

# *MicroSave*

*Market-led solutions for financial services*

## Market Research for Youth Financial Services



Corrinne Ngurukie

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# *MicroSave*

*Market-led Solutions for Financial Services*

After nine years as a donor project, *MicroSave* in Africa now provides services on a consulting basis to over forty clients across ten African countries.

In our work we are driven by a commitment to promote market responsive financial institutions. In doing so we serve millions of Africans.

*We continue to grow to serve, and we serve so that we might grow*

# Why Conduct Market Research?

- Careful analyses have shown that:
  - Reasons for “drop outs” almost invariably points to inappropriately designed products that fail to meet the needs of the MFIs’ clients
  - Simply replicating products and systems into very different socio-economic conditions will not work.
  - Poor people need access to a variety of financial services to reduce their vulnerability

# Diverse Services Driven By Diverse Needs

## *Household Formation*

Death (C, I)

Birth (C,S,I)

Ongoing Financial Needs

**Working Capital (C,S)**

**Productive Assets (C,S)**

**Investments (S,C)**

**Asset protection (I)**

**Health (C,S,I)**

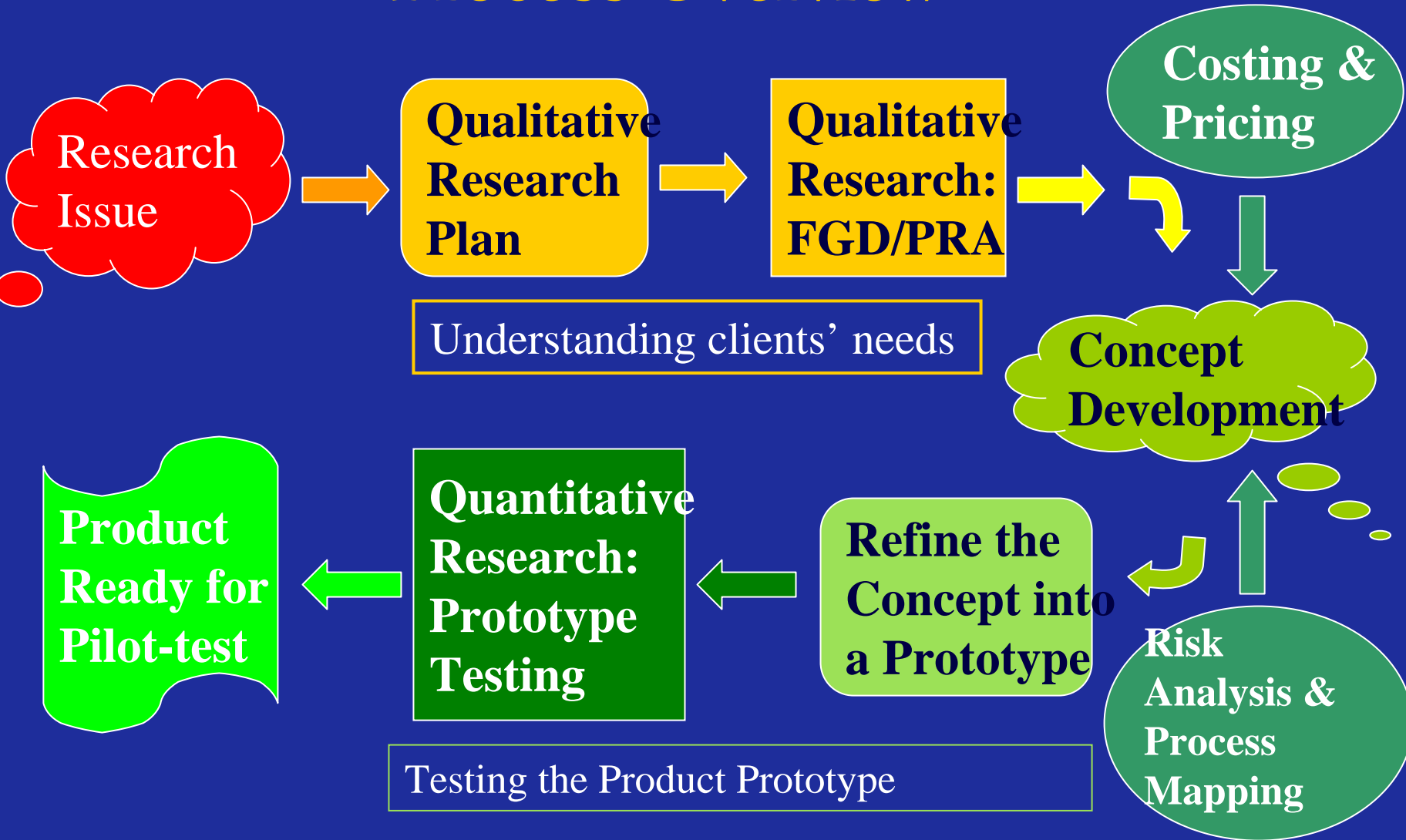
**Shocks (C,S,I)**

Old Age (I,S)

