PROJECT PAYPLAN

IDEO.ORG + FSD KENYA

FINAL PRESENTATION
THIS PRESENTATION is the final deliverable of the PayPlan Project. It serves to guide the final meeting of the project team. And it concludes the design phase while handing over concepts for the next pilot phase.
01 INTRODUCTION
PROJECT TEAM, PROJECT OBJECTIVE AND TIMELINE

02 PROJECT STORY
SUMMARY ON INSIGHTS AND LEARNINGS THAT LED TO THE FINAL CONCEPTS

03 PART 1 - MY TARGETS
PROTOTYPE LEARNINGS AND KEY FEATURES

04 PART 2 - PAY LATER
PROTOTYPE LEARNINGS AND KEY FEATURES

05 VISION OF GROWTH
FINANCIAL INCLUSION STRATEGY, CONCEPT POSITIONING AND WAYS TO GROW

06 DESIGN DETAILS
CONCEPT DETAILS, VERSION STRATEGY AND DESIGN GUIDELINES

07 PILOT PLANNING
RECOMMENDATIONS AND QUESTIONS

08 APPENDIX
LOGIC FLOW DIAGRAMS
HOW CAN WE SUPPORT LOW-INCOME KENYANS IN PLANNING THEIR FINANCIAL LIVES?
THE PROJECT TEAM

FSD Kenya is partnering with IDEO.org to bring the idea of PayPlan to life and deliver on its potential for financial service innovation.
## Project Timeline

### Phase 1: Inspiration
- **Week Jan 7**: Remote kick-off meeting
- **Week Jan 14**: Kick-off workshop
- **Week Jan 21**: Planning, background research, and design of sacrificial concepts
- **Week Jan 28**: Field research in urban and rural communities in Kenya

### Phase 2: Design
- **Week Feb 4**: Synthesis, opportunity identification, and concept generation
- **Week Feb 11**: IDEO.org, FSD, and partners will break for 7 weeks around the Kenyan elections

### Phase 3: Prototyping
- **Week May 27**: Prototype design and creation of key elements of the vision for PayPlan and product concepts
- **Week Jun 3**: In-field prototyping in urban and rural communities in Kenya
- **Week Jun 10**: Refinement and communication of the vision for PayPlan and product concepts

**Week May 27**
- Strategy workshop
- Remote check-in before break

**Week Jun 3**
- Remote check-in after break

**Week Jun 10**
- Prototyping meeting

**Week Jun 17**
- Final meeting
WE HAD AN IDEA...
PAYPLAN* IS A FINANCIAL CONCEPT BASED ON A CLEAR NEED.

PEOPLE IN POVERTY NEED A MOBILE SAVINGS PRODUCT THAT HELPS THEM PLAN, NOT JUST TRANSACT.
AND WE PUT THIS IDEA INTO ITS REAL WORLD CONTEXT.
WE USED HUMAN-CENTERED DESIGN RESEARCH TO DISCOVER THE EXISTING SAVINGS AND PLANNING BEHAVIORS TO BUILD UPON.
AND WE FOUND THESE GUIDING INSIGHTS:

1. LEVERAGE INTUITIVE BEHAVIORS
   Buying. Selling. Lending. Borrowing. These are the natural ways that people think about money. Saving isn’t as intuitive.

2. BUILD EXTERNAL TRIGGERS
   Financial decision making is often reactive. New financial behaviors generally happen as a result of external forces.

3. CULTIVATE SOCIAL CAPITAL
   Social capital is deeply woven into financial behavior. This goes well beyond emergencies. It is a daily activity that acts as credit, collateral and cements your place in a community.

4. PROVIDE A BIG PICTURE
   People are more successful when they have clear pictures of their financial lives. Many people, though, lack this information.
WE MERGED THESE INSIGHTS WITH THE PAYPLAN IDEA TO CREATE A PRODUCT THAT FITS WITH PEOPLE'S REAL BEHAVIOURS.
WE BUILT A SUITE OF PROTOTYPES TO REPRESENT DIFFERENT DIRECTIONS THE PRODUCT COULD TAKE.

