Reflection 20. Develop and Apply Your Convictions

The leaders of successful financial institutions and microfinance programmes develop strong convictions, those who promote community-based finance, and savings groups, such as Jeffrey Ashe whilst at Oxfam or Hugh Allen at Care International, leaders of some of the world's largest socially oriented microfinance institutions, such as Fasle Abed (BRAC) and Professor Yunus (Grameen), visionary leaders of financial service providers such as Michael Joseph (M-Pesa) or James Mwangi (Equity Bank).

The convictions of these leaders drive their institutions, and approaches to scale and to have impact. Developing convictions is fundamental to growth. So, I thought I would share my top convictions, some of which have already been expressed in other blogs in this series. I recommend you think carefully and develop a list of your own convictions.

1. *Seek first to understand*: This is the fifth of Stephen Covey's Seven Habits, it's my first conviction. Understand customers, their needs, the market, the gaps, the ecosystem, the opportunities, and the challenges. Progress is built on understanding.

2. *Test, refine and redevelop*: Ideas are fine, but putting them into practice makes the difference, in this process ideas are refined and redeveloped - it doesn't mean being perfect on day one, but ensuring there is a process of review and refinement ensures that an institution builds better. Fintech research practices try to streamline this approach through A/B testing and rapid innovation.

3. *Build capacity*: Ensure that the institution is perpetually building capacity, learn all the time, build systems that reward staff for successful learning. Equity Bank repaid tuition fees for staff taking approved courses after staff had succeeded in the course. Ensure that skills developed are fully applied. Go extreme to maximise the benefits. See the Learning Blog: Go Extreme for more details.

4. *Align*: The best institutions align institutional interest with those of their staff and customers. This the practice of strategic alignment which goes significantly past the use of the strategic alignment methodology for producing a business plan.

5. *Go local*: Be prepared to think differently about products and services by learning how your customers manage their money. This level of deep learning was at the heart of Stuart Rutherford's ground-breaking book, "The Poor and Their Money", and later the principles and practices in operation at his Cooperative SafeSave Bangladesh.

6. *Re-price*: Base prices on a proper understanding of the costs of delivery, price for affordability, price around how people use financial services, so transaction-based pricing, consider daily repayments where this mirrors income generation, or where affordability is a factor, price to influence behaviour where required and where possible adopt risk-based pricing.

7. *Be transparent and consistent*: Do all you can to be transparent, in pricing, in communications, in marketing. Be consistent through all your channels. Use tools and guides to improve transparency and consistency. This effort will pay dividends.

8. *Build the brand*: Consistently build the brand, deliver on promises, build products and services that resonate with your customers. This series of blogs is effectively building the brand of First Principles Consulting. Consistently delivering every week.

9. *Principles verses practices*: Learn what is a principle and what is a practice. A principle applies everywhere, a practice is specific. This understanding helps in developing channels, new products, and services, but also in localising them across geographies.

10. *Rethink financial services*: We need to be different. We need to exploit the opportunities that digital finance and the digital revolution enables, remember, if we don't someone else will.

First Principles Consulting provides services in research, strategy, product development. Let us help you to realise your potential.

If this reflection speaks to you… speak to me so that we can inspire change, together.

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