# CGAP

## Enhancing Customer Engagement and Experience of Microinsurance in Africa

June 2014

# MICROINSURANCE

*Expanding Insurance to the Mass Market*

# THE PROJECT
## *Partnership: CGAP, MicroEnsure and Continuum Innovation*

CGAP conducted an Applied Product Innovation project with insurance intermediary MicroEnsure and design firm Continuum. MicroEnsure, a leader in the provision of insurance for the mass market in Africa and Asia and Airtel, a leading global telecom, have a partnership to deliver insurance to 17 countries in Africa over the next three years. Our challenge: using human centered design techniques to figure out how to deliver relevant insurance products to the mass market, leveraging mobile phones.

## PROJECT GOALS

**CGAP**

- Experiment with Human Centered Design techniques to develop a better understanding of customer perceptions of microinsurance and develop new concepts to engage customers more effectively with microinsurance products
- Institutionalize Human Centered Design tools and techniques at MicroEnsure

**MICROENSURE**

- Increase acquisition and active membership among the mass market in Africa
- Formalize knowledge about the mass market

*To watch an 8 minute video about this project, please visit:*
http://www.cgap.org/photos-videos/human-centered-design-and-microinsurance

# Microinsurance

According to "Making Finance Work for Africa," a study published by The World Bank, microinsurance grew by more than 200% on the continent of Africa between 2010 and 2012. That being said, fewer than 20 million Africans outside South Africa have any form of microinsurance - less than 5% of the potential 400 million customers in sub-Saharan Africa.

# Strategic Partnership

In September 2013 (just before our project began) MicroEnsure, a leader in the provision of insurance for the mass market in Africa, announced a strategic partnership with Airtel, a leading telecommunications services provider with operations across Africa and Asia. The partnership was established to provide insurance services to Airtel customers in Africa which will be deployed through mobile phones.

# Feature Phones

Smart phone penetration across Africa is 18%. While there are some aggressive predictions about smartphone adoption, feature phones are still the dominant phone held by the mass market in Africa. Feature phones are a way to keep connected, a business tool, a form of entertainment and the delivery mechanism for financial services platform. Feature phones and the extensive Airtel network make it possible to scale microinsurance to the mass market.

# INTERVIEWS

| Base | Location | Type | Number of Subjects |
|------|----------|------|--------------------|
| Nairobi | Kibera | urban | 4 |
| Nairobi | Mathare | urban | 3 |
| Nairobi | Kabete | village on the rural outskirts of urban center | 6 |
| Nairobi | Soweto | village on the rural outskirts of urban center | 3 |
| Nairobi | Kijiji | village on the rural outskirts of urban center | 3 |
| Malawi | Lilongwe | village on the rural outskirts of urban center | 5 |

Since we couldn't conduct interviews across all 17 Airtel markets, we chose two 'extremes' - Kenya and Malawi. Kenya is a sophisticated technology market with a high adoption of financial services via mobile phones. Malawi is more rural and has a much lower adoption rate of financial services technology. Human Centered Design interviews frequently target extreme use cases. By understanding two markets or customers that are quite different, we are able to design broad solutions that can be adapted and scaled.

Facilitator (Abby)

Participant

Researcher (Carin)

Researcher (Jenny)

Translator (Chris)

We worked with people in the mass market in Kenya and Malawi to understand their values, attitudes and behaviors, the problems they face, and to create and test solutions that work for them. We used the insights from our mass market interviews to inspire design solutions that hit on both the emotional and functional needs of people.

We asked people to share their values, dreams and worries. Using cards with icons representing various possessions and activities aided the conversation.

Each interview lasted two hours. We asked about their life, their sources of income, what they value, who they trust, social circles, what they strive to protect and finally, their perceptions of insurance. Our goal was to understand what keeps people up at night as a source of inspiration for insurance.

WHAT WE LEARNED

# A THIRST TO LEARN



One participant said she would protect education and her family most (with 3 locks), water, food and health next (with 2 locks).

We were struck by how much people value learning, both formal education and informal information sharing. Hard work and knowledge are key to a better future. People save and raise money for school fees, seek business advice and decorate their homes with educational posters.

