RESEARCH REPORT | SEPTEMBER 2017

Digital and E-learning Solutions for Financial Services Providers in Sub-Saharan Africa: An Overview

REDUCING POVERTY
THROUGH FINANCIAL SECTOR DEVELOPMENT

fsdafrica

Research on

Digital and E-learning Solutions for Financial Services Providers in Sub-Saharan Africa: An Overview

Contents

List of Figures & Tables

Acknowledgements

Digital and E-learning Solutions for Financial Services Providers in Sub-Saharan Africa: An Overview was authored by Cheryl Frankiewicz with the help from Petronella Chigara-Dhitima, Henriqueta Hunguana, Williee Chonguiça, Nancy White and Diane Johnson.

Cheryl would also like to extend her gratitude to the U.K. Department for International Development (DFID) and Financial Sector Deepening Africa (FSD Africa) and to the following for assisting in compiling the report: Julias Alego, Moses Ochieng, Shakila Kerre and Martin Namasaka.

The views expressed in this report are those of the author, and in no way entirely reflect those of FSD Africa.

Executive Summary

Capacity constraints within sub-Saharan Africa (SSA)'s financial sector are a key market failure that contribute to low levels of financial inclusion. Transactions between financial service providers (FSPs) that lack capacity and suppliers of capacity building solutions are limited by various factors.

These factors include; the cost of face-to-face delivery channels, the lack of access to expertise in new areas of operation, high levels of staff rotation (which discourage FSPs from investing in capacity building opportunities) and the lack of measurable results. These demonstrate a persuasive business case for capacity building investments.

This research focused on FSPs' financial inclusion-related capacity building needs. It points out actions that might be taken to facilitate transactions in the digital and e-learning market system in a cost-effective manner. The research involved both primary and secondary data collection.

It identified 14 areas in which FSP capacity needs to be built in order to deepen and broaden financial inclusion. These included, among others: using broader data sets and data analytics; embedding digital capabilities into core operations; designing products, services and customer experiences that are better than existing alternatives; optimising distribution channels; market-specific strategy development as well as managing change.

There are many e-learning methods that could help FSPs address particular capacity gaps, but there is no one method that will be cost-effective for all capacity building needs. For e-learning to be a viable solution, both FSPs and their employees have to perceive tangible benefits at a reasonable cost.

The findings of the research demonstrate that FSP employees are positively predisposed to the idea of using technology for learning. However, middle and lower-level FSP employees do not perceive online courses to be highly attractive or effective. More importantly, FSPs expressed (and in some cases, demonstrated) a willingness to pay for e-learning when it meets their business needs at a lower cost compared toother available alternatives.

The results also show that not all FSP employees are able and willing to pay. Additionally, the results highlight that financial cost is one of the most significant barriers limiting employees' access to capacity building opportunities of any kind, including e-learning.

The results also show that a significant number of employees who work for FSPs that offer e-learning platforms do not necessarily take advantage of them, even when they are free, and even when completion is measured as part of the annual performance appraisal process. This is because employees value their time and compliance is not a particularly strong motivator of employee learning.

Consequently, the research identified nine components of employee value proposition for e-learning. These included;

1. The speed of learning
2. Convinience of access
3. Ease of learning
4. Anonymity
5. Multiple perspectives
6. Relevance
7. Affordability and certification

Economies of scale were found to be necessary for any significant increase in demand for e-learning services. The e-learning value proposition from the research for FSPs include:

1. Economies of scale at a lower marginal cost- this is because once an e-learning tool or training course is developed, it can be used by thousands of employees or clients, and hundreds of times by each user, for practice and reinforcement, at little or no additional cost to the FSP until the material needs to be refreshed.
2. Reduced risk- e-learning helps FSPs avoid the risk that important or complex information will be transferred unclearly or inconsistently by different human beings.

Three factors highlighted in the research that affect FSP's willingness to pay for e-learning solutions are:

1. Lack of information about how much different solutions cost and what the return on investment will be (particularly when a large initial investment is required).
2. Difficulties with content design and outsourcing to experts can be very expensive
3. The quality and speed of internet connectivity and available power supply.

Current FSP capacity building process suffer from several strategic weaknesses that include; a scarce culture or value for learning, learning silos resulting from limited cross-fertilisation between employees and departments, reactive rather than proactive talent management due to high staff turnover and a mismatch of learning methods, among others.

Importantly, there are several opportunities to strengthen the e-learning value proposition. Investments in e-learning by FSPs can permit economies of scale that could make it more viable than investments by individual employees.

Moreover, networks of FSPs can achieve economies of scale that individual FSPs cannot. Development partners should collaborate in the development of 'pooled' e-learning platforms that can be used by all FSPs to build, store, deliver, share and purchase e-learning solutions. Governments can invest in technology and energy infrastructure that supports all sectors.

The research recommends that in order to increase the benefits of e-learning and strengthen FSPs' perception of those benefits, e-learning should be positioned as part of the capacity building market system. This is because it will never be demanded in and of itself but as a tool for building capacity.

To this end, stimulating demand for e-learning will require either:

1. Demonstrating how e-learning adds value to current capacity building processes and solutions.
2. Demonstrating how it solves capacity building problems that alternative methods have been unable to solve.

1. Introduction

Capacity constraints within Sub-Saharan Africa (SSA)'s financial sector are a key market failure that contributes to low levels of financial inclusion. Transactions between financial service providers (FSPs) that lack capacity and suppliers of capacity building solutions are limited by the cost of face-to-face delivery channels, the lack of access to expertise in new areas of operation, high levels of staff rotation (which discourage FSPs from investing in capacity building opportunities) and the lack of measurable results which demonstrate a persuasive business case for capacity building investments.

Although information and communication technologies (ICT) could reduce capacity building transaction costs, few FSPs seem to be taking advantage of electronic learning (e-learning) to to address capacity constraints. This research was designed to explore why this is the case, and to identify actions that might be taken to encourage and/or support the use of ICT to facilitate more cost-effective learning within SSA's financial sector.

Section 2 of this report presents the objectives of this research initiative and section 3 clarifies its key definitions and assumptions. Section 4 describes the research methodology.

Section 5 summarises the research findings. It has five separate subsections, each corresponding to one of the objectives. Together, sections 5.6 and 6 suggest next steps that FSD Africa can take to demonstrate the business case for investing in digital and e-learning capacity building solutions and encourage FSPs to embed digital and e-learning within their institutions.

Image: © pixabay.com

2. Objectives

Other research initiatives have examined the general capacity building needs of FSPs serving the low-income market, as well as the nature of the e-learning market system in SSA's financial sector. This research focused specifically on FSPs' financial inclusion-related capacity building needs and possible actions to take to facilitate transactions in the e-learning market system, to address those needs cost-effectively.

The core objectives of the research were to:

- Identify six cross-cutting capacity building priorities that constrain FSPs in SSA from effectively serving all market segments within their operating environments
- Identify specific knowledge, skill and/or attitude gaps that need to be addressed by FSPs at different staff levels in order for cross-cutting capacity building priorities to be met
- Compare the processes through which FSPs attempt to build capacity with the processes through which FSP employees prefer to learn and learn best
- Assess the extent to which conditions exist to make digital and e-learning a viable solution for addressing priority capacity building needs cost-effectively.

3. Key definitions and assumptions

Several of the concepts explored in this research have been defined in different ways by different financial sector stakeholders. When interpreting the research findings, it is important to keep the following definitions in mind:

Financial service provider (FSP): Any entity providing credit, savings, insurance, money transfer or payment services. This includes, but is not limited to, banks, microfinance institutions, insurance companies, financial cooperatives, credit unions, and telecommunications companies that offer mobile money services.

Capacity: The ability of individuals and institutions to perform functions, solve problems, and set and achieve objectives in a sustainable manner.

E-learning: The use of information or communications technology to facilitate a change in existing knowledge, behaviour, skills, attitudes or connections that increases human performance or performance potential.

This definition of e-learning makes three important assumptions:

1. E-learning is more than just online training course delivery. It can take many other forms, such as webinar presentations by experts, virtual coaching, troubleshooting among peers via social media, mobile phone applications that guide task implementation, and information systems that enable employees to analyse their performance and their markets. These methods can be stand-alone or blended with face-to-face methods to meet capacity building objectives.
2. The acquisition of knowledge is not an end in itself; it is of value to financial institutions only to the extent that it increases human performance or performance potential.
3. In an era of fast-paced change and abundant information, connections with people and systems that can provide trustworthy curation and timely, affordable advice can be as critical to capacity building as the acquisition of knowledge, skills and attitudes.

4. Methodology

The research involved both primary and secondary data collection. Initially, a shortlist of financial inclusion-related capacity building priorities was compiled through a desk review. This shortlist was then tested during interviews with the CEOs of nine FDPs. Once capacity building priorities had been established at an institutional level, interviews and focus group discussions with employees examined specific needs within each priority area as well as FSP processes for building capacity in those areas. An online survey complemented this research by gathering information on employees' use of technology and their motivation to learn. Additional detail on the research methods and sample are provided in the subsections below.

4.1 Desk review

Eighteen secondary sources were identified as having recent and credible information about the current capacity needs of FSPs today.

1. Evidence-based sources that identify capacity building priorities among FSPs to advance financial inclusion. These sources state explicit priorities on the basis of multi-country research that has been published within the past two years.
2. Sources that comment on that needs to built to advance financial inclusion
3. Sources that describe capacity needs within FSPs without making an explicit connection to financial inclusion.

A list of the sources that were analysed during this desk review is provided in Annex 1. The needs were cross-referenced and consolidated into a list of 14 areas in which FSP capacity needs to be built in order to deepen and broaden financial inclusion in SSA.

4.2 Partner selection

A more detailed examination of the demand for financial inclusion-related capacity building focused on a diverse sample of nine FSPs from three different countries. The sample was not intended to provide a representative picture of all FSP needs in SSA. Rather, it was designed to explore the needs of institutions in significantly different environments and to assess whether there are cross-cutting capacity needs that might be addressed through e-learning.

The focus countries were Mozambique, Uganda and Zimbabwe. They were selected because they represented different geographies, patterns of financial inclusion, degrees of digital finance adoption, security environments, language and levels of FSD support. They have certain similarities which facilitate the analysis of difference. For example, Zimbabwe and Mozambique are both southern African countries, but one is steeped in Anglophone culture while the other is Lusophone. Zimbabwe and Uganda have both been identified as fragile and conflict affected states (FCAS), but Zimbabwe's fragility has been categorised as moderate whereas Uganda's has been categorised as low.[1] Table 1 provides contextual statistics for the three countries.

Table 1: Country statistics[2]

	Mozambique	Uganda	Zimbabwe
% adults with account at formal financial institution[3]	24	54	69
% of administrative units with at least one access point[4]	55	74	n/a
Mobile cellular subscriptions (per 100 people)	74	50	85
Fixed broadband subscriptions (per 100 people)	0	0	1

[1] FSD Africa and MercyCorps, 2017. Financing the Frontier: Inclusive Financial Sector Development in Fragility-Affected States in Africa,rontier-Inclusive-Financial-Sector-Development-in-Fragility-Affected-States-in-Africa.pdf.
[2] Unless otherwise specified, the statistics in this table are year 2015 data sourced from the World Development Indicators Database, available at: http://databank.worldbank.org/data/reports.aspx?source=2&Topic=7#, accessed 14 February 2017.
[3] FinScope Consumer Survey Mozambique 2014, http://www.finmark.org.za/wp-content/uploads/2015/09/Broch_FSMoz_Consumer_2014.pdf, FinScope Uganda 2013, https://www.bou.or.ug/opencms/bou/bou-downloads/Financial_Inclusion/Finscope-Report-2013.pdf, FinScope Consumer Survey Zimbabwe 2014, https://www.finmark.org.za/finscope-zimbabwe-consumer-survey-2014/.
[4] AFI Data Portal, year 2015 data, Alliance for Financial Inclusion (AFI), www.afi-dataportal.org, [accessed 14 February 2017.

	Mozambique	Uganda	Zimbabwe
Secure internet servers (per 1 million people)	2	2	7
GNI per capita, Atlas method (current US$)	590	700	860
Population (million)	28	39	15
Population density (people per sq. km of land area)	36	195	40
Rural population (% of total population)	68	84	68
Population ages 0-14 (% of total population)	45	48	42
Literacy rate, adult female (% of females age 15+)	46	67	85
Literacy rate, adult male (% of males age 15+)	73	81	89
Number of languages spoken in the country[5]	43	44	21
Official languages[6]	Portuguese	English & Swahili	English

Three FSP research partners were selected in each country using the following criteria:

- Commitment to serving underbanked market segments
- Stated need for capacity building to achieve a priority business objective
- Interest in the potential of digital/e-learning to contribute to capacity building goals
- Ability to influence others within the financial sector.

Care was taken to select a diverse set of research partners in terms of size, maturity, type of financial services offered, target market, business model, and experience with digital and e-learning. Table 2 provides a brief overview of the nine FSPs that participated in the research.

