

# EFInA Retail Banking Strategy Breakfast Series

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15 June 2011

# Innovation **n** **FUND**

*Financing Innovation  
Empowering Nigerians*

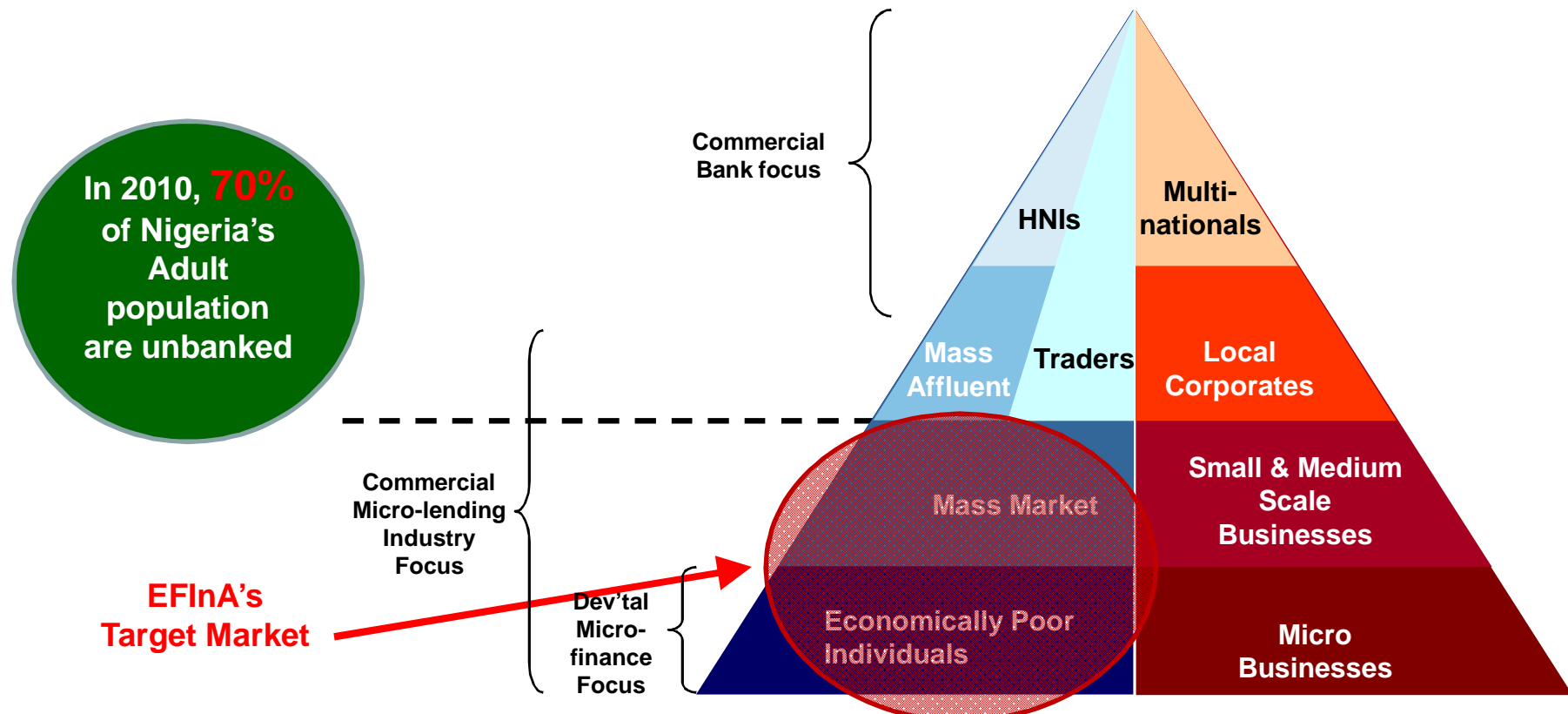
Yewande Adewusi  
Programme Manager

- Innovation Fund Overview
- Technical Assistance Grant Overview
- Innovation Grants Overview
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- Grant Recipients to Date
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# EFInA & The Bottom of the Pyramid

EFInA's purpose is to promote pro-poor Financial Sector Development and Financial Inclusion in Nigeria.

EFInA's aim is to become an innovation centre targeting catalytic change across Nigeria's financial sector, to make markets work for those currently excluded from formal financial services.



