With the entry of large FMCG companies (e.g. Nokia and Unilever) and a continuous push from the more marketing savvy mobile network operators (e.g. Airtel and Vodafone), this trend of haphazard marketing will have to change for the better. The subsequent technical briefs discuss the major challenges of marketing for e/m-banking solutions, the various components of strategic marketing and lessons from other industries.

⁹Please refer to *MicroSave*'s [Strategic Marketing Toolkit](#) for more information.