Table 2: Research partner overview

FSP	Description	Staff	Clients	Products
Airtel Uganda	Second largest mobile network operator in Uganda with approximately 40% market share. Offers mobile funds transfer and banking services known as Airtel Money. Interested in collaborating with FSPs to expand the portfolio of financial products offered through its network. It is a subsidiary of Bharti Airtel Limited, the Indian telecommunications conglomerate operating in over 20 countries.	240	8 million (4m mobile money)[7]	Payments
Banco Terra Moçambique (BTM)	Recently repositioned as a traditional commercial bank, BTM used to operate significantly along the agriculture value chain, with a particular emphasis on smallholder farmers and farmers' associations. They are developing an agent network that will leverage on their connections with rural communities.	184	30,000 (2015)[8]	Credit Savings Payments
BRAC Uganda	NGO with integrated development programming that is in the process of transforming its microcredit operations into a Tier II financial institution so that it can offer a full range of financial services. One of the largest microcredit providers in the country. Founded in 2006 is part of BRAC International.	1,293	194,730 (2015)	Credit
FMC (Zimbabwe)	Private company MFI that uses a mix of face-to-face and online learning to build capacity of its staff.	130	15,000	Credit

[5] www.ethnologue.com
[6] Ibid.
[7] http://www.monitor.co.ug/Business/Prosper/Airtel-Uganda-fights-Tom-Gutjahr-exits/688616-3196684-cx1pkj/index.html
[8] http://www.macauhub.com.mo/en/2015/06/18/mozambiques-banco-terra-expects-profits-fin-2016/

FSP	Description	Staff	Clients	Products
GetBucks Zimbabwe	A fintech company that embraces technology as a means to provide financial products and services to customers through online channels (web and mobile). It is part of the MyBucks Group, which operates in 11 SSA countries.	62	22,000	Credit Savings
Hluvuku Moçambique	Microcredit operator whose mission is to improve the socio-economic conditions of the population in the Maputo province and contiguous areas, providing sustainable financial services to low-income people. In the process of obtaining a licence to become a microbank.	80	8,590	Credit
Opportunity Bank Uganda Ltd. (OBUL)	A Tier II financial institution undergoing major change due to the fintech company MyBucks' acquisition of a 49% stake in the bank in October 2016. Founded in 1995 as Faulu Uganda, OBUL became a member of the Opportunity International network in 2006.	365	250,000[9]	Credit Savings Payments Insurance
Sanlam Moçambique	Took over Nico Insurance's operations in 2015 and is keen to expand into the low-income and rural market. Current product portfolio includes micro-life insurance policies bundled with credit. One of the few microinsurance providers in the country.	18	11,499 individual clients 79 group clients	Insurance
Steward Bank (Zimbabwe)	Commercial bank 100% owned by EcoNet, the country's largest mobile network operator. Founded in 2001 as an asset management company; launched commercial banking operations in 2009. Provides savings services to rural groups through mobile money.	230	376,049 > 1m mobile wallet accounts	Credit Savings Payments Insurance

4.3 Interviews and focus group discussions

Semi-structured interviews were held with 45 senior managers and two additional stakeholders. This included the CEO, COO and/or managing director, the human resource manager and the person responsible for information technology at each FSP. These interviews sought to:

1. identify financial inclusion-related capacity building priorities that align with FSPs' strategic objectives
2. understand management attitudes towards capacity building in general, and towards digital and e-learning in particular
3. examine the processes through which FSPs currently try to build capacity
4. gauge the extent to which FSPs' infrastructure can support the use of technology for learning
5. explore the methods through which senior managers build their own capacity.

A total of 21 focus group discussions (FGDs) were held with middle managers, lower-level employees and agents. Owing to the difficulties encountered in organizing FGDs in Mozambique and Zimbabwe, in-depth individual interviews were also held with two lower-level members of staff and one rural branch manager.

The purpose of these discussions was to explore employee/agent:

- perceptions of FSP capacity building processes
- preferences for learning methodologies in and outside their current work environment (e.g. how do they like to learn, how do they think they learn best, what do they find motivating)
- experience with and attitudes towards digital and e-learning
- perceptions of the knowledge, skills, connections, attitudes or behaviours that need to be developed in the priority capacity building areas identified by the CEO.

Whenever possible, a separate FGD was held with employees who have worked with an FSP less than one year ago to facilitate a more detailed discussion about the FSP's onboarding process.

[9] https://www.mybucks.com/documents/corporate/MyBucks%20Uganda%20Press%20Release_ENG.pdf

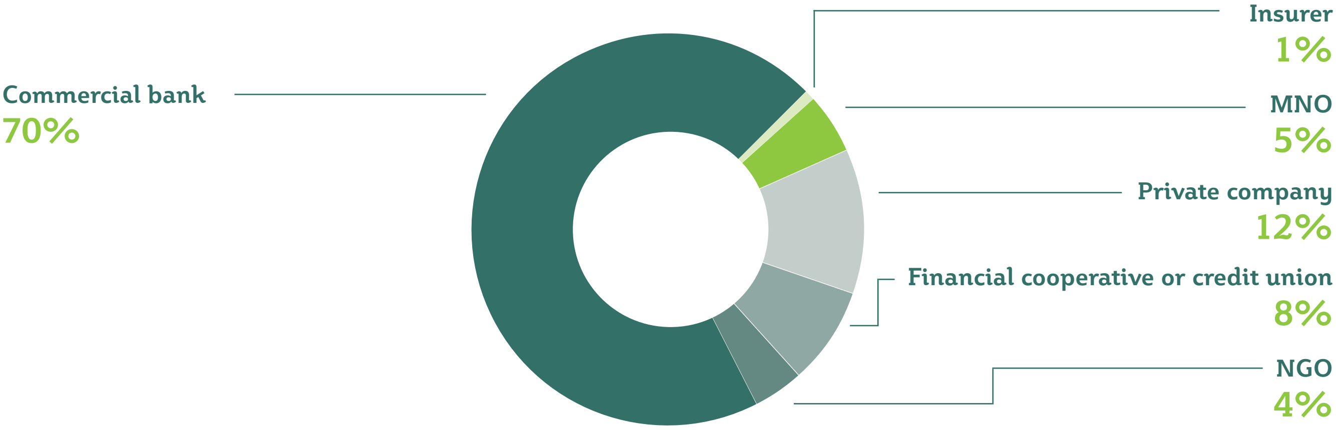
4.4 Employee survey

A ten-question online survey was developed in English and Portuguese to explore FSP employees' capacity building preferences and experiences with digital/e-learning.

The survey was distributed to employees of all nine research partners with the help of FSP senior management, and to other FSPs with the help of FSD country programmes in Uganda and Mozambique. A total of 561 responses was gathered, with 35% coming from Uganda, 22% from Zimbabwe and 43% from Mozambique. Figures 1 and 2 illustrate the distribution of responses. Commercial bank employees are most strongly represented with 70% of the total. There is a fairly good balance of responses from senior and middle managers (43%) and non-managerial employees (57%).

Figure 1: Survey respondents by level

Figure 2: Survey respondents by type of institution (self-identified)



5. Findings

The core objectives of this research initiative were designed to support one overarching goal: stimulating FSPs to use e-learning to cost-effectively address their financial inclusion-related capacity building needs more cost-effectively. Since FSPs will only use e-learning for this purpose if they see a business case for doing so, this research evaluated the extent to which such a business case exists and then identifed actions for either demonstrating its existence or for building the case.

Before evaluating the business case for using e-learning to address financial inclusion-related capacity building needs, it was necessary to know if there is a business case for addressing financial inclusion-related capacity building needs at all. E-learning will never be demanded for its own sake; it will only be demanded as a tool for solving a capacity building problem that FSPs actually want to solve. Answering this question was beyond the scope of this research initiative. Thus, the research partners were selected on the basis of their commitment to advancing financial inclusion and their belief in the importance of building capacity to achieve that objective. Based on this criteria, it was possible to ask FSPs and their employees whether e-learning was enabling them to meet their financial inclusion-related capacity building needs (or not), and why.

It took a great deal of probing to unravel the fact that e-learning is enabling some FSPs to meet some financial inclusion-related capacity building needs cost-effectively, but only in a very limited way. The experiences of FSPs and their employees suggest that there is much more that can be done to build and demonstrate the e-learning value proposition. The following sections examine these findings.

5.1 Cross-cutting capacity building priorities

The secondary research identified 14 areas in which FSP capacity needs to be built in order to deepen and broaden financial inclusion. They are listed below roughly in order of priority, as determined by the number and variety of secondary sources that mentioned the topic, as well as the priority given to the topic by those sources.

1. Using broader data sets and data analytics (e.g. to identify and better understand customers, to reduce risk)
2. Embedding digital capabilities into core operations (e.g. smart devices, geo-location tools, mobile payments, electronic enrolment)
3. Designing products, services and customer experiences that are better than existing alternatives
4. Optimising distribution channels (e.g. creating an effective agent network, adopting an omni-channel service model)
5. Market-specific strategy development
6. Shifting from product-oriented siloed operations to solution-oriented integrated operations (i.e. transforming the way people and teams are structured and incentivised to operate cross-functionally)
7. Leveraging partnerships to address business priorities
8. Adopting a customer-centric business model
9. Mobilising sufficient capital for innovation, risk-taking and expansion
10. Managing change
11. Enabling innovation and the capabilities required to foster it
12. Empowering customers to learn about, test, use and evolve their service choices
13. Protecting consumers
14. Listening, communicating and empathising with clients.

The primary research confirmed that these 14 areas are important to FSPs in SSA today. When asked to share and rank their financial inclusion-related capacity building priorities, every CEO prioritised issues that were among the 14. Twelve out of the 14 issues were mentioned as important by at least one FSP in all three countries.

However, the order with which CEOs ranked the importance of the 14 areas differed in significant ways from the order that emerged from the secondary research. Most notably, ‘Using broader data sets and data analytics’ was ranked last by CEOs whereas it emerged as the top priority in secondary research. To some extent, this illustrates a significant gap in the perceptions of CEOs versus other financial sector stakeholders with respect to the role that data might play in advancing financial inclusion. Yet from the perspective of CEOs, it is primarily a matter of sequencing. Many acknowledged the importance of data and data analytics, but felt that the capacity building challenges in that area would become important only after they had embedded digital capabilities into their operations.

To identify six of the 14 areas as cross-cutting capacity building priorities (research objective 1), CEOs were asked to select their top five priorities, and to rank those priorities in three ways, according to: 1) the strength of their current capacity in each area, 2) the immediacy with which they need to build capacity in each area, and 3) how difficult it will be to build capacity in each area using existing resources.[10] On the basis of these rankings, each CEO then selected the top three capacity building priorities for his or her institution in the current business planning period.

Cross-cutting capacity building priorities were defined as the areas that were mentioned as most important by the largest number of FSPs across the largest number of countries. This resulted in the following six areas being prioritised:

1. Designing products, services and customer experiences that are better than existing alternatives
2. Embedding digital capabilities into core operations
3. Optimising distribution channels
4. Listening, communicating and empathising with clients
5. Managing change
6. Empowering customers to learn about, test, use and evolve their service choices.

Table 3 summarises the details of the ranking. The areas listed in the first three rows of the table were ranked by FSPs in all three countries as being among the top three most important areas for capacity building. They are listed according to the percentage of FSPs in the total research sample that ranked them as important (e.g. '"Designing products…' was ranked by 89% of FSPs as important, whereas 'Embedding digital capabilities…' and "Optimising distribution channels' were ranked as important by 78% and 67% of FSPs respectively).

The areas listed in rows four and five of the table were only ranked by FSPs in two countries as being among the top three most important, but they were ranked by FSPs in all three countries as being among the top five most important. Thus, they are prioritised next and are listed in order of the percentage of FSPs in the total research sample that ranked them as important (refer to the last column of the table for percentages).

Seven other areas were ranked by FSPs in all three countries as being important but not among the most important. Of these seven, the area that was mentioned by the most institutions (i.e. 'Empowering customers…') was identified as the sixth cross-cutting priority.

Table 3: FSP stated priorities

Capacity building area	Secondary research prioritisation	Primary research prioritisation					
		Top 3 ranking		Top 5 ranking		Mentions	
		# countries	% FSPs	# countries	% FSPs	# countries	% FSPs
Designing products, services and customer experiences that are better than existing alternatives	3	3	44%	3	78%	3	89%
Embedding digital capabilities into core operations	2	3	56%	3	78%	3	78%
Optimising distribution channels	4	3	56%	3	56%	3	67%
Listening, communicating and empathising with clients	14	1	11%	3	44%	3	67%
Managing change	10	2	33%	3	44%	3	56%
Empowering customers to learn about, test, use and evolve their service choices	12	1	22%	2	44%	3	78%
Leveraging partnerships to address business priorities	7	1	22%	2	33%	3	67%
Enabling innovation and the capabilities required to foster it	11	0	0%	1	11%	3	67%
Mobilising sufficient capital for innovation, risk-taking and expansion	9	1	22%	2	33%	3	56%
Market-specific strategy development	5	1	11%	2	22%	3	56%

[10] 'Existing resources' refers to the human, physical and financial assets that are currently possessed by the FSP or can be accessed through existing partners.

Capacity building area	Secondary research prioritisation	Primary research prioritisation					
		Top 3 ranking		Top 5 ranking		Mentions	
		# countries	% FSPs	# countries	% FSPs	# countries	% FSPs
Shifting from product-oriented siloed operations to solution-oriented integrated operations	6	1	11%	2	22%	3	56%
Protecting consumers	13	0	0%	1	11%	3	44%
Adopting a customer-centric business model	8	1	11%	1	11%	2	44%
Using broader data sets and data analytics	1	0	0%	1	11%	2	33%

Although Table 3 identifies six cross-cutting capacity building priorities from an FSP perspective, the research shed light on two additional factors worth taking into consideration when planning future capacity building interventions. First, the divergent ranking of some capacity building areas by CEOs in the primary research versus other industry stakeholders in the secondary research (compare columns one and two in Table 3) demonstrates that there are differing perceptions of the importance of capacity building in certain areas (e.g. data analytics and market-specific strategy development).

It may be desirable to invest in raising awareness of the role that broader data sets, data analytics and/or market-specific strategy can play in advancing financial inclusion so that FSPs take this into greater consideration as they work to embed digital capabilities into their operations and design better products, services and customer experiences.

The analysis of specific capacity building needs (see section 5.2 below) within each of the six priority areas identified in Table 3 suggests an additional capacity building priority which may trump all others: communication effectiveness. The one skill that is required to achieve results in any and all of the 14 areas identified from the secondary research is effective communication. In some cases, the communication that needs to improve is between field staff and consumers. In other cases, it is between middle managers and field staff, or middle managers and senior managers, or senior managers and external partners, or the FSP and the public. Regardless of the level of employee being interviewed or the capacity building topic being explored, someone's lack of communication skills was identified as a gap affecting performance. The frequency and variety of contexts within which this issue was raised suggest that it may be the issue that most constrains FSPs in SSA from serving all market segments in their environments appropriately.

5.2 Specific gaps that need to be addressed at different staff levels in order for cross-cutting capacity building priorities to be met

FSP employees identified numerous gaps in knowledge, skills, behaviours, attitudes and/or connections that they believe need to be addressed in each of the six cross-cutting capacity building areas that were prioritised in section 5.1 (see Annex 7). The gaps were often stated in general terms, as employees struggled to articulate their needs more specifically when asked. The nature of employees' responses reflects how difficult it can be to know what one does not know.

Building FSP capacity in these areas will require working with subject matter experts to unpack the needs employees identified, articulate specific learning objectives, and then select one or more methods that can enable FSPs to achieve those objectives cost-effectively. Table 3 provides a snapshot of possible solutions using three examples from the capacity building area that was mentioned by the largest number of FSPs, 'Designing better products, services and customer experiences'.

