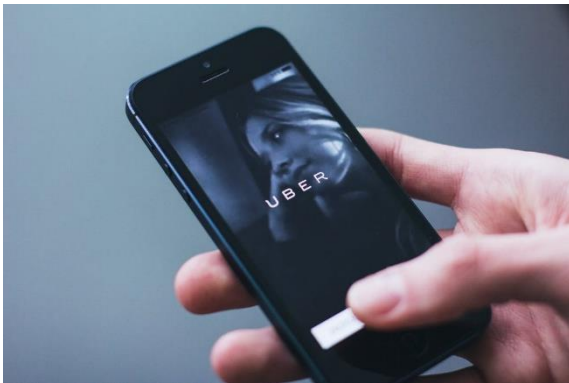


## Re-imagining financial services: Gig workers

David Cracknell



Gig workers, defined by Wikipedia as “independent contractors, online platform workers, contract firm workers, on-call workers and temporary workers” have become a feature of the modern economy and are typified by Uber drivers and delivery services which have burgeoned during the COVID-19 crisis. How can financial services be customised for these workers?

A blog “Seven principles for re-imagining financial services”<sup>1</sup> suggests using the following seven principles as design and development criteria.

- 1) Customer’s needs are responded to first and are the explicit focus
- 2) Value added services to sell financial services
- 3) Lifestyle integration
- 4) Development of specific use cases
- 5) Partnerships in the development of the service
- 6) Incorporation of data
- 7) Agility: Adapt and change

---

<sup>1</sup> Cracknell, David (2020) “Blog - Seven Principles for Re-imagining financial services”, First Principles Consulting, [www.firstprinciplesinfinance.com](http://www.firstprinciplesinfinance.com)

## Re-imagining financial services: Gig workers

Specifically, this blog will explore how these principles can be applied to learnings recently published by CGAP on gig workers in Kenya<sup>2</sup>. The CGAP blog noted that gig workers had the following generic needs:

- Business interruptions due to medical emergencies:
- Inability of workers to access equipment on favourable terms:
- Inability of workers to expand their business due to capital constraints:

Savings were identified as a key service which should be offered to gig workers as well as well designed loans and microinsurance services. A second CGAP blog<sup>3</sup> noted that gig workers loan repayments should reflect the income they receive given uncertainty. This principle was adopted successfully, by the merchant services platform Kopo Kopo<sup>4</sup> which provided loans to merchants which they repaid through merchant-based sales at a rate chosen by the merchant. A third supporting blog by MSC<sup>5</sup> discussed microinsurance services which could be developed for gig workers.

### **Principle 1: Customer needs are responded to first**

This principle demands that real assessed needs are responded to in the design of financial services. This implies that the financial institution, or fintech has conducted human centred design and has a clear understanding of customer needs. Note the variety of potential products that can be customised for this market.

- Savings: Regular savings, daily savings, savings sweeps, long term savings
- Loans: Advances based on business cash flows with repayments based on cash flows – subject to minimum payment being made
- Insurance: Regular payments made for any required statutory insurance.

### **Principle 2: Value added services sell financial services**

This principle notes that financial services are often a byproduct or resultant of the real customer need. A farmer requires seeds – and therefore, may require payment services or a loan to buy the seeds. However, information on which are the best seeds to purchase – provided prior to purchase, could be especially valuable. This is an example of a value-added service. In the case of our gig worker this could include a range of services:

- Financial management: Apps that assist with financial management and/or provide rule-based savings services which sweep savings daily or weekly from the main account.
- Optional savings wallets for longer term savings on which interest is paid
- With access to rider information then rider profiles can be provided including - summaries of rides undertaken, income earned, savings made, progress on loan repayment, current financial product entitlements.

### **Principle 3: Integration with lifestyle**

This principle is related to principle 2, because understanding how to integrate with a customer's lifestyle often provides a value addition. Stuart Rutherford, in his book "The Poor and Their Money"<sup>6</sup>

---

<sup>2</sup> Deshpande, Rani (2020) Financial Services for Gig Workers: An Intersection of Needs in Kenya, CGAP Available at <https://bit.ly/3b70W1M>

<sup>3</sup> Kibe, Josephine (2020) The Wrong Kind of Credit: Why Loans to Gig Workers Must Reflect Income, CGAP Available at <https://bit.ly/3rTINdF>

<sup>4</sup> <https://kopokopo.co.ke/>

<sup>5</sup> Charagu, Peter (2020), Blog – Covered – how informal youth workers in the gig economy can be insured, MSC available on <https://bit.ly/2JL63JQ>

<sup>6</sup> Rutherford, Stuart (1999), "The Poor and Their Money", Oxford University Press

## Re-imagining financial services: Gig workers

notes the importance of the tea shops used by rickshaw riders as delivery points, another example is the savings collector in West Africa. In the case of the gig worker, this likely means integration into an app. It could also imply:

- Messaging and information services based around WhatsApp for gig workers of that type
- Added value services based around the type of 'gig' work being conducted for example e-commerce services.

### **Principle 4: Design use cases**

Using the customer needs and the principles of value-added services, and lifestyle integration. Its now possible to design 'use cases' around the gig worker. This detailed design packages the service and facilitates the social media and classic media messaging around the service. Its further important to prioritise development work so that the 'digital architect' is provided sufficient guidance. Under this approach, an initial product could be launched and marketed with other services added at a later stage as the customer base grows. So, in the case of our gig worker – 'a delivery driver/uber driver':

Core financial services: The app delivers financial services designed around the driver's income, including flexible repayment loans, special purpose savings

Added value services: Financial planning tools which help the driver set rules for the core financial services. Information services based around 'collective knowledge' for example on vehicle maintenance and servicing. Social networking based around WhatsApp user groups provides additional 'social insurance' and lifestyle integration.

### **Principle 5: Partnerships**

A financial institution provides financial services. The value-added services and lifestyle integration are not its core business. So how does it develop such services. It develops services through partnerships, often collaborations with financial technology providers. For example, it purchases and adjusts a financial planning app. It links to an existing e-commerce or information service. Equity Bank in Kenya has built an award-winning app over time, through its development subsidiary FinServe, mainly through partnerships.

### **Principle 6: Integration of data**

This principle calls for the integration of data into the services being developed by the financial institution – used to improve the financial services it provides. For example, information harvested from the driver's phone (with his/her permission and knowledge) is used to provide entitlements to services such as short term loans and advances, longer term asset purchase, and insurance deductions.

### **Principle 7: Agility to adapt and change**

The final seventh principle is agility. Not in quite the same context as the software development term 'agile' but from its English language meaning of rapid adaptation. This should apply throughout the research, software development, testing and post launch phases. Agility cannot replace poor design from a lack of understanding clients – but it can make a good design better. Agility also needs to be built into the product development process, through research – research to understand users, presentation of the concept to users – conduct of A/B research, finalisation of the prototype.

Agility further implies understanding the product build, for example, the launch offering and further potential improvements to the product or service. Understanding the development potential – the potential for the core concept to be modified and additional use cases to be built for different types

## Re-imagining financial services: Gig workers

of gig workers. For example, where an app is developed for delivery riders – but many of the components can be adjusted and further value additions made for salon workers.

*This blog is one of a series of blogs, should you wish to sign up to receive additional blogs, please write to David Cracknell at [david@firstprinciples.consulting](mailto:david@firstprinciples.consulting)*

*David Cracknell is the Director of First Principles Consulting Limited, based in Nairobi, Kenya. He advises financial institutions, governments, policy makers and donors on financial services, including digital finance, policy and regulation, and inclusive finance. `*