# A THIRST TO LEARN
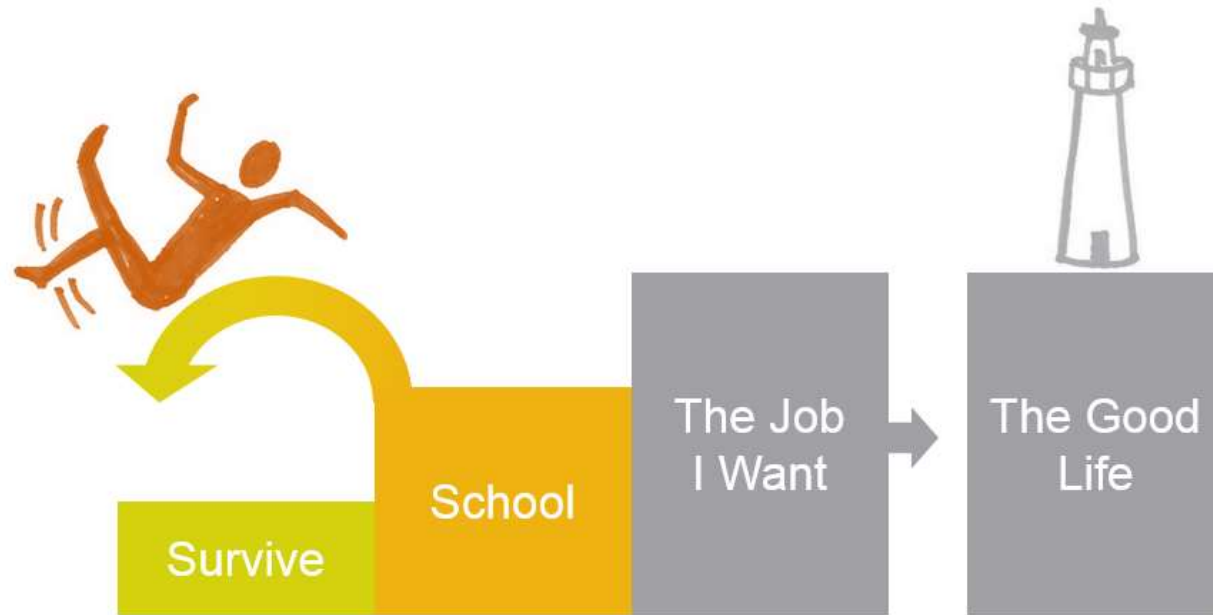


"The Good Life" is relatively modest. People aspire to make enough money to cover their basic needs and own a home or car. Progression to the good life is slowed by inconsistent income and constant financial setbacks, ranging from school fees to the death of a loved one. School is an essential step towards the good life. It's the driving force behind getting a good job or growing a business. When setbacks happen, both small and large, savings are depleted and school is often postponed to meet more immediate survival needs.

Dalitzo owned neither a home nor a car, yet he allocated 500 KSH ($5.69 USD) of fake money to car insurance and 1000 KSH ($11.39 USD) to home insurance.

Currently insurance is seen as a distant need. Similar to the Good Life, insurance feels inaccessible and is considered a product for those that have more to protect.