Table 4: Sample capacity building gaps

Examples of specific gaps that need to be addressed	Methods typically used by FSPs to address each gap	E-learning methods that could potentially address each gap
Everyone needs knowledge about new product lines (e.g. insurance)	Classroom-based face-to-face training, circulars and brochures announce product terms and features	• Online self-paced or facilitated training course with automatic tracking of employee completion to facilitate follow up and/or identify staff who are particularly interested or qualified to work with the new product • Webinar by product manager(s) explaining each new product with Q&A at end • A gamified product knowledge competition after the training or webinar sending employees one question per day for a month via mobile phone with a leaderboard that shows the top performers; employees could get extra points for meeting sales targets each week of the competition • FAQ database on the FSP's intranet for each product line
Senior managers need to learn from customers about their current and desired experiences	Informally passed up the chain of command, periodic internal audit and/ or market research	• Each time clients complete a financial transaction on their mobile phone, they are asked to rate some aspect of the service provided and their answers are automatically processed and sent to managers' dashboards • Each day employees log into the core banking system, they are asked to answer one multiple choice question about the feedback they are getting from customers, which is also sent to managers' dashboards • When internal auditors go to the field, they complete an electronic checklist which automatically benchmarks a branch's performance to others and to its previous results and this report is used to guide the auditor's briefing with the branch
A change in attitude from 'we give customers what we know they need' to 'we want to work with customers to make financial services more useful'	Supervisors are asked to pass the message and set an example	• Videos tell the story of two sets of customers: some who are disappointed with the FSP's offer and some who are happy, explaining their reasons and their reactions (e.g. number of other people they told) • A webinar from the CEO shares an inspiring vision of why the change is being made and sends a message about future promotions depending on employees' ability to make their services useful to clients • 360 degree evaluation scores are automatically generated for performance in this area and used to reward staff

As shown in the table, there are many e-learning methods that could help FSPs address a particular capacity gap, but there is no one method that will be cost-effective for all capacity building needs. Identifying which e-learning method, if any, will be most appropriate for meeting a particular business need with a particular set of employees will be challenging. It may be more challenging (given the variety of options) than designing a learning solution that does not involve technology. But it is precisely this range of options and the additional opportunities they present that make e-learning worth adding to FSPs' capacity building toolbox.

However, FSPs will not add e-learning to their toolbox if they do not believe it is cost-effective. The next two sections of this report evaluate FSP and employee perceptions of the viability of e-learning. On the basis of those findings, the final two sections of the report identify next steps that might be taken to encourage and support FSPs to make better use of e-learning to address the financial inclusion-related capacity building gaps summarised here.

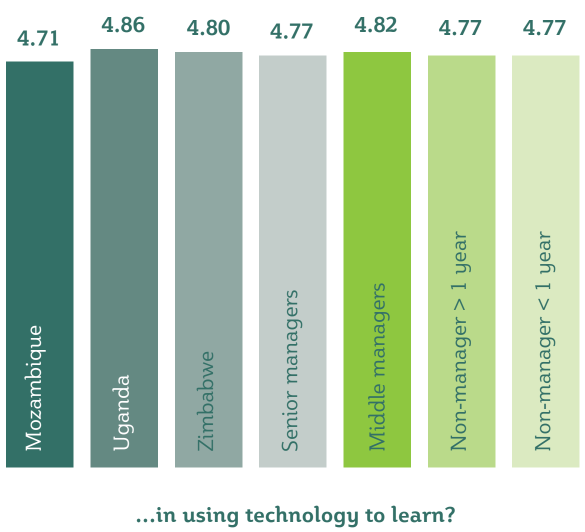
5.3 Viability from an employee perspective

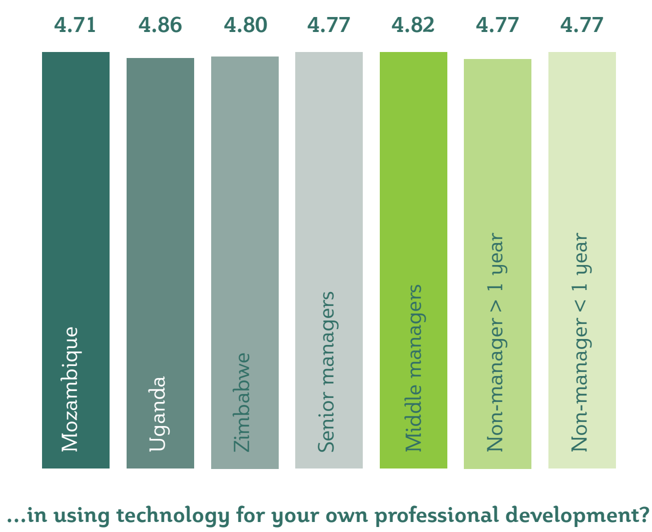
For e-learning to be a viable solution for cost-effectively addressing priority capacity building needs, both FSPs and their employees have to perceive: 1) a specific, credible promise of benefits, at 2) a cost they can afford, that 3) is more attractive than alternative uses of the same resources. As illustrated by the underutilised e-learning platforms that already exist within FSPs,[11] creating demand for e-learning among financial institutions is not a sufficient condition for a healthy e-learning market system within SSA's financial sector. Employees must also want to use technology for learning. In fact, even if FSPs do not embrace e-learning as institutions, there are opportunities for FSP employees to use e-learning to build their own capacity, and to use that capacity to advance financial inclusion objectives within the institutions where they work. For this reason, the search for an e-learning value proposition begins with employees.

5.3.1 Employee willingness to use technology for learning

A value proposition is a perception. The research shows that FSP employees are positively predisposed to the idea of using technology for learning. As shown in Figure 3, employees in all three countries, and at all three levels of institutional hierarchy, are significantly interested in using technology to learn and to develop themselves professionally.

Figure 3: Survey respondents' answer to the question, 'On a scale of 1 to 5 (with 1 being no interest and 5 being very high interest), how interested are you…?'





[11] E-learning platforms already exist at two out of three of the Ugandan FSP research partners, yet four out of six focus groups at these institutions ranked e-courses among the five least used learning methods. None of the focus groups at FSPs with an e-learning platform ranked e-courses among their five most used learning methods. At the two commercial banks with an e-learning platform (one in Zimbabwe and one in Uganda), more than 40% of employees surveyed either did not know what self-paced online courses were or had never tried them, despite this being the primary product of the FSPs' e-learning platform.

5.3.2 Employees' current use of technology for learning

The results shown in Figure 3 beg the question, 'Are employees interested in using technology because they are curious, or because they have already tried it and found it useful?' The answer to this question can shed light on the extent to which a value proposition for e-learning already exists.

When asked about the methods they currently use when they need or want to learn something, employees at all levels responded 'I Google'. Of the 29 methods that were brainstormed in response to this question, two of the three most frequently used are e-learning methods. As shown in Table 5 below, internet searches, social media and informal conversations are the preferred methods of middle managers and lower-level staff, while internet searches, reading and online training courses are the preferred methods of senior management.[12] These findings hold true across all three countries included in the study.

Table 5: Top 20 learning methods used by FSP employees

Methods		% of FGDs that mentioned using the method	% of FGDs that ranked the method among the top 5 most frequently used	% of senior managers that mentioned using the method
1	Internet searches	100%	91%	81%
2	Social media	100%	91%	41%
3	Informal conversations	100%	77%	38%
4	Reading (articles, documents, posters)	100%	14%	70%
5	Face-to-face training or workshop	100%	9%	46%
6	Meetings or presentations	100%	23%	16%
7	Listening to the radio	100%	5%	0%
8	Academic study	95%	14%	27%
9	Experimenting or practising (learning by doing)	95%	14%	24%
10	SMS (text message) or email bulletins	91%	36%	19%
11	Shadowing or observation	91%	9%	19%
12	Mobile apps	86%	45%	22%
13	Coaching or mentoring	77%	5%	16%
14	Exchange visits or study tours	73%	0%	11%
15	Online training (self-paced individual)	68%	5%	65%
16	Help desk or hotline	68%	5%	0%
17	Database searches	64%	9%	14%
18	Consultation	59%	32%	19%
19	Online training (facilitated, with other participants)	55%	0%	27%
20	Market research	55%	5%	0%
21	Reading (articles, documents, case studies, posters)	30%	17%	14%

However, the methods employees use most are not necessarily the ones they consider most effective, as shown in Table 6.

Nearly everyone uses internet searches and social media to learn, but only two-thirds of focus groups ranked internet searches as one of the five most effective

[12] It should be noted that the processes used to discuss methods were different for FGDs and senior management interviews. In the FGDs, methods were systematically brainstormed, ranked against three different criteria (how much they are liked, how effective they are for learning, and how frequently they are used) and then discussed; in the interviews, managers were simply asked which methods they use for learning and why.

methods, and only 17% put social media in the same category. Nearly 50% of focus groups found coaching/mentoring to be a very effective learning method, but they don't like or use it much. This gap between usage and effectiveness has important implications for workplace learning.

Table 6: Methods employees like to use for learning vs. methods they find effective

Methods		% of FGDs that ranked each method as one of the five...		
		...they find most effective	...they like the most	...they use most often
1	Academic study	70%	22%	14%
2	Internet searches	65%	91%	91%
3	Coaching or mentoring	48%	9%	5%
4	Experimenting or practising (learning by doing)	48%	17%	14%
5	Face-to-face training or workshop	48%	30%	9%
6	Meetings or presentations	35%	26%	23%
7	Consultation	30%	26%	32%
9	Market research	22%	0%	5%
10	Social media	17%	74%	91%
11	Informal conversations	17%	52%	77%
12	Shadowing or observation	17%	9%	9%
13	Database searches	13%	22%	9%
14	SMS (text message) or email bulletins	9%	35%	36%
15	Help desk or hotline	9%	0%	5%
16	Exchange visits or study tours	9%	4%	0%
17	Mobile apps	4%	35%	45%
18	Listening to the radio	4%	13%	5%
19	Online training (self-paced individual)	4%	0%	5%
20	Online training (facilitated, with other participants)	0%	4%	0%

Since e-learning is often thought about in terms of online courses, it is worth highlighting the bottom two rows of Table 6, which show that middle and lower-level FSP employees do not perceive online courses to be highly attractive or effective. This is due in part to lack of exposure (not all FGD participants had experienced online training), and in part to unsatisfactory experience with online training. Employees' reasons for not using online training are summarised in Table 7, and listed in order of the frequency with which issues were raised. A complete analysis of the perceived strengths and weaknesses of the 20 methods listed in Tables 5 and 6 are provided in Annex 8.

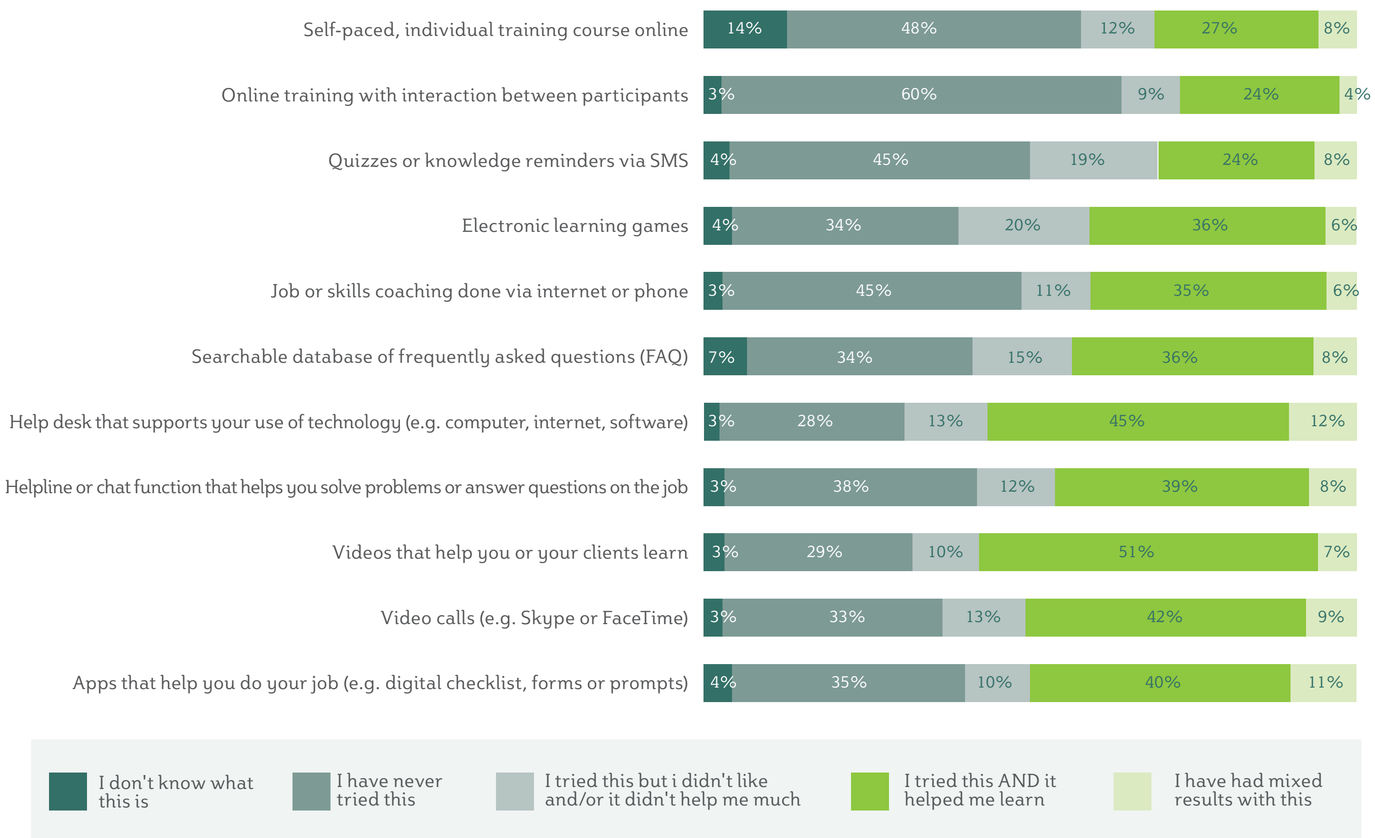
Table 7: Employees' reasons for not using online training

Overall	Self-paced individual courses	Facilitated courses
• Insufficient internet access/bandwidth • Power cuts • Hard to find the time • Cost • Requires discipline; you have to motivate yourself • Used to the classroom; miss the physical interaction, don't like to change	• No sharing or interaction with others, cannot query • Boring, just read and answer questions • Not trusted • Not personalised • Problems with the certificate (never delivered or fake credentials) • Limited offering; long-term employees have taken all available courses* • Less relevant; foreign-based* • Not challenging, everyone passes* • Less efficient than face-to-face*	• Rare opportunity • Inconvenient timing (facilitated courses are offered across time zones) • Hard to know who's offering* • You have to be there at a specific time and pay attention or you miss it* • Diversity of cultures*

* Items with an asterisk (*) were mentioned in only one FGD.

