

Reflection 32. Reimagine

Of my most important tasks today is to help financial institutions reimagine, to rethink how we serve our customers, how we develop new services, how we engage with the market, how we partner. Financial institutions often make reimagining difficult by insufficiently investing in market research, product development, partnerships, and data analytics.

I discuss reimagining in my thematic blogs series - Seven Principles for Reimagining Financial Services, Reimagine Rural Finance, Designing Financial Services for Gig Workers, Digital Agricultural Finance – Lessons from AFRACA’s workshop and Has Digital Finance Come of Age?

Factors driving change include a) digital channels, b) agents - mobile money agents, and bank agents who facilitate cash-in and cash-out; c) mobile money integrations with banking services that have revolutionised merchant services through mobile payments; d) a growing range of collaborations with technical service providers e) payment service providers that are facilitating a growing range of embedded financial services.

Impact: The impact of these changes are profound, channels have reduced costs, increased efficiencies, enabled a wide range of financial services to be provided.

Where is reimagining needed?

1. *Rural finance and agricultural finance*: We can reduce the cost of delivery, and the risks associated with rural finance, but to do this we must re-imagine, and re-engage through value chains and supply chains, leveraging alternative data.
2. *Supply chains*: Extending finance deep into supply chains especially those that are digitising. Reliable supply chain data, blockchain, smart contracts and strong linkages to finance will be key in driving international trade and benefiting from the ACFTA.
3. *Under-represented communities*: Through financial technology products and services are being customised, based around much more specific needs – those of students, youth, gig workers, informal sector workers, refugees.
4. *Remaining relevant*: To ensure that we remain relevant to our market and we can continue to meet their needs ourselves, rather than our clients moving to other financial service providers or fintechs.
5. *Responding to ESG*: Rethinking is key to responding to the challenges of Environment, Social and Governance, being able to sustainable in the long term. To respond to the challenges of climate risk management, climate risk reporting. To focus on how we behave through digital channels.

Making re-imagining work:

1. Being willing to think differently: This is not easy, especially for many conservative, siloed, career bankers.
2. Understand, test, and relearn: The process of innovation is important, investing in understanding, testing, relearning.
3. Labs: Spend time learning from the journey of fintechs. Barclays Bank in the UK have one of the largest innovation labs in London, Barclays rise. Get involved. Create space for partnerships.

First Principles Consulting can help you reimagine, we provide strategic advice, and work with you to identify where and how to change.

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

David Cracknell

Additional reflections in this series can be downloaded from www.firstprinciplesinfinance.com