# FUTURE GOALS, NEAR-TERM REALITIES
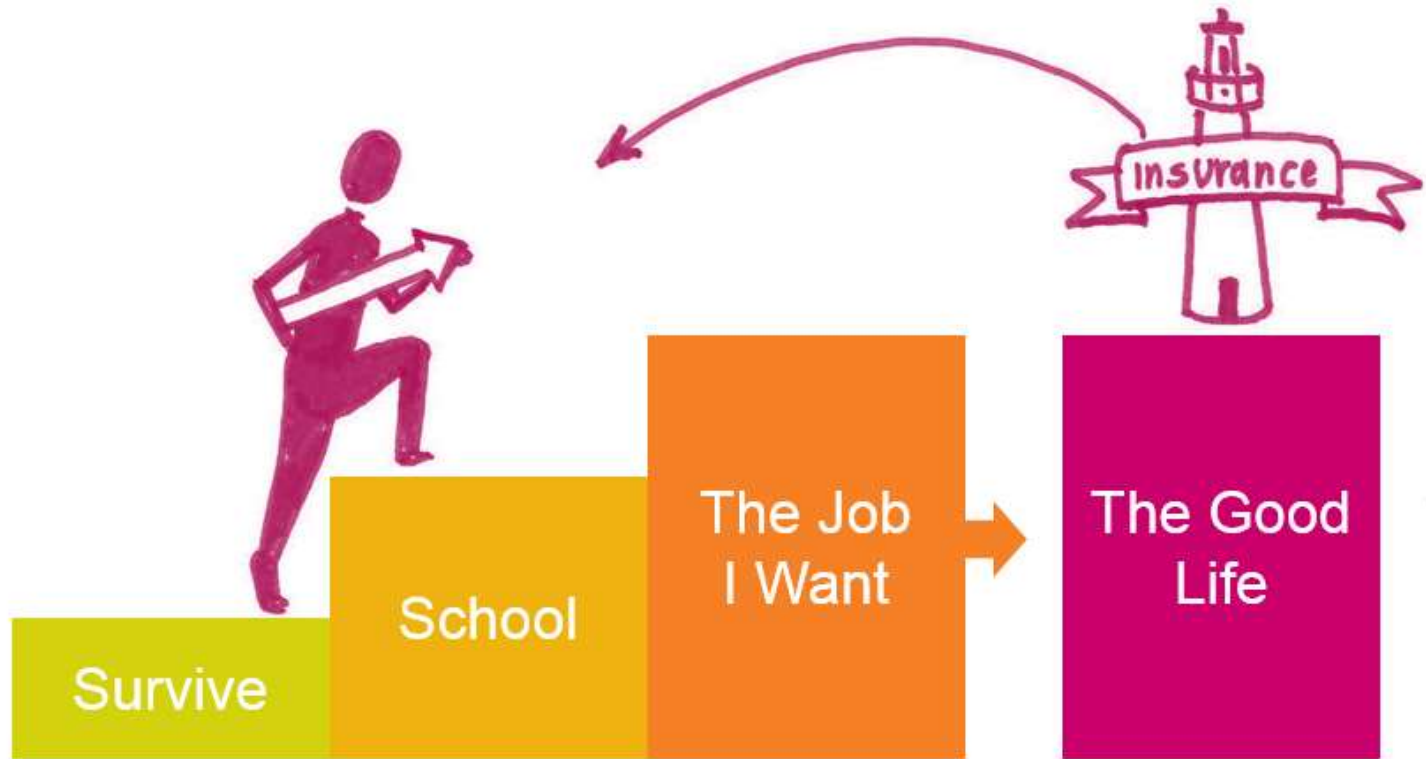


For insurance to be attainable now, it must help people deal with immediate stability and future growth.

People are wary of things that sound too good to be true. If there is no reasonable explanation of how things work, then they doubt its validity. Trust is not given easily. Even if things are advertised as "Free", people know they often come with strings attached.

Ethel plays Block'd on her phone. She keeps her phone on her at all times in this satchel.

Despite daily worries, people still find time to de-stress. Chamas (Kenya's form of informal saving groups) have turned a financial savings tool into a small pleasure by building in the joy of being rewarded when getting a lump sum. People play games on their phone, socialize and exchange tips on Facebook, and enter contests via SMS.