Employees' lack of exposure to e-learning methods seems to be a general barrier to demand. As shown in Figure 4, between 31% and 63% of the 561 employees surveyed as part of this research lack experience with a range of technologies that could be used for learning. More interesting, however, is that once employees have had a chance to experience an e-learning method, they are more likely to find it an attractive and useful way to learn than they are to have disappointing or mixed results. In the case of online facilitated training courses, for example, 67% of the employees that had experienced them both liked them and found they helped them learn. Four per cent did not like them; 10% liked them but didn't think they learnt much; another 10% didn't like them but felt they learned; and 10% had multiple mixed experiences (refer to Annex 5 for detailed survey results). This general trend is observed for all but one e-learning method and in all three research countries (although in Mozambique there are a higher percentage of employees who 'do not know' or 'have not tried' (48%) compared to 42% for Uganda and 36% for Zimbabwe).

Figure 4: Employee experience with e-learning methods



The survey results provide an interesting contrast to FGDs' ranking of online training and suggest an important finding. Although online training is not widely used by FSP employees today, and is not perceived to be particularly attractive or effective by those that have not used it, employees that have used it tend to find it both attractive and effective. This suggests that a key strategy for stimulating demand for this kind of e-learning will be to give more employees access to a positive first online course experience. The issues raised by employees in Table 7 will be important to address in any attempt to create such experiences.

5.3.3 Employees' ability and willingness to 'pay' for e-learning solutions

100% of survey respondents own a mobile phone and 5% own a phone that can connect to the internet (see Figure 5).

Figure 5: Employee mobile phone ownership

75% actually access the internet via their mobile phone (see Figure 6) and 59% are willing to use their own phone and airtime to access work-related learning opportunities (see Figure 7). This suggests that there may be significant demand for mobile-delivered e-learning (also known as m-learning) from FSP employees, even if FSPs are not supporting it.

Figure 6: Survey respondents' answer to the question, 'How do you access the internet?'

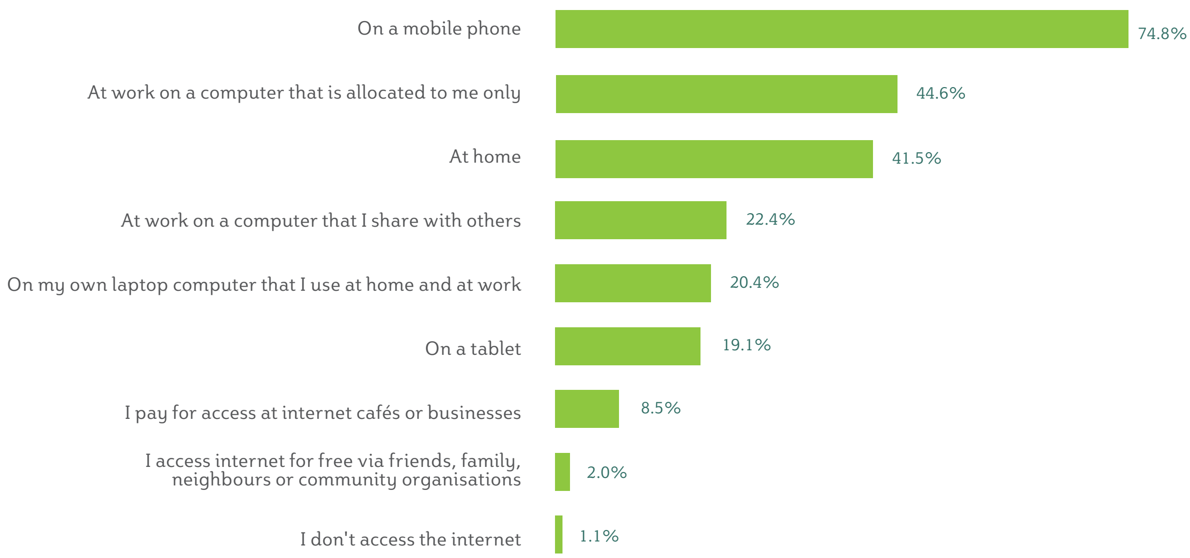
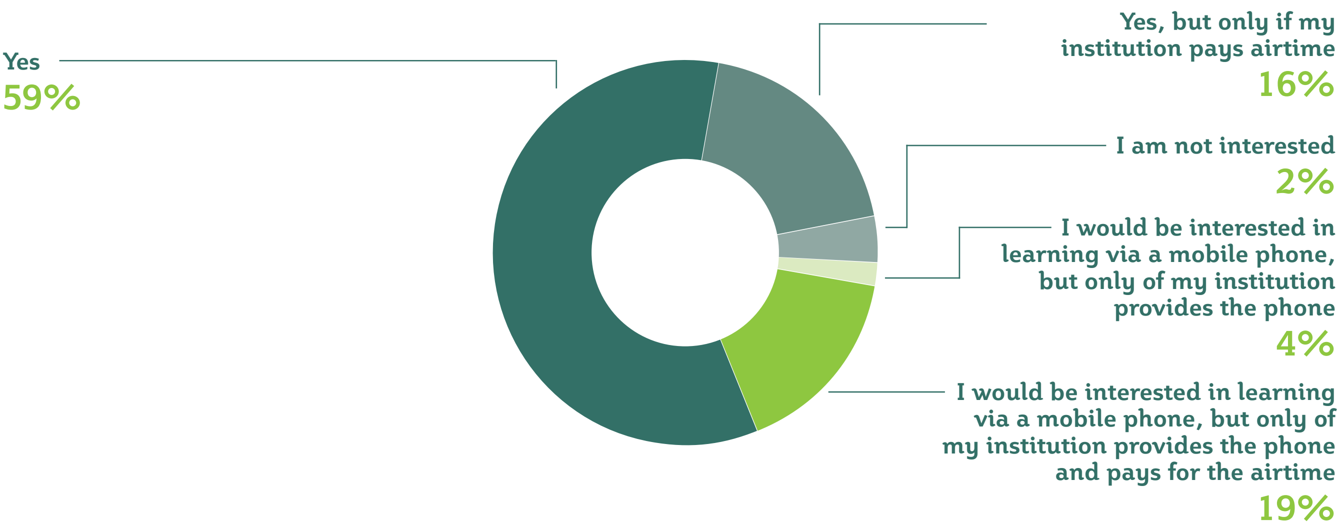


Figure 7: Survey respondents' answer to the question, 'Would you be interested in using your own mobile phone to access work-related learning opportunities?'



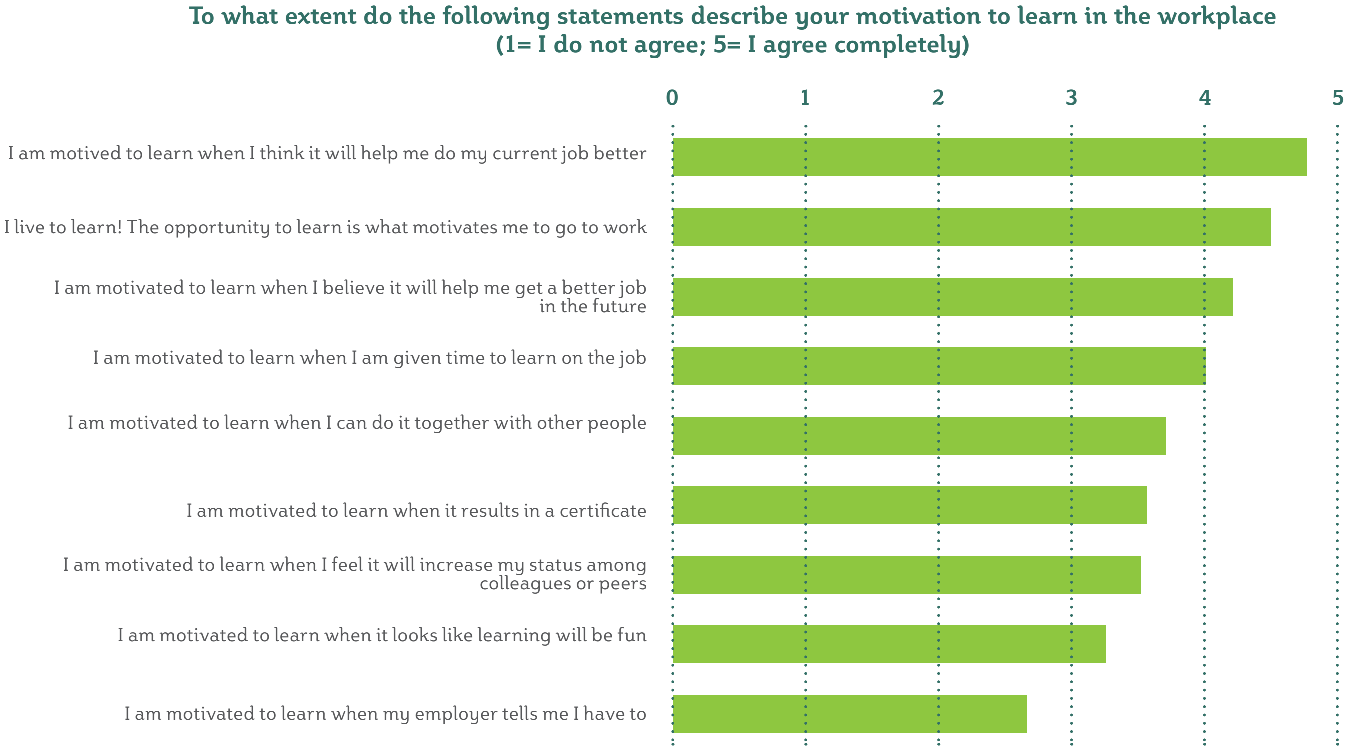
The survey results also show that not all FSP employees are able and willing to pay. FGD participants made it clear that financial cost is one of the most significant barriers limiting employees' access to capacity building opportunities of any kind, including e-learning. It is also one of the top criteria used to make a decision about which accessible opportunities to pursue.

Financial cost is not the only issue, however. Employees who work for FSPs that offer e-learning platforms do not necessarily take advantage of them, even when they are free, and even when completion is measured as part of the annual performance appraisal process. Employees value their time and, as shown in Figure 8, compliance is not a particularly strong motivator of employee learning. Even those that want to learn find it difficult to make time to do so during their work days, and feel their work days are already so long that 'stealing' more time away from family or other personal commitments for the purpose of learning is either not possible, or not right. Those who could stay at work longer for the purpose of learning noted that it is difficult to concentrate on anything by the end of the day.

Employees who had taken online courses often commented on the discipline required to learn through that channel. One person actually used the phrase, 'It really costs me'. Some commented on how difficult it is to shift from the comfortable, face-to-face learning methods that have been used since childhood to unfamiliar electronic methods. It seems that the more energy required to 'force' oneself to learn through technology, the higher the perceived cost of using an e-learning solution and the lower the willingness to pay the price. Although digital literacy does not seem to be a huge problem for FSP employees, technical support for employees as they use technology is generally weak and when employees struggle too much to use technology to learn (especially when they are asked to use new software or a new application), it doesn't take long for them to reject it.

Perceptions of risk also enter into this equation. One employee shared the story of having emailed his boss a question, only to be chastised in a reply that was copied to 'everyone' for not having known the answer. This employee decided never to ask that boss a question again, and never to use email to ask questions. One of the reasons employees cited for liking Google and webinars as learning methods is the anonymity provided; they can find answers without having to admit their lack of knowledge in a topic. This element of reputational risk may affect employees' willingness to pay for some

Figure 8: Factors that motivate employee learning



5.3.4 The e-learning value proposition for employees

The research identified nine components of a value proposition for e-learning (from the perspective of FSP employees):

1. **Speed.** Employees can learn faster. E-learning methods make it possible for them to get immediate answers to their questions.
2. **Access**. Employees can learn anywhere and at any time. This is not just an issue of convenience; it also enables employees to be more efficient. For example, they can get answers in the field without having to return to the office, or listen to a podcast while they are riding the bus.
3. **Ease.** Technology makes learning less difficult. In the case of internet searches, for example, there is no need to plan or find the right person to ask, no forms to fill out, no need to ask for approval. When content is provided in small bites that can be accessed on a mobile phone, it is easier to make time to absorb it.
4. **Perspective.** Employees can access more information and a broader range of views. They can ask a question about anything and get an answer. They can access expertise that is outside their personal network, location or institution. They can benchmark their performance relative to others.
5. **Anonymity.** Employees can learn without having to admit to peers or supervisors what they do not know.
6. **Relevance.** E-learning gives employees more control to learn what will be useful to them. They can start at the level they want, focus on their priority topics, probe for more detail in areas of need or interest and view web pages in their own language. They are not limited to learning what someone else tells them they should learn, and they do not have to wait for anyone to give them an opportunity to learn. They can go and learn at the moment they need to learn and apply what they learn immediately.
7. **Affordability.** Employees can learn at a lower cost. More content is available free of charge in electronic form than in physical form. Virtual meetings and events can be attended without paying for transportation, lodging or food.
8. **Status.** Employees remain more up to date and aware of trends. Not knowing something that everyone else knows is embarrassing and causes employees to lose respect in a knowledge economy. Similarly, knowing something that others do not can bring respect. Technology itself is perceived to be trendy and cool, so using it gives employees a certain degree of status.
9. **Credentials.** Certification and diplomas carry significant weight in most African cultures. They ‘prove’ that individuals have made a certain investment in developing their own capacity and

employers look for that as part of their hiring and promotion processes. E-learning gives employees greater access to learning opportunities that provide such credentials, particularly at the international level. Most of the senior managers interviewed were either already enrolled in an online certificate programme outside their country or are seriously thinking about doing so.[13]

5.4 Viability from the FSP perspective

Viability from the employee perspective is important, but given the various costs of e-learning, and employees' limited ability to bear those costs, economies of scale are necessary for any significant increase in demand for e-learning services. If FSPs are willing to invest in e-learning to benefit all employees, then some degree of scale can be achieved. This section explores the extent of FSPs' current willingness to invest in technology for learning. Do they perceive: 1) a specific, credible promise of benefits, at 2) a cost they can afford, that 3) is more attractive than alternative uses of the same resources?

