

Client protection and digital financial services

Context, practitioners' perspectives, and users' feedback on digital financial services – Kenyan experience

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Context

- 60+ FinTechs, 10 microfinance banks, 40 banks, and a dominant MNO
- Over crowded market, hyper competitive space
- Digital delivery is a hygiene factor in Kenya
- Digital credit has enabled access to credit to the traditionally riskier category of customers but has led to portfolio quality erosion as well
- Lack of regulatory clarity on FinTechs
- Sustainability concerns on MFBs and MFIs

Challenges faced by the providers (1)

- Poor understanding of the market – market considered a monolith
- Dependence on thin files, limited opportunities to aggregate digital footprint
- Existing regulatory ambiguity
- Limited products on offer, too little innovation, too many “me-too” products
- Poor technical support
- Risk of getting positioned as emergency lender

Challenges faced by the providers (2)

- Focus on digitization of processes than on use cases and digitization of the cash ecosystems
- Obsession over access than usage and quality of financial services
- Limited approaches to validate the digitally-services loans' purpose
- Questions on algorithms' robustness and validity
- Underdeveloped and ineffective recovery mechanisms
- Tech and touch dilemma

Users' concerns

- Limited adequacy and relevance of products
- Over-indebtedness, instant gratification prompts customers to take loans amounts higher than their income
- High pricing and predatory marketing (lure of easy money)
- Terms and conditions not clearly understood
- Negative listing
- Users face exclusion challenges due to lack of awareness of digital financial products and services



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Some of our partners and clients

Our impact so far

<p>300+ Clients</p>	<p>>750 Publications</p>
<p>Assisted development of digital G2P services used by 700 million+ people</p>	<p>Implemented >250 DFS projects</p>
<p>Developed 250+ FI products and channels now used by 50 million+ people</p>	<p>Trained 7,700+ leading FI specialists globally</p>



Thanks