# SOURCES OF SUPPORT
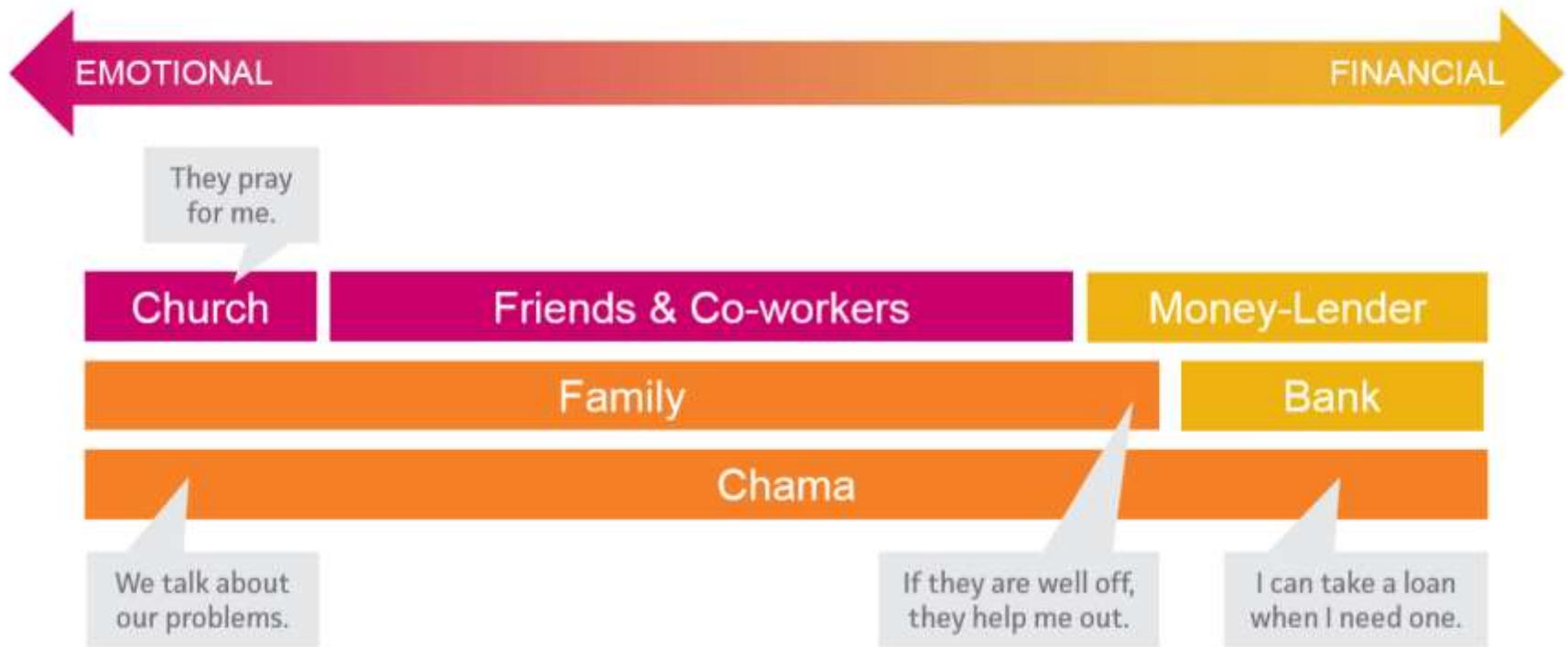


People take help where they can get it. Few sources of support span both functional and emotional needs. Chamas have alone bridged the gap, emulating the emotional support of family while providing more reliable access to finances similar to a lender or bank.

CREATING AND PROTOTYPING
SOLUTIONS

# BUILDING THE HOLISTIC CUSTOMER EXPERIENCE

## AWARENESS
I want to make sure this is real and not a scam.

## LEARN MORE
I want to see what this is and how it works.

## SUBSCRIBE
I want to try it out.

## CONFIRM
I want to feel like it's right for me, right now.

## SHARE
I want to tell others about this great new thing.

**Build buzz.**
Get the word out in multiple channels. Lead with the near-term benefits. Must be a combination of tactics to dispel fears of a scam.

**Tell a story.**
Give people a taste of what they will get is they sign up. Provide layers of information for people that want to explore or learn more.

**Make it painless.**
Must be a quick and easy sign up process with clear directions – too many options or too much information will cause people to abandon the process.

**Prove your worth.**
This is where we need to demonstrate near term value or we will only have short-lived success.

**Evangelize the community.**
Give people easy ways to share their stories and experiences with friends and family.

We mapped out the journey the customer goes through to sign up for and use microinsurance with MicroEnsure. Keeping their journey in mind helped us think about solutions holistically. Understanding the context of the journey makes sure we're conveying the right message at the right time in a way that makes sense to people.