# Innovation FUND

*Financing Innovation  
Empowering Nigerians*



## EFInA Innovation Fund

The EFInA Innovation Fund was launched in 2009

- The Fund seeks to support financial services providers to innovate, diversify and increase their product range to better meet the needs of the large segment of potential customers in Nigeria who remain unbanked or under-banked.
- As innovation involves taking risks, EFInA will share the risk of developing and implementing innovative products by providing grant funding

The Innovation Fund currently provides two different types of grant support:

### **The Technical Assistance Grant– formerly called ‘Seed Grants’**

- The Technical Assistance grant supports the research into, development and field testing of innovative financial and non-financial products, services and delivery mechanisms that contribute to financial inclusion

### **The Innovation Grant**

- The Innovation Grant supports the roll-out and implementation of products, services and/or delivery mechanisms that have already been researched, designed, planned and piloted

# TECHNICAL ASSISTANCE GRANTS



# Eligibility Criteria- Technical Assistance Grants

## **Eligible Applicants**

- Deposit Money Banks
- Microfinance Banks/ Institutions
- Non-Bank Financial Institutions
- Technology Providers
- Mobile Telecommunications Operators
- Payment Services Providers
- Policy and Regulatory Agencies

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## **Eligible Expenditure**

- Business Plan Dev TA
- Market Research
- Product Dev
- Consultancy fees
- Consultancy fees for business case dev linked to EFInA A2F data
- Pilot (where business plan ready)

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## **Non- Eligible Expenditure**

- General Operations expenses
- Start-up capital
- Acquisition of fixed assets
- Loan capital (on-lending) or guarantee funds
- Advertising or Marketing



# Technical Assistance Grant

## Application Requirements & Process

### Concept Note (max 10 pages)

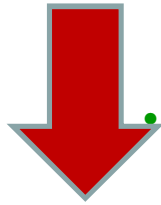
I. Project Objective	<ul style="list-style-type: none"> <li>• Statement of product/service to be offered and linkage to key focus sectors</li> <li>• Statement of how the product/service is innovative in Nigeria</li> <li>• Brief statement of how the solution will benefit the unbanked/under-banked low income customer segment and promote financial inclusion</li> <li>• Need for EFInA funding (additionality)</li> </ul>
II. Background	<ul style="list-style-type: none"> <li>• Project Rationale</li> <li>• Product/ Service description</li> <li>• Product/ service delivery channel</li> <li>• Source of the idea (e.g. Similar project in other markets)</li> <li>• How does this product/ service offering fit into the overall strategy of the organisation</li> <li>• Proof of resources to implement the project plan</li> <li>• List names project team members and their role</li> <li>• Capacity e.g. partner financial services providers, technology, software development, consultants</li> </ul>
III. Work Plan and Requirements	<ul style="list-style-type: none"> <li>• Detailed work plan (who will do what when) linked to the objectives</li> <li>• A description of what is required to implement the plan</li> <li>• A cost/benefit analysis of the plan</li> </ul>
IV. Targets	<p>A set of outcomes linked to the objectives:</p> <ul style="list-style-type: none"> <li>• Customer segment target: banked, unbanked, under-banked</li> <li>• Out reach:             <ul style="list-style-type: none"> <li>• Number of unbanked/ under-banked targeted</li> <li>• Geographic target: urban, rural, peri-urban (specify location)</li> <li>• Gender target: male, female both</li> </ul> </li> <li>• Development Impact - Direct/Indirect in terms of increasing access to financial services</li> <li>• Customer acquisition costs</li> </ul>
V. Key Risks & Mitigants	<ul style="list-style-type: none"> <li>• Identify key risk and mitigation strategy</li> </ul>
VI. Budget	<ul style="list-style-type: none"> <li>• Budget for the project, including funding gaps</li> </ul>



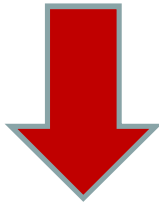


# Technical Assistance Grant Application Process

- Applicant submits concept note and supporting documents for EFInA review  
**(No closing date for the submission of applications)**
- EFInA shortlists for further evaluation based on eligibility criteria



• EFInA invites applicant to make presentation



- EFInA evaluates proposal based on presentation, supporting documents and our evaluation criteria