1. NOW/LATER:
A tool that reduces financial planning to a simple choice – use money now or use money later.

2. GOALS:
A tool that empowers users to create and manage as many subaccounts as personally desired.

3. VIRTUAL SALARY:
A savings tool that smoothes out cash flow cliffs and peaks. Cash deposited ahead of time by the user is then doled out to them in consistent payments over time.

4. BILLIFY:
A peer-to-peer lending service that logs payment and organizes pay back. They mobile money system offers tracking, notifications and options for bank-backed support and extensions.
THE AIM WAS NOT TO TEST MARKET ACCEPTANCE OF A FINISHED PRODUCT. INSTEAD, WE WANTED TO PROMPT CUSTOMERS WITH VERY DIFFERENT FEATURES TO UNDERSTAND WHAT REALLY RESONATES WITH THEM.
WE LET USERS TRY OUT THE PRODUCTS UNAIDED.
WE OBSERVED USERS TEACHING OTHERS HOW TO USE THEM.
AND WE WENT INTO THEIR BUSINESSES AND HOMES TO SEE THE PRODUCT IN ACTION.
THROUGH THIS EXPERIENCE, WE FOUND WHAT PEOPLE LIKED MOST AND WHAT WORKED BEST FOR THEM.
1. PEOPLE LIKE TO THINK IN TARGETS. IT MAKES FINANCIAL PLANNING TANGIBLE AND RELEVANT TO THE EVERYDAY.

2. CREDIT IS PART OF THE PLAN. BECAUSE LIFE IS COMPLICATED, AND FINANCIAL PLANNING NEEDS TO INCLUDE THIS.
HERE'S HOW PAYPLAN EVOLVED...
PART 1: MY TARGETS

PART 2: PAYLATER
TWO COMPLIMENTARY CONCEPTS THAT CAN LIVE TOGETHER, ENABLING THE PRODUCT TO GROW WITH ITS USERS.
PART 1
MY TARGETS
MY TARGETS IS A BUDGETING TOOL ON YOUR MOBILE PHONE.

It allows any mobile money customer to plan their expenses by creating separate virtual accounts. Customers then name these accounts to reflect their personal targets.
NAMING MATTERS.

"I LIKE SAYING WHAT I'M SAVING FOR."

Many personalized accounts are preferred over a single generic savings account.
"When you set goals, you're targeting something for your future. This way makes you have more plans for yourself then just saving for the sake of maintaining a bank account."

- CLARICE, 32
LOCKING MATTERS

"I WANT TO PROTECT MY MONEY FROM MYSELF."

Once a target is created, users can add a lock that blocks money from being withdrawn until a set date has been reached. My Targets helps people resist temptation.
“If it's locked, you're sure of reaching your target. You're sure of achieving it. Now you won't be able to access your money until the date and then the money will go straight to what you set.”

- JULIUS, 26
ACHIEVING MATTERS MOST.

"I LIKE THE FEELING OF HITTING MY TARGET."

Achieving a financial goal is intrinsically rewarding. Extras like bonus points or rewards aren't needed when you're providing a path to personal satisfaction.
Looking over potential rewards and barriers, Oscar paused. What he cares about is something that helps him reach his goals. A feeling that he articulated as being worth much more than the incentives.
MY TARGETS:
AN INTUITIVE FLOW WHERE USERS
NAME IT.
LOCK IT.
ACHIEVE IT.

Let's look at how it works through a list of key features.
KEY FEATURE #1
SET MY TARGETS

Users create and name their targets. Users begin with a default account called My First Target.
KEY FEATURE #2

'SEND' TO MY TARGETS

You can set aside small amounts as part of sending or receiving money normally. You can save as little as you want whenever you want. It's as easy as sending money to a person.
KEY FEATURE #3
ADD A LOCK

My Targets accounts can be locked to a date, helping you resist small daily temptations in favor of big goals. The order is clear: You add WHEN you want the money after you know WHAT it's for. First, name your target, then lock it to a date.
KEY FEATURE #4

NUDGES

Because not everyone is a born planner, the system prompts for saving throughout the mobile money experience. When users receive money, they are asked in the same SMS to push that deposit to My Targets.
KEY FEATURE #5
ONE BALANCE SHEET

My Targets overcomes the lack of information in the cash-based world and lets users see their balances and goals all in one place.
PART 2

PAYLATER
PAYLATER IS A DIGITAL PLATFORM FOR SUPPORTING PEER-TO-PEER LENDING AND BORROWING.