# THE IDEAL EXPERIENCE

The Path to the Good Life:

MicroEnsure helps people reach their life goals with a holistic offering that ties together long-term protection with relevant advice and education in a fun and engaging way.

**GAME**

**ADVICE**

**PRODUCT**

The ideal experience actively engages people with their insurance membership. We identified three content streams that must work in concert with one another to demonstrate relevance and provide meaning for customers.

We used a cardboard phone to test 4 different concepts. They ranged from a combined analog/digital game, to quiz based games to choose your own adventure stories. Our aim was to provide a small pleasure for people while delivering educational value and information about insurance.

Protect your
child's
education and
get free
business advice
for yourself.

*123#

People are hungry for education and advice for themselves and to share with others. We tested benefits like annual check-ups, business advice and love tips. Many of the tips delivered via phone today are too broad to be relevant to individuals.
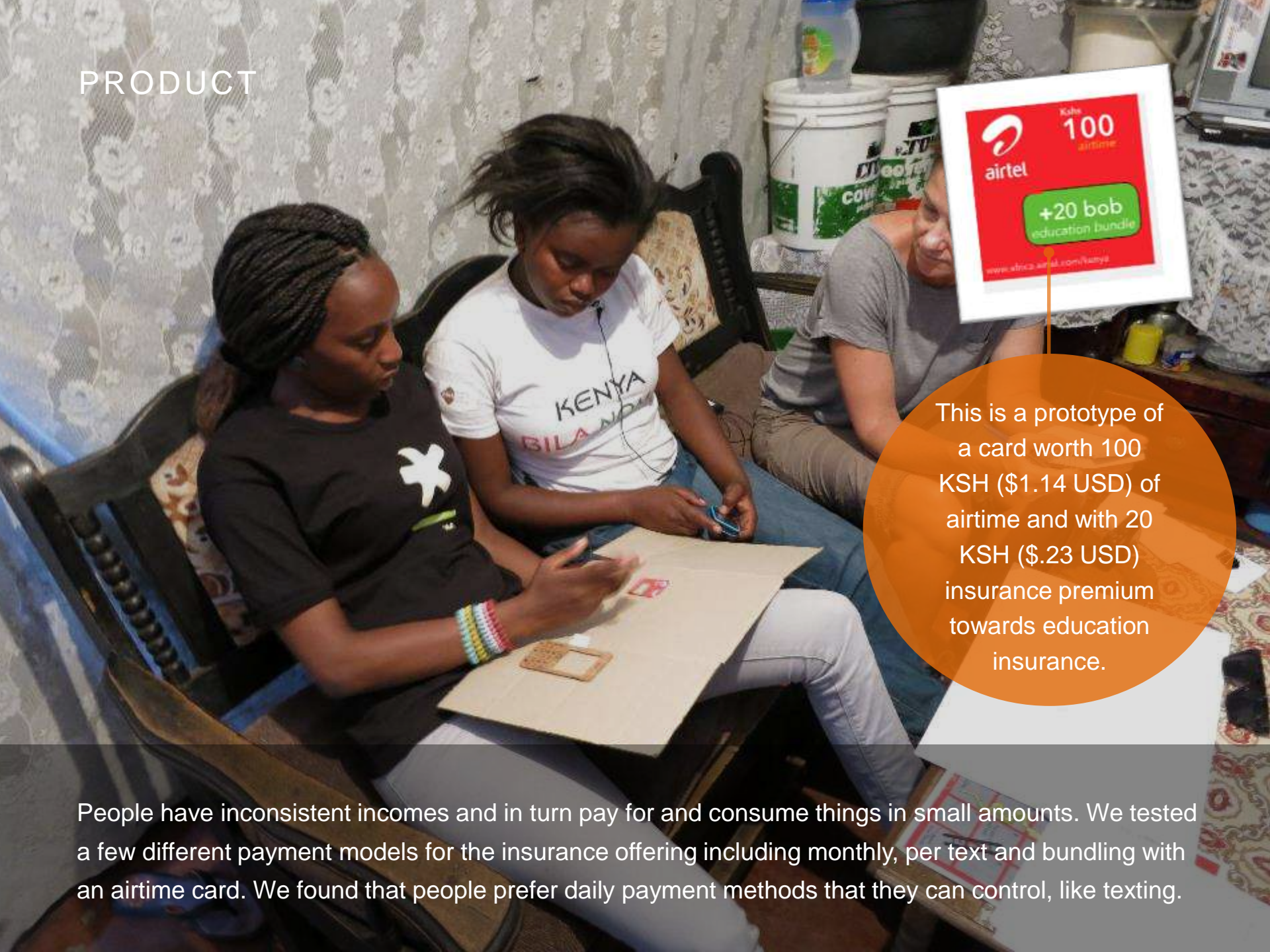
This is a prototype of a card worth 100 KSH ($1.14 USD) of airtime and with 20 KSH ($.23 USD) insurance premium towards education insurance.