5.4.1 FSP willingness to use technology for learning

FSP use of technology for learning varies quite dramatically from one institution to another. At one end of the spectrum, Steward Bank in Zimbabwe has embraced online learning: it has an online learning platform (see Box 1), it uses WhatsApp to empower agents and improve the customer experience (see Box 2) and it developed a 'Do It Yourself' toolkit to build employee capacity to solve their own IT problems (see Box 3). At the other end of the spectrum, BRAC Uganda describes even its core operations as mostly manual and is just beginning a major transformation designed, in part, to integrate technology into those operations.

Box 1: Using social media to handle agents' queries

Steward Bank was presented with an urgent need to create a fast yet effective system for handling agent queries. It wanted to ensure that when a client approached an agent with a question, especially one related to the linking of a bank account and phone line, it could be addressed there and then. But agents did not always know the answer to clients' questions, or they lacked the ability to solve the problem behind the question.

Since Steward Bank agents are widely spread all over the country, the use of a WhatsApp group proved to be an effective solution. Employees were already using WhatsApp for inspiration and communication. Heads of Department, for example, had one WhatsApp group to communicate with employees in their department, and another to communicate with each other. They used WhatsApp to update each other on news in the market, as well as internally, and to share inspiring ideas. Thus, it was not too difficult to build a query-handling function that operated in a similar way.

The agent query WhatsApp group is managed by a specific person in the back office who has the authority to make decisions, authorise processes and liaise with other departments (such as IT) to resolve problems and communicate quickly back to agents. It is quite fast and operates in real time, controls are easy to implement, and follow-up is possible since there is an audit trail. The use of technology was successful because it leveraged a social media application that was already being used by most Zimbabweans. Compared with other mobile phone applications, WhatsApp is the cheapest.

Box 2: Creating an in-house e-learning platform

In an effort to reach out to a dispersed employee base of over 230 and at the same time meet regulatory requirements satisfactorily, Steward Bank created an e-learning platform. This platform performed the dual function of providing reading material and an environment in which employees could test themselves after studying. Timely and responsive internal engineering made it possible for the bank to turn a regulatory requirement into an opportunity to migrate from traditional classroom-based learning to self-paced e-learning.

[13] Certificate programmes that were specifically mentioned by managers include an online PhD with Oxford University, the Africa Board Fellowship program, UNISA, the Frankfurt School of Finance and Management, New Horizons and Coursera.

The Central Bank of Zimbabwe had developed anti-money laundering course material, made it accessible to FSPs across the country, and required that all employees pass the test associated with the course. To meet this requirement without an e-learning platform, the human resource department at Steward Bank would have had to travel to each branch and deliver the training in a classroom setting, which would have been very costly. Instead, the bank placed the content on its intranet. The IT department, through a graduate trainee, developed software that allowed employees to interact with the intranet and take the course exam online. Each employee was given a time frame within which to complete the course and pass the test. The course could be taken after work or at any convenient time and thus eliminated not only work disruptions but also huge travelling costs.

Since the test was taken online, the human resource department could easily track who had completed it successfully and follow up as necessary. This engagement with staff, and the fact that it was a regulatory requirement to pass the test, helped formalise the e-learning platform as a useful medium of exchange and led employees to embrace the new way of learning.

Box 3: Online DIY toolkit enhances IT skills

While the Steward Bank platform allowed for different users to generate their own reports, most middle managers depended on the IT team for every small report they needed. As the total number of employees grew, it became impossible for IT personnel to meet all staff needs on time. It was also an inefficient use of IT time to do what individual supervisors could do on their own.

In order to remove this dependency, the IT team created an online 'Do It Yourself' (DIY) toolkit for report generation. With over a hundred branches all desiring attention, distributing the DIY toolkit via the e-learning platform proved to be effective as every staff member could access it any time without having to wait for their turn to speak with IT personnel. The online toolkit was sufficiently easy to use that it succeeded in weaning employees from their dependence on the IT team for report generation.

FSPs' interest in this research, and their willingness to use technology for learning, is driven by a desire for cost reduction and/or scale (i.e. the ability to build the capacity of a larger number of employees or agents cost-effectively). FSPs believe (and in some cases have experienced) that e-learning can make it possible for them to achieve specific capacity building objectives at a lower cost than face-to-face methods. In addition to the Steward Bank examples in Boxes 1, 2 and 3, FMC provides an example of how facilitated online courses are being used to expose new employees from the banking industry to microfinance concepts and to strengthen the management skills of employees that are promoted from within (Box 4). Various FSPs reported using Skype and Zoom for meetings to facilitate learning in a way that saves time and minimises workflow disruption.

Box 4: Enhancing management capacity through online and classroom-based courses

FMC senior management recognised the need to enhance management knowledge and skills in microfinance since most managers had banking but not relevant microfinance experience. Furthermore, a handful of managers were promoted from within and needed to enhance their management capacity. Thirty managers were introduced to the Frankfurt School's Development Finance (FSDF) e-Campus over the past two years, mostly going through the Certified Expert in Microfinance course. A few managers focused on SME and risk management courses based on their specialty areas.

FSDF e-Campus material was delivered via email together with links to video lectures and online forums for group discussion. These courses were offered to managers in addition to ongoing in-house and outsourced courses like the ILO's Making Microfinance Work (MMW) classroom-based microfinance management course. It was clear to senior management that the Certified Expert in Microfinance course would be the basic introduction for managers while the classroom-based MMW course allowed the managers to explore core management issues together as a group. The latter provided for team alignment and resulted in action plans for the whole institution.

In the first years, FMC targeted the MMW course mostly for senior managers while the FSDF courses were open to any level of manager. The training manager worked with managers on their personal development plans and they agree on which course or courses they needed to enroll for in order to address a capacity constraint. The online courses are based on individual choices (in terms of time of start and completion and willingness to enrol) whereas the classroom-based courses are usually institutionally organised and the training manager selects the managers that should participate.

Box 4: Enhancing management capacity through online and classroom-based courses (continued)

It costs FMC more to enrol a manager in an FSDF e-Campus course than a classroom-based course delivered locally, but FMC still finds it to be a cost-effective solution. This is primarily because of the opportunity cost of pulling managers out of their branch or department for one or more consecutive training days. Online courses are less disruptive to business, especially in branches that are very thinly staffed. Since managers do not have to leave work to study, everyone can be trained at the same time, which facilitates rapid scaling of capacity building solutions. When only a small number of managers need to be trained, the cost of enrolling them in an online course is typically less than organising classroom-based training.

Managers pay for FSDF e-courses themselves, but if they pass, FMC refunds the cost. Employees that were interviewed said they like the arrangement, which is like a savings scheme in which they study for an entire year, knowing they're saving, and it creates a huge incentive to pass. The opportunity to earn an international certificate that they can carry with them throughout their career also helps to make the learning opportunity attractive. It should be noted that FMC managers have access to the internet at work and can use work devices and connectivity to complete their courses on their own schedule.

FSPs are also using e-learning to increase quality and consistency, and to manage risk, for example:

- Quizzes are being used by several FSPs to help employees internalise information about products and procedures (Box 5 describes an example from Mozambique).
- The Index-Based Livestock Insurance (IBLI) project in Kenya is using a mobile application combined with gamification and financial incentives to address misinformation by agents (Box 6).
- Crezcamos, an FSP in Colombia, uses videos and applications to help frontline employees communicate complex product information more clearly and consistently with clients (Box 7).
- A bank in Mozambique created a performance support tool on its intranet to help all employees improve their identification and management of risk (Box 8).
- CEOs and board members from 35 countries in Sub-Saharan Africa have participated in the African Board Fellowship programme, which combines webinars, e-reading, discussion groups and face-to-face workshops in a blended learning initiative designed to strengthen Fellows' capacity to govern effectively (Box 9). The blend of methods has been key to creating an effective community of practice which continues to support participants on the job after the programme ends.

Box 5: Procedural knowledge test in Mozambique

Product and procedural knowledge tests have been used by a couple of FSPs in Mozambique. In one case, a bank set out to develop a digital quiz with 35 multiple choice questions that would help employees become familiar with important bank procedures. The quiz was mandatory and employees had to pass it with a minimum score of 85%. They could take the test with the procedures in their laptop and they could take it multiple times if necessary in order to pass. The point was to get them to read and internalise the procedures.

The bank was very happy with the results because the quiz succeeded in raising employee awareness, which resulted in greater compliance with the procedures. However, the development of the quiz was more challenging than expected. There was a team working on question development, but it was unfamiliar with the techniques used to develop such a test and had to build its own capacity in that area. Then the questions had to be put into a digital format and the IT person could only do this in his spare time. As a result, the whole process took around eight months, which was much more than initially planned.

Box 6: Using a mobile application to reduce misinformation[14]

The Index-Based Livestock Insurance (IBLI) project collaborated with the private sector to introduce an insurance product to help pastoralists in Kenya's arid landscapes. Misinformation spread by agents selling the IBLI product risked damaging the reputation of a new product before it reached critical mass. One of the solutions being tested involved the use of m-learning combined with 'gamification' and financial incentives.

IBLI involved academics from the University of California, San Diego (UCSD) developing a simple m-learning training programme consisting of micro-lessons that could be conveniently read by the International Livestock Research Institute (ILRI) agents. Prior to the August-September 2015 sales window, the m-learning app (the Pocket IBLT) was installed on the agents' phones to trial the utility of the approach. All sales agents involved in the trial were issued the same smartphone as different screen resolutions and mobile operating systems could sometimes be an issue for m-learning providers.

To assess agent comprehension and drive participation, each m-learning micro-lesson included a simple quiz connected to a central server. Various alternative incentive structures were being trialled, including financial incentives and gamification, which involves the inclusion of computer game elements – like badges and leaderboards – in learning programmes. In this instance, learners were awarded badges for passing the quizzes and after syncing with the central server were able to view their position relative to other agents on a leaderboard. The successes of the learning initiative will be measured on sales performance and a test of knowledge administered immediately after the sales window.

Box 7: A video tool to standardise sales and support loan officers[15]

Crezcamos, a microfinance institution in Colombia, developed a standardised sales protocol and associated tools to support loan offlcers in selling a complex new crop insurance product in a consistent manner. One of those tools was a brief video on the product that was created in collaboration with its insurance partner (Mapfre) and a CGAP research team. This video was installed on loan offlcers' company-provided smartphones. It was shown to clients as part of the insurance offer with the aim of standardising the way the product was offered and aiding loan officers in explaining a complex new product to their clients. This video of approximately three minutes explained the terms of the insurance product in a simple and highly visual manner and included a brief testimonial from a claimant.

The video was designed to serve both consumer protection and marketing functions: to inform clients of how the insurance product worked (explaining the price, coverage, government subsidy and benefit amount) and to convince them of the product's value by showing how it helped a claimant recover from damage to his crop. While the video's content addressed both of these functions, it placed more emphasis on informing than on marketing. This choice was made on the assumption that loan offlcers are adept at finding creative ways to sell products, appealing to their clients at an individual level. However, because they are not insurance experts and because their primary focus is often on sales, they may not always be adept at explaining the details of a relatively complex insurance product.

Box 8: Performance support tool helps employees manage risk

A non-research partner FSP in Mozambique had a template-based risk tool that was not being used by employees, allegedly because they did not understand how it worked. The bank decided to introduce a video-based training which helped employees learn about risk and how to complete the template. It hired someone with experience in e-learning design to create the training, which consisted of three modules, each of which lasted approximately 15 minutes and was video-based. After the videos, employees took a self-assessment on the risks in their department. The risk tool helped them classify their risks into categories, and based on their responses, generated recommendations about what they could do to manage each risk effectively.

[14] Brenda Wandera, B. 'Gamification and mLearning in the Index-Based Livestock Insurance project' ILRI capacity development brief 4, December 2015.
[15] Zimmerman, E.; Bauchet, J.; Magnoni, B.; Larsen, V. March 2016. 'Responsible Bundling of Microfinance Services: A Mixed Method Evaluation of the Impact of Timing, Pressure, and Information', Working Paper (Washington, CGAP), pp. 10-11.

Box 8: Performance support tool helps employees manage risk (continued)

All employees had access to the training via the bank's intranet and the HR manager could track which employees completed the training together with the results of their self-assessment. The internal audit department also had access to the results and could use them to assess the extent to which employees were implementing the strategies that had been recommended to them.

The learning solution was effective in some cases, but not in others. Not all employees took the training, and internal auditors did not always follow up with employees who failed to implement the recommendations. The manager who shared this example concluded that a more effective solution would have included better incentives for follow-up.

Box 9: Africa Board Fellowship programme

The Africa Board Fellowship connects board members and CEOs through peer learning and exchange to strengthen the governance of financial institutions serving low-income clients in Sub-Saharan Africa. The Fellowship is a six-month programme that blends face-to-face and e-learning methods. The e-learning experience is anchored by in-person seminars of two and a half days at the beginning and end. These seminars bring participants together with world-class experts and leaders in microfinance and financial inclusion for guided discussion and peer-to-peer exchange on governance, best practices and risk management strategies.

The first in-person seminar plays a critical role in ensuring that everyone becomes comfortable with the technology that will be used during the remainder of the programme. Participants bring their digital devices, download content and apps, and practise using them with the benefit of on-site technical support. The first seminar also helps participants get to know each other, building an initial level of trust and connection that is strengthened throughout the programme.

Fellows engage in regular knowledge-sharing activities, online meetings, training and discussion forums. The virtual community forum provides regularly updated content on governance and risk, and the ability to speak with faculty members, classmates or subject matter experts. This content is supplemented by webinars in which participants can connect on specific technical questions and share experiences.

Personal advisors help Fellows to establish individual and institution governance goals, working with them toward specific changes they seek to make. Advisory sessions provide a targeted approach to improving governance capacity, with Fellows working to build plans and monitor progress against goals.