Education  
(C,S)

Marriage Ceremony (C,S)

# Market Research & Product Development Process Overview



# Why Follow A Process ?

- Investing small amounts up front can save large amounts and/or generate larger amounts of business in the future
- One step of the process leads to and informs the next ... and provides a disaster /reality check

*“Finally, [the MFI] recognizes the seasons – there are many months in the year when we do not need credit. Now we don’t have to borrow all the time to stay as members...we can really use the new savings accounts for school fees, as well as when we get sick*

*Clients from Kenyan MFI*

# Market Research for YCS - Approach

## Key considerations:

- Logistical and Mobilization activities
- Use of highly participatory qualitative market research tools
- Focus group discussions (6-8 respondents) – segregate by
  - Gender
  - Age-group
  - Socio-economic status
  - Environment – rural vs urban
- Engage other key stakeholders (parents, community leaders)

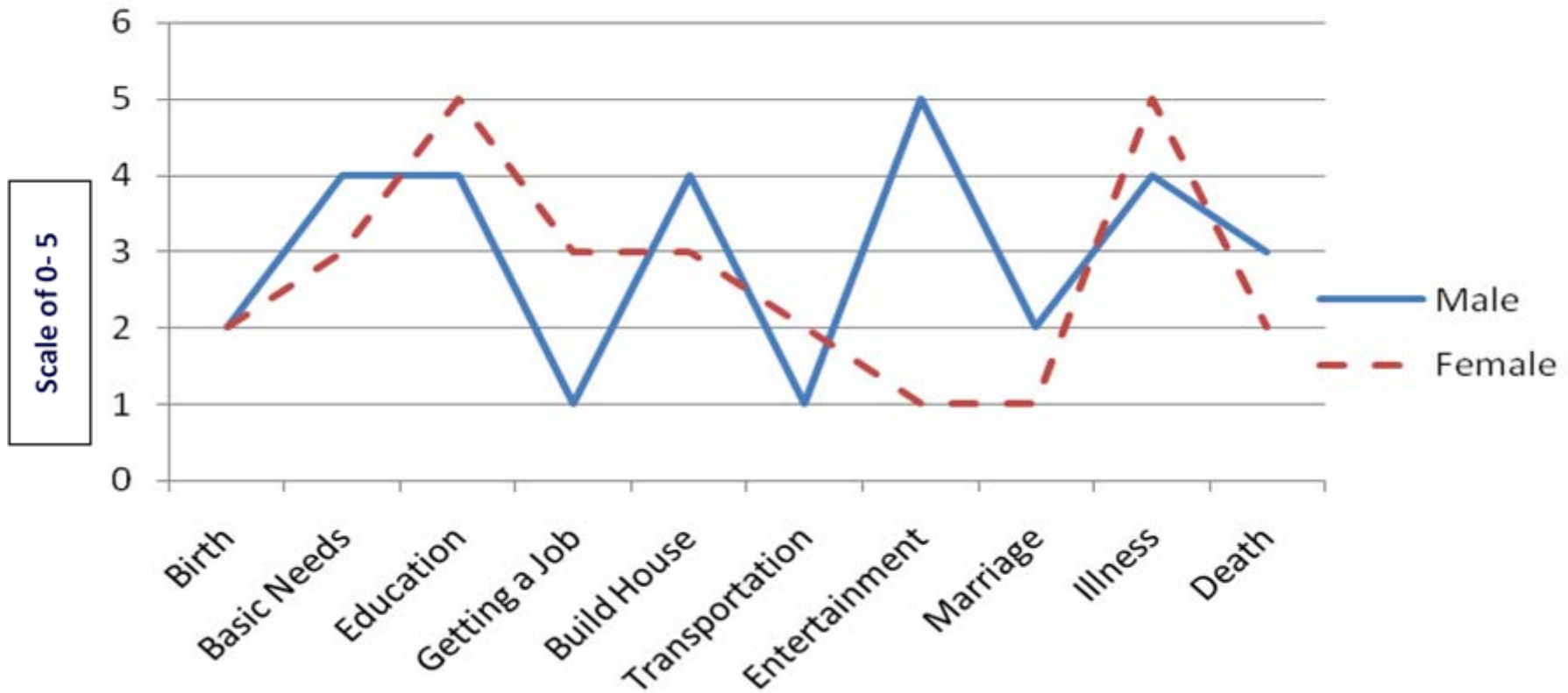
# Market Research for YCS - Content

## Key considerations:

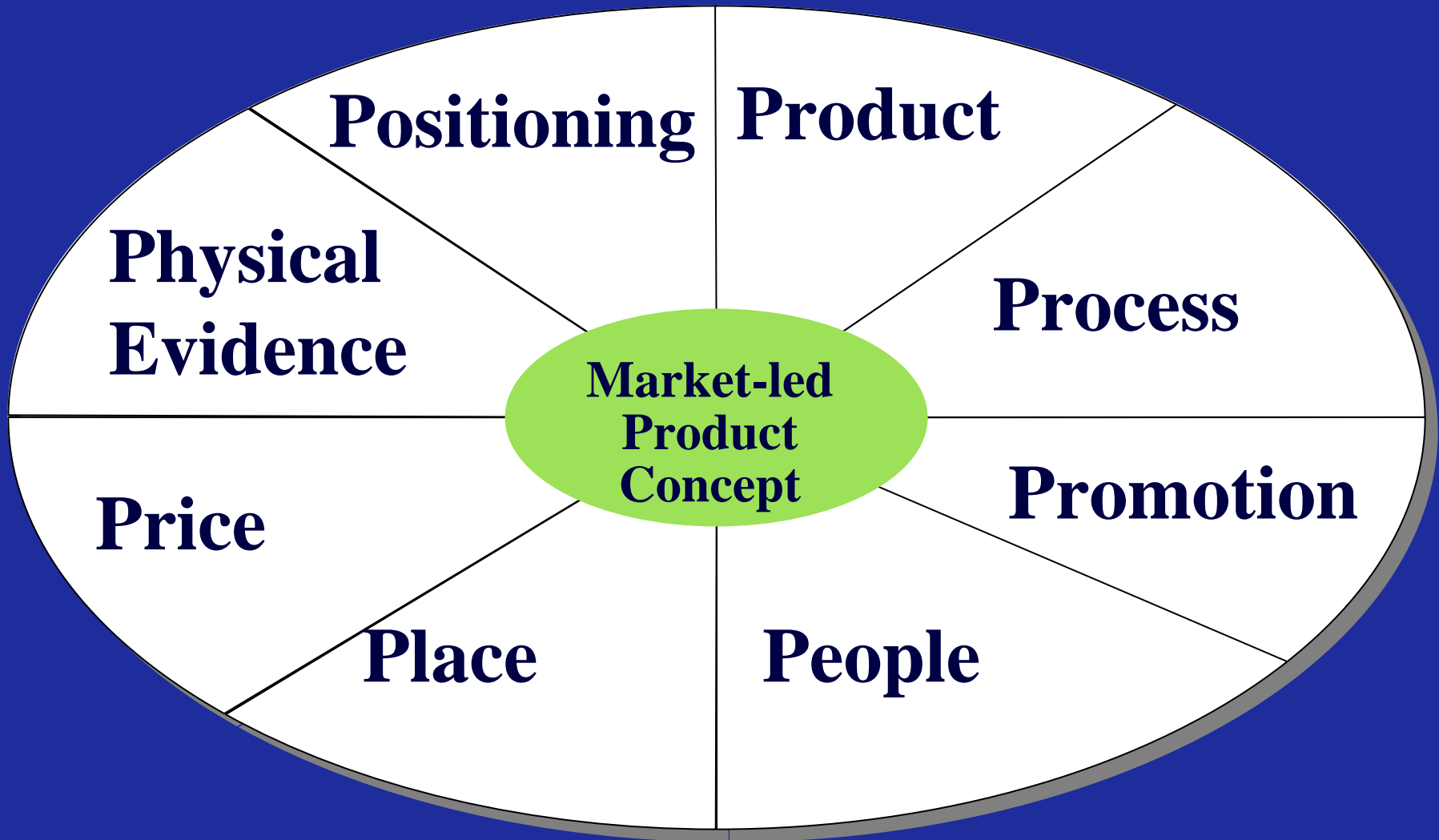
- Segmentation of Youth – age, gender, socio-economic status
- Understand behavior & attitudes toward financial services
  - Perceptions and use of money
  - Lifecycle of a youth - Financial needs and coping mechanisms
  - Determine value proposition to youth for financial services