**If Project is Approved for Funding**

Funding for

- Pilot where business plan is ready and robust

OR

- Business Plan Dev
- Market Research
- Product Dev
- Consultancy fees
- Consultancy fees for business case dev linked to EFInA A2F data

**Application Submission**



**Evaluation**



**Approval**



**≈45 Working Days**

# INNOVATION GRANT

# Eligibility Criteria- Innovation Grants

## Eligible Applicants\*

- Deposit Money Banks
- Microfinance Banks/ Institutions
- Non-Bank Financial Institutions
- Technology Providers
- Mobile Telecommunications Operators
- Payment Services Providers
- Policy and Regulatory Agencies

## Eligible Expenditure\*

- Launching and implementing a new product, service or delivery mechanism, including:
  - Systems upgrades/adjustments
  - Project-specific procurement of devices for the innovation
  - Train non-bank agents
  - Marketing and advertising expenses specifically to improve financial capability
  - Technical assistance consultancy

## Non- Eligible Expenditure

- General operations expenses
- Start-up capital
- Acquisition of fixed assets
- Loan capital (on-lending) or guarantee funds
- General Advertising or Marketing



# Innovation Grant Application Process

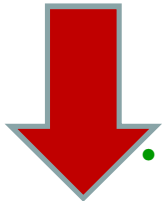
- RFP for Innovation Grant Round announced



- Applicant submits application form, business plan, and supporting documents for EFInA Review



- EFInA invites shortlisted applicant to make a presentation based on eligibility criteria



- EFInA evaluates proposal based on presentation & supporting documents and our evaluation criteria



**If Project is Approved for Funding**

- Funding for product/ service launch and full implementation (on a matching funds basis)

**Application Submission**



**Evaluation**



**Approval**



**≈80 Working Days**

# PROPOSAL REQUIREMENTS

# Proposal Requirements

Grant proposals should demonstrate the following:

- **Innovation**
  - The service proposed must be **innovative to the Nigerian market** and its development likely to be accelerated with the support of the EFInA Innovation Fund
  - new ideas and business models that increase access to financial services for low income customers that are unbanked and under-banked.
  
- **Outreach:**
  - demonstrate the ability to reach high numbers of unbanked or underserved groups
  
- Products and services offered must have the following features
  - Convenience
  - Flexible
  - Secure
  - Usable
  - Affordable
  - Appropriate

# Proposal Requirements

Grant proposals should demonstrate the following:

- **Viable & Sustainable**
  - The proposed project should be designed so that it will be **viable** at the end of the grant period, either because it is self-sustaining or because additional resources are identified to continue the operations
- **Financial Literacy**
  - the use of marketing and financial education campaigns to demonstrate to customers the importance of saving; how to set savings goals; and change their saving behaviour to save with formal financial services providers.
- **Consumer Protection**
  - Pricing must be transparent and proposals should incorporate consumer protection redress mechanisms.

# Project Focus Sectors\*

- Branchless Banking
  - Agent banking
  - POS
  - Mobile
  
- Payment Services
  
- Savings



**Payment System Platform**





# Evaluation Criteria

	Technical Assistance Grant	Innovation Grant
Innovation	30%	30%
Viable Project Idea	30%	25%
Developmental Impact	20%	20%
Capacity	20%	20%
Consumer Protection & Financial Education	0%	5%



# GRANT RECIPIENTS



Grant Type	<b>Innovation Grant</b>
Organization Name	Stanbic IBTC Bank
Project	Esusu: Alternative Branchless Banking Platform to extend financial services to the unbanked using Point of Collection (POC) devices & agents
Project Focus Sector	Savings & Branchless Banking
Amount of Grant awarded by EFInA	US\$ 1,500,000.00
Date Awarded	December 2009
Project Duration	24 months



Grant Type	<b>Technical Assistance Grant</b>
Organization Name	MKUDI Nigeria Limited
Project	Mobile payments services pilot and research
Project Focus Sector	Branchless Banking using mobile phones & agents:
Amount of Grant awarded by EFInA	US\$ 191,000.00
Date Awarded	January 2011
Project Duration	3 months