OBUL's CEO, Tineyi Mawocha, described his experience with ABF as 'phenomenal'. After participating in the programme he was invited to become an advisor and continues to be stimulated by regular email updates and virtual discussions with fellow alumni. ABF was launched in the spring of 2015. At present, it is 'generously subsidised by the programme's sponsors'.[16] The only out-of-pocket expenses for fellows are the travel costs of getting to and from the two in-person seminars.

Three out of the four FSPs that currently use an e-learning platform are not happy with the value they are getting out of it, and yet senior managers expressed a desire to find ways to better leverage it. No one seemed willing to eliminate or ignore their existing platform as a capacity building tool, although one FSP had considered replacing it with something else before finding the cost of replacement prohibitive.

All FSPs are interested in learning from the results of this research initiative. They want to know more about how they can use technology for learning, what others have done, how they have done it, and with what results. When senior managers were given a list of 60 forms that learning content can take (see Annex 3) and were asked how many of them could be delivered electronically, their initial responses varied from 10 to 60. But when asked to identify specific forms that could not be delivered electronically, every manager ended up concluding that all or almost all forms could be delivered electronically. Many expressed surprise at their conclusion and commented that they had never really thought about using technology in those ways. Overall, FSP senior management seemed quite willing to consider additional options for using technology to

[16] https://centerforfinancialinclusionblog.files.wordpress.com/2015/09/abf_flyer_r02.pdf

facilitate learning within their organisations, and some even expressed appreciation for inspiring them to do so.

5.4.2 FSP ability and willingness to 'pay' for e-learning solutions

FSPs often claim that they cannot afford to invest in capacity building, but the comments made by partners in this research study indicate that both large and small FSPs can find resources to invest in capacity building if they believe it is important to their business strategy and/or if regulators require it. They expressed (and in some cases demonstrated) a willingness to pay for e-learning when it meets their business needs at a lower cost than other available alternatives. Most FSPs do not appear willing to spend more on e-learning solutions than they are currently spending on face-to-face capacity building solutions. For that attitude to change, FSPs would have to see evidence that e-learning solutions can deliver strategic benefits that face-to-face learning cannot, and that the benefits delivered outweigh any additional costs.

It is easier for FSPs that already have ICT infrastructure to invest in e-learning solutions than it is for those that do not. Two FSPs made the point that this goes beyond access to computers, mobile phones and the internet. For example, if videoconferencing facilities are used for board meetings, they could be leveraged for e-learning webinars; and if CCTV cameras are used for security, they could be leveraged for observation and shadowing, or training new employees.

It is also easier for FSPs to invest in e-learning when they belong to a network or corporate 'family' that has already invested in the development of an e-learning platform that makes it possible to access resources that have been developed for the group. This is the case for Opportunity Bank Uganda Limited (OBUL), which has access to Opportunity International's Opportunity Learning Centre; Airtel Uganda, which has access to Airtel Alive; BRAC Uganda, which may soon have access to BRAC International's online learning platform; and for GetBucks Zimbabwe, which has access to the MyBucks platform.

Smaller FSPs and those that are not yet offering digital financial services cite security and privacy concerns as a reason for not embracing technology for learning. Yet FSPs that have already figured out how to offer a viable digital product have also figured out how to put appropriate controls in place to manage this cost-effectively and do not seem concerned.

There are three issues, however, that were mentioned by almost all FSPs as affecting their willingness to pay for e-learning solutions:

1. **Lack of information on costs.** The lack of information about how much different solutions cost and what the return on investment will be makes it difficult for FSPs to assess the credibility of the value proposition. In order for FSPs to consider using e-learning more strategically, they need to understand the costs inherent in different kinds of solutions.
2. **Difficulties with content design.** FSPs that have embraced e-learning recognise that effective content design is not easy, and outsourcing it to experts can be very expensive. There is some recognition that designs need to be interactive and fun, but FSPs lack the specialised capacity to produce this kind of learning experience. Institutions that get ready-made content from others tend to find it too generic, and countries like Mozambique (where English is not widely spoken) often lack a source of supply for content.
3. **Technology and power infrastructure.** The feasibility of different e-learning forms is heavily influenced by the quality and speed of internet connectivity, and by the available power supply. FSPs cannot afford to develop this infrastructure, so if it does not exist, or is in such short supply that the cost of accessing it is very high, e-learning solutions become unattractive. One of the reasons for high take-up of m-learning solutions is the lower cost of mobile data relative to broadband and the ability of employees to download apps onto their mobile phones (when and where they have affordable access) for use offline.

5.4.3 The e-learning value proposition for FSPs (Part I)

The e-learning value proposition for FSPs is more complex than that for employees. On the one hand, e-learning offers some very specific and attractive benefits that support FSPs' drive for greater efficiency. These benefits, as illustrated in Boxes 1-9, can be summarised as follows:

1. **Larger scale at a lower marginal cost.** Once an e-learning tool or training course is developed, it can be used by thousands of employees or clients, and hundreds of times by each user, for practice and reinforcement, at little or no additional cost to the FSP until the material needs to be refreshed. There are no transport expenses, no per diems to pay and no facilities to rent.
2. **Time saved.** Through e-learning, FSPs can build the capacity of many people simultaneously, and can give individuals access to appropriate learning opportunities when they are needed without anyone missing work days to travel or attend a training session. E-learning can make it easier for employees to find sources of expertise when they are ready to learn.[17] Content can flow instantly to

those who want to learn, facilitating faster decisions and responses, improving coordination between different departments that need to work together to implement change, and avoiding time-consuming disputes.

3. **Reduced risk.** E-learning helps FSPs avoid the risk that important or complex information will be transferred unclearly or inconsistently by different human beings. Unclear or inconsistent communication can create confusion and expose both clients and FSPs to harm. For example, a video is produced to demonstrate an appropriate procedure, it can be played exactly the same way for every employee or client that views it.

There are additional benefits that can accrue to FSPs through the use of e-learning, but few FSPs or even financial sector stakeholders are conscious of these benefits. They are generated by using e-learning to improve capacity building processes rather than by delivering a solution to any particular capacity building objective. To explore this aspect of the e-learning value proposition, it is first necessary to identify some of the weaknesses in FSPs' existing capacity building processes. These are explored in the next section of the report, after which the e-learning value proposition for FSPs is revisited.

5.4.4 Weaknesses in capacity building processes

Ten FSP capacity building processes were analysed as part of this research:

1. Onboarding (i.e. new employee training and orientation)
2. Needs assessment (at the institutional level and for individual employees)
3. Deciding who has access to which learning opportunities
4. Selecting methods to meet a particular capacity building objective
5. Transferring knowledge, skills, behaviours, attitudes or connections
6. Reinforcement of existing capacity
7. Succession planning
8. Motivating learning (i.e. strategies used to encourage employees to learn)
9. Measuring learning (i.e. indicators and methods used to assess whether learning happens)
10. Being accountable for learning (i.e. the extent to which FSPs and their employees hold themselves responsible for getting the most value possible out of a learning opportunity)

These processes vary from one institution to another, but most FSPs in the research sample take a similar overall approach. They induct new staff through a combination of classroom-based training and on-the-job shadowing and coaching. Afterwards, employees are expected to do their job and do it well, taking the initiative to learn whatever needs to be learned in the process. Those who perform well may be rewarded for their performance, either through a monetary bonus or an eventual promotion. If they succeed in their current position, the expectation is that they will be able to learn what needs to be learned to succeed in a position of higher responsibility.

Supervisors are expected to do what needs to be done to help their employees perform well. Typically, employees receive periodic reminders and guidance from their supervisor, although the frequency and quality of this support varies significantly from one supervisor to the next. In most institutions, new information is passed to employees via the chain of command, usually through word of mouth, but sometimes in the form of a circular or email. If a certain skill set is found to be deficient among a large number of staff, face-to-face training sessions are organised by the FSP to fill the gap. Tailored learning opportunities are usually provided for senior managers only. There is very little monitoring or measurement of the impact of capacity building efforts. Typically the only two things that are measured are employees' participation in training courses, and their satisfaction with them.

When business is working as usual and employees are repeating well-known tasks that their supervisors have implemented many times before them, these capacity building processes work reasonably well. The factor that most motivates employees to learn is the desire to perform better in their current job, so expecting employees to perform well, giving them the freedom to learn how to do so, and then rewarding them when they perform does result in a certain amount of capacity building.

However, current FSP capacity building processes suffer from seven strategic weaknesses that become more problematic during times of growth or major change. This is important because significant advancements in financial inclusion require both growth and innovation.

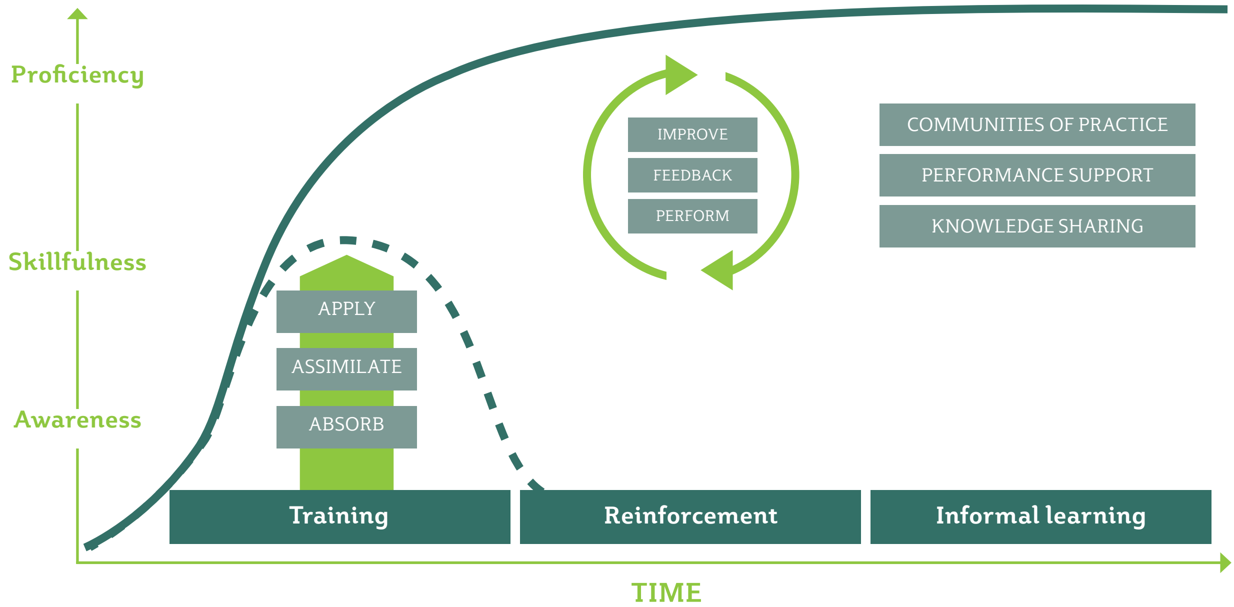
1. **Scarce culture or value of learning.** The faster

[17] A 2012 McKinsey Global Institute report found that the average interaction worker spends nearly 20 percent of the working week looking for internal information or tracking down colleagues who can help with specific tasks.https://www.mckinsey.com/~/media/McKinsey/Industries/High%20Tech/Our%20Insights/The%20social%20economy/MGI_The_social_economy_Full_report.ashx.

an FSP or its environment changes, the more nimble employees must be, the more open they must be to new things and the more new things they must learn. But if learning itself isn't valued – if employees haven't been encouraged to learn beyond their current job responsibilities – then they will wait to be told what is coming next and how they are expected to perform. Only then will they try to figure out how to deliver that performance. This slows the pace of change. It also increases the likelihood of resistance to change when employees see a major difference between the new performance they are expected to deliver and their current capabilities. The learning challenge can become daunting. If FSP capacity building processes created a stronger culture of learning, they could leverage employees' intrinsic desire to learn to create a workforce that is more ready to learn and change, and has more tools and skills available to it for that purpose. If a culture of learning is not created, then huge investments in e-learning platforms are likely to generate low returns.

2. **Learning silos.** Limited cross-fertilisation between employees and departments takes place because of the emphasis on each individual's ability to achieve their results. In some cases, competition between employees, products, geographies or functions motivates performance, but it also discourages investment of time and energy in helping others learn how to perform better. It discourages healthy connections between people and departments that could support stronger performance. These are exactly the kind of connections that are needed if FSPs are to figure out how to serve all market segments in their environments appropriately.
3. **Reactive rather than proactive talent management.** This weakness can be seen from several perspectives. Staff turnover in the industry has become high enough that FSPs have begun to see it as a fact of life. They hire new employees when existing ones leave without updating the job description, and they invest only the minimum necessary to get them up and running. Many wait for donor-funded suppliers to offer training courses and then they send whoever is available or has made the most noise or has waited for the longest time for a professional development opportunity, without necessarily considering whether it is a strategic investment. Supervisors provide coaching and request training for employees in reaction to weaknesses in current performance much more than they do in preparation for future performance. FSPs (especially human resource professionals) see the need to be more proactive about planning for and building the human capacity to implement future business strategies, which tend to be quite different from current strategies.
4. **Mismatch of methods.** The methods most used by FSPs to build capacity are not the methods that employees prefer to use for learning, or the methods they find most effective. Only 17% of focus groups consider shadowing to be among their five most effective methods for learning; and only 48% put face-to-face training in their top five (see Table 6). There are opportunities for FSPs to improve the effectiveness of the methods they use and/or to better support the methods that employees are able to use effectively. Since there is little measurement of learning method effectiveness, it is possible that employee and FSP perceptions of what is effective are wrong. Improved measurement processes would facilitate the identification of what works and what doesn't as well as the process of producing and maintaining more effective learning processes over time.
5. **Employees' lack of access to resources results in inefficient learning.** When the initiative to learn must be taken by each employee, the amount of learning that can take place is limited by each employee's resources. New, young, rural, less-educated, less well-off employees have fewer resources to bring to the task. More could be done to ensure that all employees have access to effective resources for learning. Employees could then be held responsible for making effective use of those resources.
6. **Supervisors are key but underprepared.** Employees' learning is highly dependent on their supervisor, yet supervisors are given relatively little support to help them be good facilitators of learning. FSPs are investing more in management and so called 'soft skills' training, but they have not been particularly satisfied with the results. Since supervisors' ability to develop their employees is not valued as much as their ability to deliver results, many supervisors continue to use a 'do as I say' approach to management that does not help employees learn why decisions are made or how to make better decisions themselves.
7. **The informal learning gap.** FSP capacity building processes are structured to support training and, to varying degrees, reinforcement. It is rare that they support the kind of informal learning that helps employees achieve and maintain proficiency (see Figure 9). Informal learning could play an important role in building FSPs' capacity to meet the ever-changing needs of internal and external customers. It could be very helpful in facilitating the kind of nimble capacity building through existing business processes that FSPs need to grow and change cost-effectively.