People have inconsistent incomes and in turn pay for and consume things in small amounts. We tested a few different payment models for the insurance offering including monthly, per text and bundling with an airtime card. We found that people prefer daily payment methods that they can control, like texting.

NEXT STEPS

We are currently building a working prototype in order to pilot the game and conduct in-field testing.
We are working with Leti Arts, an interactive media studio based in Nairobi.

FORMALIZING THE LEARNING

# ENGAGING THE TEAM AT MICROENSURE

Part of the outcome of our work together was to provide MicroEnsure with tools to help align and inspire their growing team. We developed tools to help formalize and build upon what MicroEnsure knows about their members in order to inspire current employees and on-board new team members.

# DESIGN CRITERIA



One of the tools we developed was Design Criteria. The Design Criteria serves as a filter for the MicroEnsure team as they create new insurance products and assess existing ones.

# DESIGN GUIDELINES



### TELL A STORY

Insurance is a new concept. Take people on a journey and explain the idea in stages. Giving one message at a time allows people to digest and retain information.

*Q&A style information helps lead people through the experience.*

### DIRECT & CONCISE

Provide straightforward language around benefits and the descrip[tion of] insurance. Being [...] causes confusio[n] [...] disinterest and [...]

*Spell it out. Using [...] like "In case anyt[hing] happens "or "pe[ople] are ambiguous an[...]*

### SMALL CHOICES

Give people small choices in the right places. Don't

### NO WINDING PATHS

If you propose a question, answer it in the next

### REFERRALS

People like to share the things they've learned with their friends and family. It's a matter of pride. Offering an incentive to do so certainly sweetens the deal but is not always necessary.

*Word of Mouth is an essential marketing tool in Kenya, harnessing the power of your customer base is essential in getting to critical mass.*

### VISUAL CUES

People are proud of doing the right thing. They want to show others that they are protecting their family and their child's education. Allow for moments of special recognition.

*The insurance bundle airtime card was popular as it showed everyone that they took their responsibilities seriously.*

### SOCIAL MEDIA

Facebook is popular (even on feature phones) and is influential in getting the word out to mass audiences.

*We heard multiple stories about people seeing or hearing about things on Facebook and then going out to buy them.*

### DON'T MAKE THEM DO THE WORK

Make it easy for people to share information and tell others about your offerings. Don't expect them to do it all on their own.

*People loved the option of sending a text to their next of kin with policy and claim info.*

We identified and articulated tactical design guidelines to help ensure that product offerings and communication are executed in a way that resonates with people.

CORE TEAM

Jenny (Continuum)

Caitlin (Continuum)

Samuel (Field Coordinator)

Carin (Continuum)

Chris (Translator)

Not shown:
- Peter (MicroEnsure)
- Mario (MicroEnsure)
- Claudia (CGAP)
- Carol (Independent)
- Mavuto (independent)
- Mark (iHub)
- Abby (iHub)
- Wesley (Leti Arts)

# CGAP

## Advancing financial inclusion to improve the lives of the poor