- Understand the Environment in which youth operate – urban vs rural; Financial landscape
- Role of parents/ guardians and community leaders
- Potential barriers to usage: access, liquidity, costs, returns

# Understanding Financial Needs of Youth

Life-Cycle Events Needing Lump-Sum Amounts of Money



# Responding to Youth Financial Needs (1)



# Responding to Youth Financial Needs (2)

- Group most common and prevalent and develop products in response to the most common needs
- Think in terms of the variables that must be considered when going through this process. For example:-
  - **Time scale/duration/maturity of the product** – short, medium or long term
  - **Nature of deposits/repayments** – small regular, small irregular or single/few lump-sums
  - **Liquidity** – the ease of access to savings/speed of disbursement of loan
  - **Access issues** – branch proximity/opening hours and numbers of withdrawals/concurrent loans

# ... A Market-led Approach



*Market-led Microfinance meets and manages the expectations and needs of both MFIs and their customers.*

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For More Information

David Cracknell – Principal Director, Africa

Email: [David@MicroSave.org](mailto:David@MicroSave.org)

Corrinne W. Ngurukie – Financial Services Consultant

Email: [Corrinne@microsave.org](mailto:Corrinne@microsave.org)

Website: <http://www.MicroSave.org>

Physical Address:

4<sup>th</sup> flr, Shelter Afrique Building, Mamlaka Road

Nairobi, Kenya