Figure 9: Continuous learning process[18]



5.4.5 The e-learning value proposition for FSPs (Part II)

Section 5.4.3 articulated three components of an e-learning value proposition for FSPs: 1) larger scale at lower marginal cost; 2) time saved; and 3) reduced risk. If e-learning was used as a tool to help address the weaknesses in capacity building processes described in section 5.4.4, three additional benefits could be realised: 4) increased ability to manage change; 5) greater proficiency; and 6) more effective talent management. These three components of the e-learning value proposition have yet to be proven by FSPs in SSA, but their potential merits deserves to be tested. Each one is described briefly below.

4. **Increased ability to manage change.** Successful change management requires more than clear, strategic leadership from the top. It requires that every affected employee is able to understand the need for change and access the tools and resources necessary to acquire the new knowledge, skills, attitudes, habits and/or connections necessary to implement the changes required. E-learning provides cost-effective methods for helping employees understand why change is needed, and it can increase employee access to the tools and resources they need to make a change. To the extent that FSPs use e-learning to create a culture of learning within their organisations, employees will know that change is a desirable part of doing business (because it helps them improve their current performance) and they will be less likely to resist.
5. **Greater proficiency.** If FSPs complement formal learning opportunities with informal ones, they can support employees to become better at their jobs rather than just being able to do their jobs competently (see Figure 9). Refresher quizzes, performance support tools and automated reminders can help employees maintain capacity once it is built. They can be triggered, for example, on the basis of the time that has elapsed since an employee's last training or login to a system. Social media networks and virtual communities of practice can support employees as they try to apply what they learn in their jobs, help employees troubleshoot when changes in the environment require learning to be applied in a different way, and provide access to knowledge and expertise from alternative perspectives that can help employees better understand what they do and how they might do it in new and different ways for greater success (see Box 10).

[18] Bill Bruck, 'Continuous learning for speed to proficiency', http://q2learning.com/blog/?p=1031.

Box 10: Personal networks versus communities of practice

The more senior the manager, the more personal networks are relied upon for learning. CEOs in particular are able to get quick, relevant, helpful answers to their difficult questions by asking a knowledgeable friend or colleague. This kind of consultation is far more effective than a Google search (or any other method of learning) because the response is so well tailored to the learner's situation and to the learner themselves. The friend or colleague knows the CEO and knows how to package the information in a way that the CEO will find attractive and useful. She or he knows the CEO's history, strengths and weaknesses, and can build on those.

Lower-level employees have personal networks, but they are not as useful. They do not know much more than the employees themselves and they have not yet developed specialised expertise that can add value to employees' own experiences. As a result, employees greatly value access to a community of practice where they can learn from professionals who are not yet part of their personal network. In a face-to-face world, such communities were only accessible via conferences or associations. These forums met infrequently and participation could be costly. Building relationships on the basis of such limited interaction was difficult.

Virtual communities of practice can make it easier to build relationships and expand professional networks that are supportive of workplace learning. Five senior managers interviewed during this study mentioned being part of a WhatsApp group with others in their profession. One was an offshoot of a national association of human resource professionals and did not work so well because it was very large and generated too many posts, many of which were from less-experienced professionals who used the forum differently from those who were older and more experienced. Four other, more informal groups were created by people who met at a face-to-face learning event and wanted to stay in touch. These groups function well because the members are all working to tackle similar problems and learn from each other's experiences. The managers who participate in them really value them as sources of support and inspiration.

6. **More cost-effective talent management.** E-learning solutions can provide employees with better access to opportunities for building their own capacity, and provide FSPs with the tools to track employee initiative and learning. Since content (and its usage) is digitised, it is relatively easy for FSPs to see which e-learning tools or content are being used, as well as when they are used, how often, by whom and how successfully. This information can be used to improve learning solutions, reward employee effort and ensure regulatory compliance. If FSPs reward employees that want to learn with additional opportunities for learning,[19] this would benefit both parties. Employees could improve their knowledge and skills, which are assets they could use to develop their careers within or outside their current employer. FSPs could motivate and support employees to build their capacity for greater responsibility before being promoted into a position that requires it, thus reducing the level of investment required by the FSP to ensure that newly promoted staff have the knowledge and skills to do their new job effectively. If FSPs had transparent policies that rewarded employee loyalty with additional learning opportunities, this might give motivated employees a powerful reason to remain with the company.[20] Finally, if HR managers take advantage of human resource information systems and learning management systems that automate the more mundane tasks associated with managing an institution's human resources (e.g. leave requests, personnel transfers), they can free up time to think more often and more strategically about how to prepare employees and agents for the future. See Box 11 for an analysis of the potential impact on FSP capacity building of entry-level employees.

[19] Early on, this could take the form of higher-level learning opportunities within the FSP's own systems or a short course from the Gateway Academy, Coursera or Lynda that charges a small fee. Later, however, it could take the form of a more expensive face-to-face learning or networking opportunity, or an e-learning degree or certificate programme. Programmes like the forthcoming (but still confidential) Professional Banking Diploma of Microfinance to be offered by the Chartered Institute of Bankers in Scotland could be used as a prerequisite for promotion to a higher level of the organisation. Since employees value face-to-face learning opportunities (and they are expensive enough to be rationed), they could be rationed as incentives to encourage learning rather than as rewards for some other kind of behaviour. The structure of any financial incentive would have to be carefully considered. Employees at the lowest levels seem most limited financially; those with higher salaries have greater ability to pay and less time to learn, so they expressed a desire for days off to take exams. In general, lump sum, upfront tuition fees limit access to learning opportunities so creative 'bonuses' in the form of educational savings accounts or loans may merit FSP consideration.

[20] Given the strength of employees' intrinsic motivation to learn (see Figure 8), FSPs' current underinvestment in capacity building may be contributing to high levels of staff turnover. Several FGD participants mentioned that one of the only ways to learn new things is to move to a new environment.

Box 11: A new approach to onboarding

One of the issues raised in this research concerned the capacity building requirements of entry-level FSP offlcers who are fresh graduates or school leavers. In the financial inclusion-related capacity building priority areas, the needs of this group of FSP offlcers were scarcely different from those of other lower-level employees, with the exception of basic computer literacy and troubleshooting. Lower-level employees who gained their first employment with an FSP did not possess these skills prior to employment and felt the FSPs' onboarding processes did not adequately prepare them for being able to use computerised systems on the job.
Although senior management did not raise capacity building among new employees as a priority issue, this is likely due to the financial inclusion focus of this research. Other research studies have identified many needs among this group of offlcers. Three findings of this research suggest, however, that changes might usefully be made to the typical FSP onboarding process:

1. Given the fact that all staff, including new staff, were deemed to lack some key financial inclusion capabilities, it may be desirable to adjust current onboarding practices to build those capabilities.
2. When new employees felt that their onboarding process was ineffective, it was because of the lack of practice it provided. Across the board, FSPs' classroom-based orientation programmes were seen to provide useful information about the organisation, its mission, its structure and, to some extent, its policies and procedures. In most cases, it gave employees the 'theory' behind what they were supposed to do on the job, but it didn't give them an opportunity to practice anything before having to go to the field and deliver. New employees acknowledged that they did learn by doing, but stated that they did not like learning that way. They found it very stressful, they made mistakes, they got embarrassed and, in some cases, their mistakes had a negative impact on clients and their institution.
3. In institutions with lengthier onboarding processes, employees are given a chance to shadow others before they have to deliver on their own and, in general, they appreciated this opportunity; although the quality of the shadowing experience varied depending on the personality and expertise of the person being shadowed. Even if they were knowledgeable, not everyone was willing or able to communicate their knowledge effectively. Managers were not particularly supportive of the process because it delayed by many weeks their ability to get a new pair of hands onto the team. Eager employees also got frustrated because there was no way to speed up the process and they could not earn bonuses until the process was complete and they were on their own.

Taking these factors into account, and reflecting on the content of sections 5.3 and 5.4, it seems that e-learning could enable FSPs to take a new and more effective approach to onboarding. Some of the proposed options are:

- Employees could be introduced to e-learning during a much shorter face-to-face orientation. They could be given access to certain e-learning tools and then, instead of being given information, they could be asked to go and find it, with active technical support. Imagine this was fun, and employees could work in teams to support each other in the search. The programme could be organised as a hunt with teams earning points for finding different pieces of information and after answering questions with the information they find, they would gain access to the next level of information. By the end, employees would gain knowledge and the skill to find that information again if they ever forgot it.
- Employees could be given a guiding path for what they need to learn by when, but if they wanted to move ahead faster, they could do so through e-learning modules that aren't dependent on classroom-based training.
- Employees could be taken to different branches, types of clients or parts of the institution through videos in a fraction of the time it takes in real life, with less disruption to clients and existing staff, who could invest more time coaching employees once they start doing the work and less time answering basic questions during the shadowing process.
- Employees could play the videos over and over again until they feel comfortable with the process. They could be run through simulated client visits where they have to decide what to say and how to respond.
- Every new employee would receive the same visual demonstrations and messages, which would set a consistent standard of performance.
- Short quizzes at various points in the process would ensure that employees grasped certain concepts and skills before moving to the next stage.

Box 11: A new approach to onboarding (continued)

- New employees could meet the CEO first via video (at which time she or he would explain how important learning is to the organisation), and then meet the CEO face to face once they successfully complete the onboarding process. At that time, the CEO could give special recognition to those who scored the highest, provided useful feedback or asked insightful questions during the process.
- New employees could continue to learn things that were important but not urgent after they were already placed in the field.
- They could be given access to a WhatsApp group of experienced buddies/coaches rather than just one.
- Being a buddy or a coach could be marketed as an honour, and as a stepping stone to promotion. Feedback from new employees could help FSPs screen which buddies/coaches have the strongest skill set for mentoring others.
- The FSP could even use e-learning to screen candidates before they are invited to join the organisation.

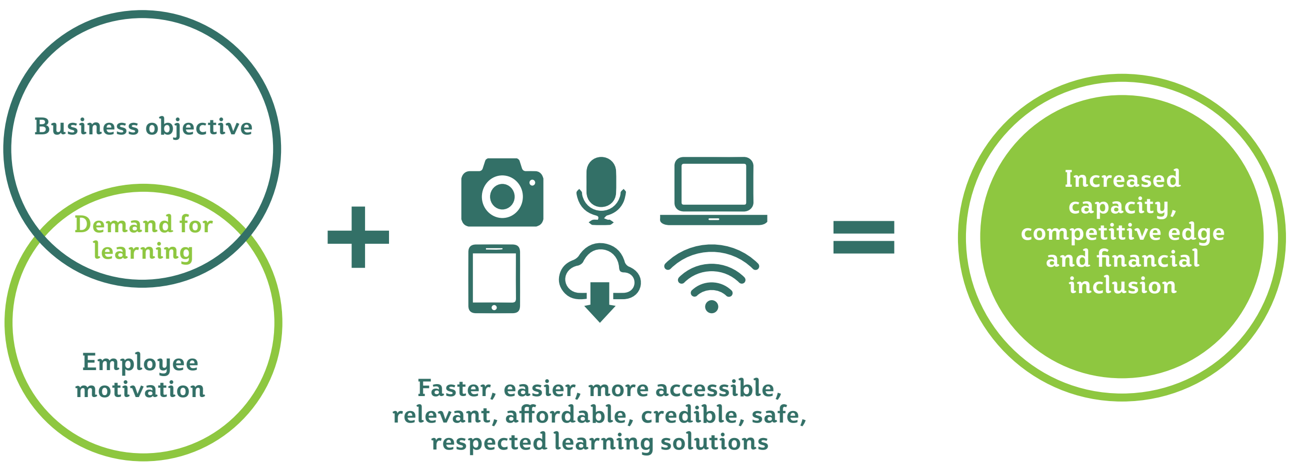
5.5 Opportunities to strengthen the e-learning value proposition

In section 5.4 it was argued that investments in e-learning by FSPs would permit economies of scale that could make e-learning more viable than what investments by individual employees could ever achieve. A similar case can be made for investments in e-learning by financial sector stakeholders. Networks of FSPs can achieve economies of scale that individual FSPs cannot. Development partners can continue to collaborate in the development of the Gateway Academy as an e-learning platform that can be used by all FSPs to build, store, deliver, share and purchase e-learning solutions. Governments can invest in technology and energy infrastructure that supports all sectors.

These initiatives will strengthen the e-learning value proposition by reducing the cost of accessing and using e-learning. But reducing cost is not enough. More must be done to strengthen the value proposition, both with respect to the benefits that can be generated, and with respect to the industry's perception of the commercial value of those benefits relative to costs.

Increasing the benefits of e-learning and strengthening FSPs' perception of those benefits requires e-learning to be positioned as part of the capacity building market system. As mentioned earlier in this report, e-learning will never be demanded in and of itself. It will be demanded as a tool for building capacity. Thus, stimulating demand will require either 1) demonstrating how e-learning adds value to current capacity building processes and solutions; or 2) demonstrating how it solves capacity building problems that alternative methods have been unable to solve. The way to stimulate demand for e-learning is to use it to facilitate a more effective capacity building market system.

Figure 10: The e-learning value proposition



5.6 Options for stimulating demand for e-learning as a tool for strengthening the capacity building market system

A healthy, mature market system will have many transactions taking place between consumers (those who demand products or services) and those who supply them. It will also have sufficient communication taking place between consumers and suppliers so that suppliers are able to manage their product portfolio effectively. The needs of consumers are constantly changing, as is the environment in which transactions take place. Thus, suppliers are regularly rethinking their offer in order to continue providing value to consumers and to remain competitive. Products that may have been performing well at one point in time are adapted or sometimes even destroyed in order to free up resources and make room for new solutions. Ideas for meeting new customer needs, or old customer needs in a new way, are sought out and tested. Those that show promise are developed and grow – until they too need renewal.

