

Design Thinking and Lean Start-Up: Two training events to drive innovation in financial inclusion products in Mozambique

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Many readers will have observed that firms in both financial inclusion and the broader financial services industry are increasingly recognizing a need to a) develop more customer-centric products and experiences and b) move more quickly to bring them to market. In part, this is an acknowledgement of the fact that traditional, “heavyweight” research and analysis methods to foster innovation were taking too long and not producing meaningful impact. In an environment where both larger competitors (such as technology giants and mobile operators) and nimbler ones (such as fintech start-ups) are moving into the traditional banking, insurance, and payments sectors, creative solutions to these issues were urgently needed.



**TRAINEES CONDUCTING ON-SITE INTERVIEWS
WITH A FISH VENDOR**

Enter Design Thinking, a methodology in which designers deeply empathize with prospective customers and build basic prototypes to quickly gauge their reactions. [A number of leading banks have successfully used this approach](#) in recent years for developing new products, improving customer experience, reducing operational cost, and improving credit underwriting. There

have been a number of Design Thinking initiatives in financial inclusion, too, including in a [suite of projects led by CGAP](#) from 2012-2014. Yet, to date, these interventions have been isolated in nature, and few service providers have fully integrated the methodology into their organization.

DAY 1: DESIGN THINKING

With that in mind, FSDMocambique (“FSDMoc”) invited [Digital Disruptions](#), a product innovation consulting firm focused on digital financial services, to provide a training session in Design Thinking to the financial sector in Mozambique. Over 30 participants from over 24 organizations involved in financial inclusion – banks, insurance companies, start-ups, multilateral organizations, and microfinance institutions – attended the full-day session.

Using the principle of “learning by doing”, teams of five participants were asked to design and test a solution to help local small businesses “manage their financial services.” The first step was for participants to understand the needs, wants, and realities of a typical merchant, so in the morning the teams went to the local market and interviewed fish merchants, straw basket weavers, clay pot sellers, and taxi drivers. This meant that they not only heard from their target customers first hand but also observed the context of their work environment.

The teams then returned to the event venue to synthesize their interview notes and define the “problem” they wanted to tackle. Over a number of brainstorming rounds, they came up with dozens of ideas – some realistic, some creative, many underdeveloped – and narrowed down to the one solution they wanted to build out. With only 45 minutes to spare, they built simple prototypes. The merchants they had met in the morning then arrived at the hotel and provided their initial reactions to the product concepts.

Participants found the day eye-opening and invigorating, particularly the direct interaction with end-users. One participant mentioned that they found it “interactive and useful, and it changed [their] approach to product and service development”; another marveled at “the practical aspect of the training, and how it was linked to theoretical [elements].” In anonymous surveys conducted at the end of the day, participants rated their overall satisfaction an average of 4.9 out of 5.

**DESIGN THINKING
AND LEAN START-UP**



DAY 2: LEAN START-UP

On the second day, Digital Disruptions provided training in Lean Start-Up principles to the FSDMocambique team. As the name implies, Lean Start-Up grew out of the start-up movement in Silicon Valley, although its methodology can be used in private enterprise and government as well. At first glance, a number of its high-level principles are similar to Design Thinking: a focus on the end-user, a commitment to prototyping, and taking an

iterative approach, to name a few. Yet Lean Start-Up is a broader methodology that goes beyond customer preferences and initial design, delving into overall business model and technical viability to drive towards rapid implementation.

FSDMocambique teams used one of the key tools associated with Lean Start-Up, the Business Model Canvas, to “deconstruct” a current deployment of mobile money in

the country along key dimensions such as segments, channels, value propositions, strategic partnerships, and revenue and cost drivers.

Not surprisingly, each team came up with a slightly different business model, reflecting their differing hypotheses (i.e., their opinions and assumptions). With holistic, integrated business model hypotheses in place, the teams had a healthy discussion and debate on all aspects that could improve the service, as well as potential FSDMoc interventions to do so.



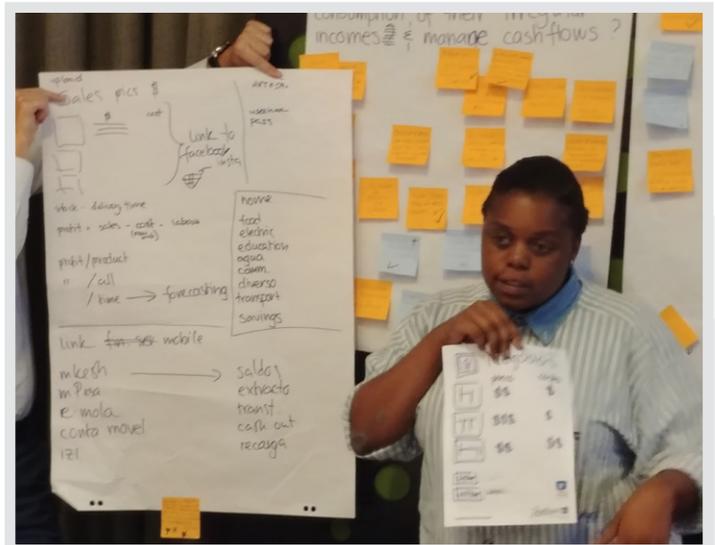
A TEAM BRAINSTORMING IDEAS TO HELP SMALL BUSINESSES

MOVING FORWARD

In discussions among the FSDMocambique team and with industry participants, there was a clear enthusiasm and recognition of the potential to use these methodologies get innovative financial inclusion products to the Mozambican market more effectively and efficiently – and over shorter timeframes. The training was a starting point, and FSDMoc will continue to promote new approaches to product innovation as it pertains to driving financial inclusion in Mozambique.

Stay tuned for an update on these initiatives in the second half of the year, and in the meantime, don’t hesitate to contact Anabela Mabota at Anabela_Mabota@fsdmoc.com if you are a local industry stakeholder and would like to partner with FSDMoc to build internal capacity and/or apply these methodologies in your organization.

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ONE OF THE PARTICIPANTS DESCRIBING THEIR TEAM'S PROTOTYPE