PayLater enables people to stretch their shillings when cash flow is low. It formalizes already existing behaviours and adds simple safety mechanisms to protect the lender as well as the borrower.
A RECORD MATTERS.

"I LIKE TO HAVE A RECORD OF WHAT I OWE OR WHAT'S OWED TO ME."

Today, people write their debts in notebooks or trust their lender to keep track. PayLater takes this behaviour digital.
Thirty percents of John's pharmacy customers in Kariobangi take medicine on credit. He has a thick book keeping track and has to constantly call customers to remind them of their debts.
TRACKING MATTERS.

"I PAY AS I GO WHEN I HAVE MONEY."

People repay what they can when they can. Many keep their M-Pesa text messages as proof of repayments. Keeping track of repayments towards a debt is an integral part of PayLater.
Patricia is a teacher. Her school is struggling and hasn't paid her in 3 months. She pays back loans when she can, but the money comes sporadically while the needs are constant.
AND HELP US REMEMBER.

"I KEEP TRACK IN MY HEAD, BUT I'VE GOT A LOT GOING ON."

Lenders lament the routine of calling their borrowers to remind them of their debts. Borrowers also struggle to keep up. Users need reminders that easily convert to action.
Bani sets an alarm on his feature phone to remind him of when debts must be paid.
PayLater is a two-way interaction flow between lender and borrower that is summarized as:

RECORD IT.
TRACK IT.
REMIND US.
SO HOW DOES PAYLATER WORK?
KEY FEATURE #1

WRITTEN AGREEMENTS

Sending and accepting a request enters both people into an agreement. A copy is retained on the mobile account with set terms. With PayLater, the room for abuse generated by the fuzziness of verbal agreements is removed.
KEY FEATURE #2

REPAYMENT TRACKING

Both parties know exactly how much money is owed and when it has to be paid back by. Any partial payments are automatically tracked allowing for "pay as you go" lifestyles.
KEY FEATURE #3
NOTIFICATIONS

People are supported in keeping on top of their PayLater debits through notifications.

You get an SMS (or IVR reminder) that pushes you directly to the platform to repay.
One possibility, is that the lender could ask to lock a deposit on the borrowers mobile money account.
MORE FEATURES

Because PayLater involves two people exchanging money, safety is paramount.

Ideas for more safeguards:

• Exposing credit reputations of both parties
• Protecting against changed mobile numbers through linking real ID
• Blacklisting those who abuse the system.
IDEO.org and FSD are aligned in the belief that the planning tool we create should help people grow their finances and how they are applied to pave a path out of poverty.
We want to get people from spending money on their day-to-day basic needs to plan for the next month and eventually invest into their futures.
The current concepts enable people to save money for the near future and become financially resilient. Future extensions for MyTargets and PayLater will help build intergenerational prosperity.
A pipeline of efforts and offerings will increase continued market uptake after immediate launch.
ACCOUNT STRUCTURE

Proposed concepts will live within the mobile money offering.
Proposed concepts will live on multiple platforms.

1. We suggest to start to build and run a minimal USSD version as a pilot, in order to learn and iterate quickly on the core ideas of the service.

2. The STK version will translate the learnings into a more comfortable interface in order to scale the service to a larger number of users.

3. We believe the smartphone version should offer additional user benefits through leveraging the potential of the interface, rather than a direct translation of the STK version.
The pilot version should realize a minimal viable product (MVP), delivering only the core services. USSD is suboptimal, but it’s easy for the implementing partners to create despite adding more complexity for the user because it requires more steps than a menu-based approached.

**PayLater Request** starts the creation of new PayLater records.

**My Targets** separates creation and management of the customizable targets.
The proposed logic diagram describes a possible implementation of a minimal viable product.

