

MicroSave Briefing Note # 103

Top Marketing Challenges For E/M-Banking (2/5)

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Marketing is just as important in e/m-banking as it is in more conventional retail businesses, and cannot only be seen as an expense to avoid or minimise. Through marketing, customers learn about a service, and how it addresses their needs; it should also give them a reason to use the service. Many e/m-banking solutions are said not to be working well because of low customer adoption when compared to the money and time spent on implementing the solutions. This Note focuses on the major challenges faced by e/m-banking service providers while promoting their services, and also covers potential, actionable steps that could address the challenge of low adoption.

Challenges in Customer Adoption

1. Failure to create a winning product

Too many e/m-banking solution providers have tried to promote and sell poorly designed or inappropriate products. This is a thankless task – as can be seen from the alarming levels of dormancy amongst No Frills Accounts in India.² E/m-banking channels need to offer real benefits, responding to real needs or mitigating customer pain points ... they will not see any significant take-up without a persuasive customer value proposition.³

2. Failure to create a winning message

One of the main reasons why marketing does not achieve the desired result is because it may not address the needs of the target audience, or the marketer is trying to sell to everyone. Good communication messages typically provide simple, compelling reasons for adoption, they stand out, and avoid setting unrealistic expectations. Many customers' decisions are based on emotions rather than pure logic – thus the need for appropriate and powerful messaging.

While M-PESA, in Kenya, has succeeded in creating a winning message of “send money home” in Kenya and attracted 13 million customers⁴ to use it, a similar product and messaging did not work in case of another African country – Ghana. MTN launched MTN Mobile Money in Ghana in 2009. The messaging was similar to that of M-PESA and targeted young migrants in the city who could send money home using their phone. Despite huge investments in above-the-line (ATL) marketing activities, the uptake has been slow with only 1.8 million, and much fewer active, customers. Unlike Kenya where the rate of urbanisation is lower and the potential of domestic remittances is high, split families

are not very common in Ghana and therefore a lower demand for domestic remittances. Hence, a marketing message developed without fully understanding the customers' pain points, failed to engage the customers.⁵

3. Overcoming limited customer knowledge & trust

Marketing is not a one-time activity. It does not stop just by creating initial awareness, but also involves helping the customer become comfortable in using the product. Marketing to a typical e/m-banking customer (with relatively sparse history with formal financial services and low levels of literacy) should focus on creating knowledge about how the service is going to benefit them and how it can be used.

Tigo Cash-Paraguay, launched in 2008, for example, had an initial disappointing market reaction with low customer registrations and transactions.⁶ Tigo then conducted a nation-wide market research to study the problem and identified modifications to be made and the need to focus on one specific market segment. Customers were not very concerned about the speed of transactions, however, but were more concerned about the price. Keeping this in mind, Tigo launched “Giros Tigo”, a remittance product in 2010. The marketing campaign focussed on only one market segment and first created awareness, followed by demonstrating how the product works and how people could save money compared to other informal channels through lower pricing and rebates. The advertisements showed three usage scenarios to inform customers on how and why to use the service: 1) A rural father sending money for his son's school fees; 2) A domestic maid sending money back to her rural home; and 3) A mom sending money to a neighbouring city for her son's birthday party.⁷

4. Selecting the right marketing promotional activities

Selection of promotional activities could entail either ATL or below-the-line (BTL) activities or a mix of both.⁸ Experiences around the world depict a varied set of challenges for each of these types of promotional activities types. BTL activities, for example, promotions through field agents, account opening canopies, and SMS blasts, can lose their inherent advantages of cost effectiveness and personal interaction if used to address too broad a population. *MicroSave* observed two other challenges for BTL with one of its clients. The first challenge was that the people running the BTL activities were not very well trained and were either not able to answer critical questions or gave the wrong

¹ With support from Chris Linder

² See *MicroSave* India Focus Note 62 “[Responding to High Dormancy Levels in No Frills Accounts](#)”

³ See *MicroSave* Briefing Note # 47 “[Mobile Phone Banking The Customer Value Proposition](#)”

⁴ Figure up to January 2011 as reported on MMU Blog, <http://mmublog.org/m-pesa-2/>

⁵ “[Technology Program - Country Note: GHANA](#)”, CGAP, June 2011

⁶ GSMA Mobile Money in Latin America - A case study of Tigo Paraguay, Camilo Tellez and M. Yasmina McCarty

⁷ Tellez, Camilo and McCarty, M. Yasmina, “[Mobile Money in Latin America - A case study of Tigo Paraguay](#)”, GSMA, 2011

⁸ McCarty, M. Yasmina, “[Marketing Mobile Money: Top 3 Challenges](#)”, MMU, February 2011

information (often overpromising). The other was that BTL activities often are tied to some kind of incentive plan for staff and agents that were skewed towards account opening, and not understanding and usage. This led to a high number of dormant accounts. Improved training, additional oversight and revised incentives have improved BTL efforts over time.