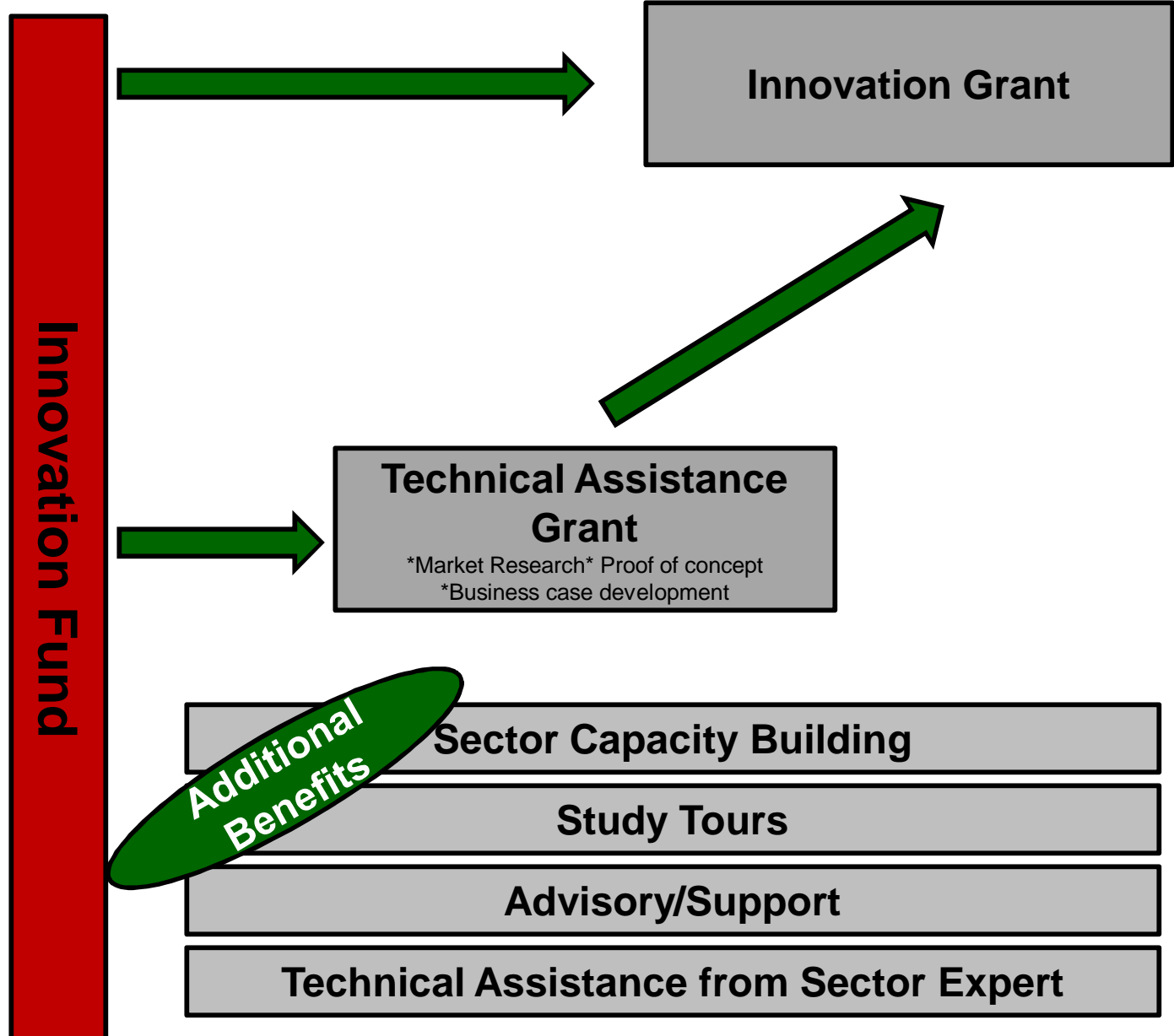
paga®

Grant Type	<b>Technical Assistance Grant</b>
Organization Name	Pagatech Limited
Project	Mobile payments services pilot and research
Project Focus Sector	Branchless Banking using mobile phones & agents:
Amount of Grant awarded by EFInA	US\$ 137,404.00
Date Awarded	April 2011
Project Duration	3 months

# VALUE PROPOSITION

# Value Proposition

- Innovation For a
- Breakfast Series
- One-on-One Discussions
- Capacity Building Initiatives
- Innovation Fund Marketing
- EFInA Research



Website:

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