**Assumption:**
In order to deliver a better experience, we assume a notification via SMS can trigger the direct access to some functions, without having the user navigate the menu and input USSD code. Several alternatives are also possible: reply via SMS, customized USSD code in the text, call back and service through IVR.
The App Smartphone Version

We believe the smartphone app will require a separate development effort, once the team has processed the learning from the first pilot iterations.

A visual interface will enable to simplify greatly the structure and navigation.
- My Targets and PayLater can be fully integrated.
- One dashboard can visualize all the balances, and enable the access to manage and edit targets and debts, simplifying the menu structure.
THE APP
SMARTPHONE VERSION

New functionality for My Targets:
• Visual reminders with images
• Bar to show progress toward goals and repayment
• Set total amounts you want to save for
New functionality for PayLater

• Visual reminders with images
• Richer exchange with P2P lender around PayLater: extension of credit, rolling accounts,
• Tablet version for pro users, like merchants or savings groups treasurers.
DESIGN DETAILS

CURRENT ACCOUNT: KSH 5500

TARGETS

PAY LATER

CREATE NEW

PAYMENT DUE IN 18 DAYS

PAY
EXTEND
CALL
DELETE

PAYMENT LOG
- 24/10/13 REQUEST ACCEPTED: KSH-900
- 4/11/13 PAID: KSH +100

NEXT MONTH RENT

KHS 400

TRIP TO

KHS 800
DESIGN GUIDELINES

These guidelines are informed by our research and drove our decisions for concept design. We hope they can be some truths from which future iterations of the product can build upon.
01. BUILD UP, DON'T BREAK DOWN

When introducing new functionalities to mobile money, do not sub-brand them as separate features, but think of it as an integrated and growing mobile money offering.

[e.g. Do not brand My Targets nor PayLater.]
In order to tune the product to the customer’s level of sophistication, ensure there is a pre-defined version that does not require any engagement with the technology nor the product (default version).

[e.g. introduce a pre-defined target to save for, for many people will be the only one they need and use. Customization is an add on]
Offer all the behaviours available in the real cash world, only add the benefits of digital money. New behaviours will need to be established with experience.

[Eg. let PayLater customers also settle in cash]
04. GROW THE USER BASE FIRST, MONETIZE LATER

The bigger the network, the bigger the perceived and actual value of it. Mobile money products are a classic networked good that grows in value in proportion to the expansion of that network.

[e.g. Don’t charge for PayLater nor expect it to be profitable. Value will be realized through an expanded network]
When introducing a fee, position as a clear investment for the customers. Be transparent on how to share the profit with users such as agents.

[e.g. A fee for breaking a lock could reward those who stick to their targets!]
My Targets first. Depth over spread.
My Target is the core of our service and it does not require a large network of users or agents in order to be compelling for customers. However it does require proximity to an agent. For the pilot, a high density of agents is therefore a lot more important than a large geographic spread of users.

PayLater second. Spread required.
PayLater needs a higher penetration of users in order for it to work well. We also see it as an important addition to MyTargets, but not as a stand alone product. It should therefore be introduced to the pilot some time after My Targets.
The pilot should be used as a way to improve the service and not just to test how it resonates with people. There are a few specific things we would recommend to test during the pilot:

**My Targets**
- Is there a need for a pre-set target and how should we name it?
- Do we have a default target with a default date (e.g. ‘Next Month’)
- What are the most popular targets?
- What are the most popular dates or time frames?
- What type of person uses it most and how do they use it?
- What is the success rate or achieving targets?
- Do people have workarounds their date?

**PayLater**
- What is the credit limit?
- How do we make it even safer?
- How do we prevent scams?
- How do people build up a reputation?
- How could a security deposit lock look like?
- Who is using it most?
- For what is it used?
Don't forget communication. Use the pilot to answer the following key questions:

- **What do we call it?**
  After our research in Kenya, we changed the names to MyTargets & PayLater. We have not exposed these to any user and there might be more culturally relevant names, like for example in Swahili.

- **How do we promote it?**
  Think about key influencers in the area, peer-to-peer referrals and agent promotion.

- **How do we provide support?**
  Is there a need for a specially trained call center?

- **How do we find and train the agents?**
  They are key to the service and need to be well informed.
Thank you