

MicroSave Briefing Note # 115

Process Mapping for Mobile Banking Initiatives

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Introduction

MicroSave Briefing Note # 29 “[Process Mapping](#)” detailed the steps involved in process mapping. This Note focuses on the intricacies involved in conducting a process mapping exercise for mobile banking initiatives.

Pre Process Mapping Phase

Finalise Partnerships

The four key functions that define the success of any m-banking deployment are technology platform, agent networks, connectivity and IT systems. As a precursor to mapping processes, it is critical to ensure that business partners i.e. the technology platform vendor, agent network manager and mobile network operator have been identified and agreements have been signed. The agreements should clearly define scope of work of the concerned partners, which should be aligned with the business requirements as part of bank’s branchless banking strategy. Uncertainties around roles and responsibilities of partners will lead to uncertainties and confusions around mapping processes, and any processes thus designed are likely to be redundant or not implementable.

Involve Business Partners

Staff from partner entities should be part of process mapping team to help define the boundaries within which a particular process can be designed. For example the internal team may come up with a customer enrolment process that the technology platform is not able to support, or that the agent network manager cannot deliver on because of the organisation’s limited staff capacities.

Avoid the “Technology Driven Business” Trap

At the first meeting with the technology provider (usually the business development managers) often yields promises that nothing is impossible and the provider has the world’s best and most advanced mobile banking technology ready to deliver and roll out. Of course, the reality is far more complex. Unless the financial institution is conscious, clear and practical about its business (and the clients’) needs, it will find the technology driving some important product features and processes instead. This may result in products/processes that fail to meet business requirements and associated costs that go beyond the budget. To avoid such situations, management and partner entities (the core banking solution vendor, agent network manager and mobile network operator) should assess the technology platform together. To do this

effectively, the individual entities in a consortium must have a shared understanding of the overall business strategy, based on which a checklist of relevant technology related questions can be prepared. This list should be discussed with technology vendor to understand ‘standard applications’ and ‘customisations’ that would be required, along with associated cost and timelines for such customisation and implementation.

Understand the External Environment and Potential Clients

A sound understanding of the external environment and target clientele is essential for the design of processes for mobile money. This will require secondary research on literacy levels, tele-density, mobile network coverage, the market share of MNOs, prevalence of identity cards etc. The secondary research can further be elaborated through market research with potential customers.

The market research should assess the perceptions, needs and aspirations of the potential customer base. These should then largely drive the products offered and the processes used to deliver them.¹

Training Internal Staff on ‘Process Mapping’ and ‘M-Banking’

As explained in *MicroSave*’s Process Mapping toolkit, assembling a cross-functional team is key to any process mapping exercise. The team should be trained on ‘process mapping’ in order to ensure a common understanding of methodology and conventions amongst team members. In addition to training on process mapping, the team may require education on m-banking and the institutions’ strategy. The latter sessions are particularly important in cases where the service provider is pioneering m-banking services in the country. In a country like Kenya, where there are multiple mobile money services with reasonable penetration levels, such exposure might not be required.

Creating a Process Mapping Architecture

Before starting the mapping exercise, the team should brainstorm the process to derive a clear plan covering:

1. A list of processes along with start and end points,
2. Process owners
3. Key result areas
4. Scheduled timelines for completing each process
5. Team involved in designing a particular process
6. Process reviewers

¹ See *MicroSave*’s Briefing Note 101 “[Mobile Money - Questions That Your Clients Will Ask You](#)”

This plan document serves a useful reference point for tracking the progress of the mapping exercise and leads to better coordination amongst team members. It develops a common understanding of the overall process mapping exercise. Also, scheduling processes logically helps to avoid redundancies and each process serves as a logical starting point for subsequent one.

Process Mapping Phase

While individual institutions need to assess what could work best within their context and environment, they should consider the questions below:

Customer Enrolment

- Who can enrol customers? (All agents, specific agents or only bank branch staff)
- Same or different process for existing bank customers and new customers?
- Will KYC requirements be different for different levels of use?
- How will be KYC data captured?
- How will the data be transferred to the validation center and who will validate the authenticity of data captured?
- What will be the status of accounts whose KYC data has not been validated?
- How will accounts be activated?
- What details/documents will be in the account opening kit?
- Monitoring and follow-up (Who will monitor, at what frequency and what all needs to be checked)?

Transfers

- Will transfers be allowed only within network (existing client base) or outside network as well (other network wallet holders, non-wallet holders)?
- What is the transaction process? Who will initiate and who will confirm?
- How will 3rd party deposits be treated?
- What is the process, if any, for erroneously recovering remittances to unintended recipients?

Cash – In/Out

- What details customer/agent needs to enter to authenticate transactions?
- Who will initiate the transaction? (Agent or client and its implications)
- Will the agents maintain any registers?

Commissions, Settlements and Reconciliation

- What are the commissions for account opening and transactions and how will these be credited to them?
- How will any client/agent level disputes be handled during the transactions?
- Who will settle with whom?
- What is frequency of such settlements?
- What are the guidelines/regulations? Is any professional body required to mediate?
- What will be the accounting entries in the institution's books of accounts for settled and unsettled amounts?
- Who will be responsible to reconcile and follow up on settlements?

Post Process Mapping Phase

Be ready and prepared for changes and adaptations during the first few months: the institution should have their teams and systems prepared and designed to identify, incorporate and implement changes. The following steps will help institutions to do this:

Assign a Team

The institution should assign an internal process team responsible for updating the maps based on identified changes. Processes related performance / tasks should be in the KRAs of the team members.

Determine the Frequency of Updating Processes

MicroSave recommends monthly for the first few months until completion of the pilot phase, and quarterly for the first few quarters of the roll out. However, this will also depend on the institution size and context.

Conclusion

Adopting a systematic approach to design processes in a mobile banking initiative is crucial to avoid redundancies and to create processes that are robust. Alignment of interest between business partners goes a long way in securing the success of any such initiative.