

GENDER AND DIGITAL FINANCIAL SERVICES

BANKING ON THE MARKET



The Service

Low-income women in the bustling city of Lagos, Nigeria are both time and resource poor. However, they seek services to ‘park’ their money for larger spending purposes, such as business capital and school fees. Women have traditionally had access to an informal service called *Ajo*.¹ Therefore, Diamond Bank decided to replicate this model to attract people into the formal banking sector.

In addition to providing a newly-designed savings account with no minimum balance or transaction fees (BETA savings account), Diamond Bank built a network of agents called BETA friends to work in the markets where these women make financial their transactions.

Innovations

Going to the Customers: Queues in African banks are notoriously long and many people do not have the time to do banking the traditional way (even though they would like to have bank accounts). The BETA friends service allows people to save quickly, and in a place that suits them. Compensated on an incentive basis, the BETA friends create their own portfolio of customers — from an average of 200 customers to up to 500 for high performers.

Reduced and accessible Know Your Customer (KYC): Many customers (quite rightly) perceived the requirements to open a bank account onerous. Therefore, Diamond Bank needed to make the registration process quick and with minimal requirements. Account opening is done through a mobile phone and a starter pack (with a Debit Card) is given immediately to the customer. No trips to branches, utility bills or references are required.²

KEY FIGURES

At the end of the 6-month pilot program in 21 Diamond Bank Branches, the banks had:

38,600 new accounts

40 percent of new accounts were held by women

US\$1.5 million in savings had been gathered

74 percent of customers were transacting at least once a month

1. The Ajo Service does a daily collection of savings at the market stalls. Typically, money can only be withdrawn at the end of the month. Fees are generally equal to one day of savings. Though commonly used, the risk of the Ajo collector running off with the money is real.

2. Nigeria has a regulatory system that allows for different KYC for different types of transactions (including balance limits and transaction limits).

Marketed directly to women: The BETA savings account was marketed directly to women (without discriminating against men). The tools were designed with women in mind, as they had previously been very hard to reach. This however did not deter men. Indeed, men comprise 60 percent of the account holders.

Adaptations

Adapting the product: Diamond Bank wanted to have the deposits of these customers, but realized it would need to provide a service that cost no more than the *Ajo* service. Diamond Bank built its business case on the low cost of funds that come from leveraging savings. The account also attracts interest, and offers a chance to win weekly cash prizes.

As women are harder to convince and tend to ask more questions than men, opening accounts for women was not seen as lucrative to the BETA friends. Diamond Bank decided to pay the BETA friends higher incentives to open accounts for women as they knew that women were more likely to use the account regularly, save more, and withdraw less. Men tend to see the account as more transactional than for savings purposes.

All marketing and communications are done using ‘everyday’ language. Banking jargon, by contrast, was seen as exclusionary and not well understood.

How the BETA product and friends have added value to Diamond Bank

Diamond Bank has grown a complete new segment of customers that were previously untargeted.

The savings gathered is less costly than raising funds on the international markets, and can therefore have a larger spread when lent out.

Brand awareness and trust is developing in markets that previously saw banks as inaccessible. Word of mouth marketing puts Diamond Bank at the front of this new market.

Further opportunities

Customers have expressed interest in borrowing and realize that by formally saving, they are creating a history that allows them to borrow. Diamond Bank is already assessing lending possibilities.

This new market segment presents fresh opportunities to offer products, such as insurance and youth banking (or school-based BETA friends).

How this can apply to the Pacific Region

The Pacific Region is still largely unbanked. However, it does have a number of venues where people congregate, such as markets, schools, Bingo halls, churches, and so on. These are places where a BETA friends concept could be used to open accounts and make transactions.

Bingo is enjoyed by many Pacific women. Generally, giving prizes to customers can entice new users into registering and utilizing the product.

Additional Resources

<https://www.womensworldbanking.org/wp-content/uploads/2014/03/Womens-World-Banking-A-BETA-Way-To-Save.pdf>

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