ATL marketing activities, such as billboards and television commercials, have the distinctive challenge of cost – discussed below. Another challenge for ATL activities is overpromising on delivery when the basic infrastructure and ability to execute are not in place. Sharp ATL messaging and branding can only go so far before customers realise there are not enough cash points and the essential technology and processes have not been worked out.⁹ This especially becomes a challenge for many new e/m-banking deployments that do not have a strong agent network in place from the beginning. MTN Uganda initially made the mistake of conducting extensive ATL campaigns without having a robust agent network.¹⁰

5. Limited marketing budgets

As mobile money is a new concept for the unbanked and the under-banked, the service provider will typically need to use an appropriate mix of ATL and BTL marketing activities. However, the main problem that many service providers face, especially those without large, resource-rich parent organisations, is a limited marketing budget. The budget becomes a constraint especially in mobile money deployments when the focus is more on regulatory compliance (to serve more of the rural poor generally) rather than creating a new business opportunity. In the bank-led business correspondent (BC) model in India, for example, banks often see such activities as a cost centre, while for the third parties who provide the service directly (the BC network managers-BCNMs), it is a question of survival. Due to the banks' attitude, the BCNMs cannot afford to conduct ATL activities extensively, as they do not have the financial resources for wide ATL campaigns. These BCNMs do their best by leveraging the bank brands (to evoke trust) wherever possible, and use BTL activities extensively and consistently as they enter a new geographic market.

There are two potential solutions to the budget problem. The first is to find a more willing and able partner to provide support in marketing. For example, EasyPaisa is a partnership between Tameer Microfinance Bank and Telenor, in which the marketing campaign is handled by Telenor. As this may be difficult, the other, more realistic solution could be to use non-traditional techniques and become more locally focussed, using the distribution network in place. FINO in India has used a localised approach by involving opinion leaders and appointing villagers as agents in rural areas.

6. Lack of adequate customer service

⁹ [Mobile payments go Viral: M-Pesa in Kenya](#): Ignacio Mas and Daniel Radcliffe.

¹⁰ Barriers to customer Activation: [A Case study from MTN Uganda](#).

¹¹ "Is Equity Bank MKESHO in a crisis?" Area 254, May 2011.

All the messaging, education and promotions cannot assure success if customers are not treated well, post-acquisition. For M-KESHO in Kenya, despite the clear positioning, backing of two strong brands (M-PESA and Equity Bank) and promotion activities, the product has not been able to take off due to reported pricing, network and customer support issues. As a result, customers' and agents' trust in the product has been variable over time.¹¹

A strong customer service framework is, therefore, needed for two main reasons: 1) Even if the customer is educated well in the pre-acquisition stage, he will still probably not fully understand how to use the product until he actively tries the service for the first time; and 2) issues and questions will inevitably arise no matter the level of product comfort. For e/m-banking in particular, there are many potential confusing aspects for the rural poor, especially new technology (e.g. USSD and STK) and financial services terms (e.g. KYC and security PINs/passwords). E/m-banking, and banking in general, is based on a long-term relationship, which must expand beyond the initial service to ensure profitability.

Better customer service can be ensured at the first level by providing adequate training and appropriately incentivising the agents for the kinds of behaviour desired, such as encouraging regular transactions and not just account opening. For WIZZIT, the incentives of the WIZZkids are not only linked to account opening, but they also receive a bonus on the basis of the transactions conducted by customers after a certain amount of time. The second line of customer service is typically customer service call centres, preferably manned 24-hours, such as M-PESA and Eko. The most critical challenge for call centres is who should receive the call (or rather who owns the problem). The agent network manager's (ANM) call centre, or an outsourced call centre provider, may be able to take the most common issues and resolve them, but other calls may be too complicated and may need to be answered by either the technology service provider or the bank/MNO.

Conclusion

One-size-fits-all marketing that often works in typical retail does not work for e/m-banking. Understanding the context, customer needs and pain points first and then devising the marketing strategy is the key. Moreover, marketing needs to be consistent to create a certain image in the minds of customers and take them from being unaware to becoming actively engaged. The next briefing note in this series discusses the former of these goals: creating a certain image in the customer's mind, in other words, branding e/m-banking services.