The market system for capacity building in SSA's financial sector is currently not a healthy one. It consists of many long-established, familiar 'products' that dominate the market share, yet are not effectively meeting the financial inclusion-related capacity building needs of FSPs. And while there has been some exploration and testing of e-learning products that have the potential to disrupt that market in a positive way, few have reached scale. The value proposition is still not proven across the board.

There are many opportunities for the financial sector in its efforts to evaluate current capacity building practices and identify those that are no longer effective, to explore new possibilities, to test new ideas, and to scale those that demonstrate a strong value proposition. There are also opportunities to facilitate better communication between FSP consumers and suppliers. The following five subsections describe this portfolio of opportunities in more detail.

5.6.1 Opportunities to encourage and support the financial sector in its efforts to evaluate current capacity building practices and identify those that are effective and those that merit creative destruction

1. **Disseminate the results** of this research initiative – in particular, the analysis of general weaknesses in current capacity building processes that are affecting FSPs' ability to build financial inclusion-related capacity. Communicate the benefits that could result from stronger processes and the potential for e-learning to make a contribution.
2. **Get the sector's attention** by organising an event with a provocative theme, such as 'Breaking bad habits: How to creatively destroy your current capacity building processes' or 'Beyond digital finance: The role of technology in building institutional capacity'. During the event, help FSPs see that creative destruction is what makes room for productive innovation.
3. **Guide more FSPs through the kind of assessment process** that took place as part of this research. This could be done by connecting FSPs with an appropriate solutions architect,[21] or by developing a toolkit that supports institutions that wish to carry out similar assessments on their own. Several FSP research partners noted that examining their capacity building processes and the role that technology plays (and might play) in those processes was quite useful.
4. **Organise a virtual seminar** for human resource and learning and development (L&D) professionals in SSA's financial sector showcasing certificate programmes that could increase their ability to be solutions architects for their institution.[22] Screen providers that participate in the seminar so that a relatively small number of quality providers are invited to make a short presentation of their programme with time for Q&A afterwards.

5.6.2 Opportunities to encourage and support the financial sector in renewing its approach to capacity building

1. **Embrace a broad definition of e-learning** (i.e. the use of information and/or communications technology to facilitate a change in existing knowledge, behaviour, skills, attitudes or connections that increases human performance or performance potential) when communicating with financial sector stakeholders about capacity building. This will help to create space for a broader discussion about the role of technology in facilitating learning. FSPs perceive e-learning quite broadly, as 'learning without physical interaction', 'learning through the internet' or 'learning something electronically', and

[21] A solutions architect takes a holistic approach to supporting organisations in leveraging e-learning to strengthen their capacity building systems and solutions. Once a business challenge or opportunity has been identified, a solutions architect can help FSPs explore digital and non-digital learning possibilities and develop a strategy for building the capacity required to address that challenge or opportunity cost-effectively. Solutions focus not only on the transfer of knowledge, skills or attitudes, but also on reinforcing and supporting learning over time to maintain and enrich the capacity built.

[22] If FSPs are to become learning organisations, then it makes sense to locate the solutions architect function internally to facilitate strong connections between business strategy and talent management. Outsourcing the function would not be cost-effective in the long term, but could be strategic in the short term if it was designed to build internal capacity in this area.

are most excited about applications that facilitate learning as part of existing work processes. Online courses have their attractions and will be useful for specific learning objectives, but they may not be the best way to stimulate FSPs to embrace technology for learning.

2. **Organise a mock debate** around the following question: 'Is e-learning a cost-effective solution for FSPs that want to build capacity?' Use the debate to acknowledge perceived challenges and to raise awareness of some of the ways these challenges are being overcome or avoided by FSPs that are using e-learning. Allow some questions to remain unanswered (e.g. whether or not e-learning is cost-effective, as it depends on a variety of factors) and invite those who attend to be part of the search for solutions.
3. **Bring interested FSPs together,** perhaps in a series of webinar sessions, to focus on a small number of identified weaknesses in capacity building processes and to brainstorm possible answers to 'how might we' questions. For example, 'How might we use e-learning to improve our onboarding processes?' 'How might we use e-learning to help us identify a talent pool for promotion?' 'How might we use e-learning to keep all employees regularly informed about the progress of a change initiative?' 'How might we turn our intranet platform into a tool that helps our employees learn what they need to learn at the moment they need to learn it in order to complete a particular business process effectively?'
4. **Bring together a panel of experts who have addressed** some of the capacity building process weaknesses identified in this report, engage them in a round table webinar, and record it so it can be viewed by others and referenced as desired at a later date. Involve experts from within and outside the financial services sector with a presence in SSA.
5. **Build a community of practice** among FSP employees that express interest in renewing their institution's approach to capacity building. Even if FSPs express interest in doing things differently, they might have a hard time maintaining that interest and actually breaking old habits. An active community of practice could provide regular encouragement, nudges and recognition-based rewards for taking steps in the right direction. Make sure there is an energetic champion who can devote time to actively curating content that stimulates members' curiosity and engagement (i.e. a champion who has the incentives and capacities 'to do and to pay for').

5.6.3 Opportunities to encourage and support the financial sector in testing new ideas

1. **Turn the 60 forms experiment into a virtual quiz** or awareness raising tool. The quiz could have just one question, along the lines of the one posed in this research: 'How many of these content forms can be delivered electronically?' Then give the answer of 100% and let users click on any method they think can't be delivered electronically to get an example. If no real examples of a method can be found, consider creating one (or describe how it might be done) and then encourage viewers to get in touch if they want to try implementing the idea in partnership with FSD Africa.
2. **Work with the Gateway Academy team to learn from the results of their pilot testing.** The testing is likely to highlight areas where 'we didn't know what we don't know' and suggest opportunities for additional testing, particularly in the area on online courses. The suppliers and consumers of e-learning are learning more every day about the design features and incentives that can make an online training effective, but the number of financial sector courses that integrate these lessons learned and deliver a proven value proposition can be counted on one hand. This research uncovered no online course that partner FSPs deemed effective in an environment where connectivity and power are a challenge, or where English is not a working language.
3. **Partner with a university that has experience hosting e-learning innovation labs** to create a space for FSPs to experiment and interact with experienced solutions architects and workplace learning practitioners. There are several innovation labs associated with the University of Cape Town, for example.[23]
4. **Involve local technology service providers in pilot tests** alongside more experienced international suppliers to begin transferring the knowledge and expertise necessary to maintain and service e-learning solutions once they are built.
5. **Incentivise competition among community of practice members to demonstrate results** from e-learning experiments that solve capacity building process weaknesses. For example, a monthly 'bright idea' or 'innovative action' award might be considered.
6. **Create a virtual marketplace** (perhaps through the Gateway Academy) where providers of e-learning tools and solutions could post a description of their offer, as well as basic information about cost, functionality, support, language, etc., and FSPs could post requests for services or proposals.

5.6.4 Opportunities to encourage and support the financial sector in expanding the adoption and use of e-learning solutions that have demonstrated value

1. Disseminate examples such as the ones highlighted in this report and others, like the Digital Frontiers Institute Certificate in Mobile Money, that demonstrate a value proposition for e-learning. One way to package them might be as mini Focus Notes. Include as much information as possible about the process through which the e-learning solution was developed, the factors of success behind the design, and the costs of development and delivery.
2. Once there are enough successful examples to demonstrate the how, why and value of a particular type of e-learning solution, develop an online course or toolkit to help others learn how to apply it. A good place to start might be a toolkit that helps FSP managers create effective knowledge quizzes. Provide examples of how FSPs have used quizzes effectively. Flag design and implementation aspects that affect usage and the quality of results. Provide sample test questions, and give users practice critiquing the strengths and weaknesses of those questions.
3. Create a blog to share evolving lessons learned about how to implement various e-learning methods effectively in the financial sector. One thread, for example, could address 'The good and the bad of social media: How to leverage it more effectively for learning in your organisation'.
4. Use the community of practice, blog, webinars and/or other forums to help raise FSPs' awareness that a successful e-learning solution does not deliver itself. It has to be well marketed, potential users (employees) have to see the benefit of using it and be motivated enough to apply it (and in the case of an online course, complete it), and the actual learning experience has to be well facilitated. The mere existence of a high-quality learning product will not guarantee large-scale take-up or learning.

5.6.5 Opportunities to facilitate better communication between capacity building consumers and providers

In SSA's financial sector, the capacity building market has two types of consumers: individual employees and institutions that acquire solutions for their employees, agents and clients. There are also two types of suppliers: internal and external. Many FSPs build their own solutions; some rely on their network or parent company to build solutions for them; and others contract external service providers to develop, deliver or maintain a solution.

As mentioned in the introduction to section 5.6, a healthy market system has sufficient communication taking place within it between consumers and suppliers so that suppliers are able to manage their product portfolio effectively, regularly rethinking their offer in order to continue providing value to consumers and to remain competitive. In SSA's financial sector, the capacity building marketplace is complex, and with relatively few e-learning services being consumed in the financial inclusion space, communication between consumers and providers will be a key factor in stimulating the development, demand and consumption of useful e-learning services in the future. Many of the opportunities mentioned above can contribute to more effective communication, but four more are worth mentioning here:

1. **Experiment with e-learning solutions that make it easier for different levels of an institution's hierarchy to learn from each other.** Decision makers need better information from client-facing staff to plan and guide the implementation of financial inclusion-related strategies. But client-facing staff quickly gets tired of sharing information when they see no results. The solution may lie in using technology to create better-flowing feedback loops that enable decision makers to learn from client-facing staff and for client-facing staff to learn from decision makers. A simple example might be a survey tool that asks employees a question and then automatically shares the results with everyone who submitted an answer, together with an explanation of how the results will be used.
2. **Build the capacity for HR and L&D professionals to use learning management systems** (LMSs) to understand employee capacity building needs, monitor how learning tools are being used and gather feedback that can be used to improve existing learning solutions or design new ones.
3. **Encourage FSPs** to create a culture of learning within their organisations. This can facilitate capacity building in all of the financial inclusion-related capacity building areas, even in notoriously difficult ones such as managing change and shifting from siloed to integrated, customer-centric operations.
4. **Tap innovative individuals within FSPs.** Researchers found employees with innovative ideas in all of the partner institutions, but they were not necessarily in senior management positions. Often they were young and not being empowered to experiment by their institution. Find a way to identify these individuals, help them connect with each other

[23] See, for example, the Center for Innovation in Learning and Teaching (http://www.cilt.uct.ac.za/) and the Berta Centre for Social Innovation and Entrepreneurship at the Graduate School of Business (http://www.gsb.uct.ac.za/s.asp?p=389).

and with those capable of designing and building e-learning solutions, and give them a space where they can explore and experiment outside the confines of their institutional environment.

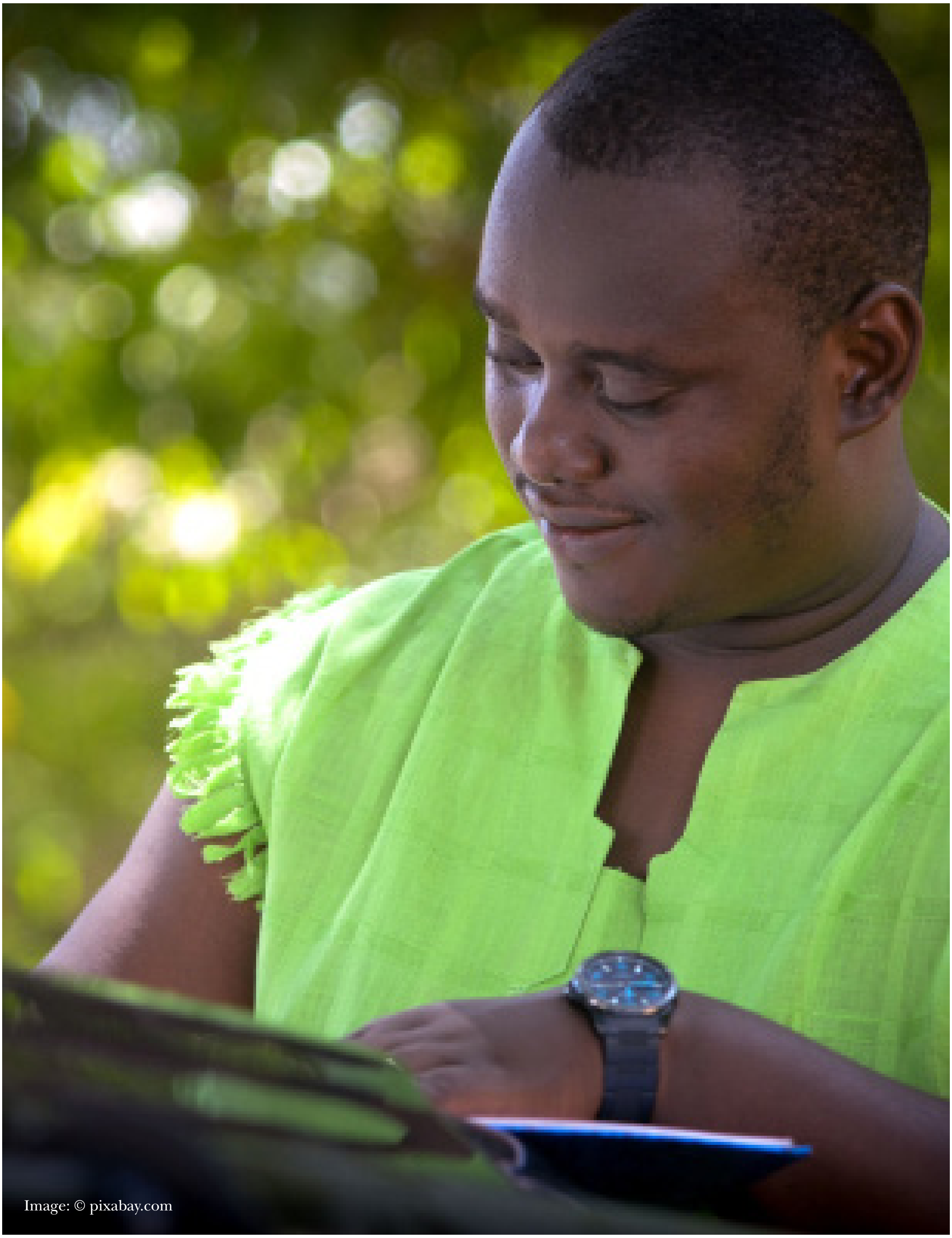


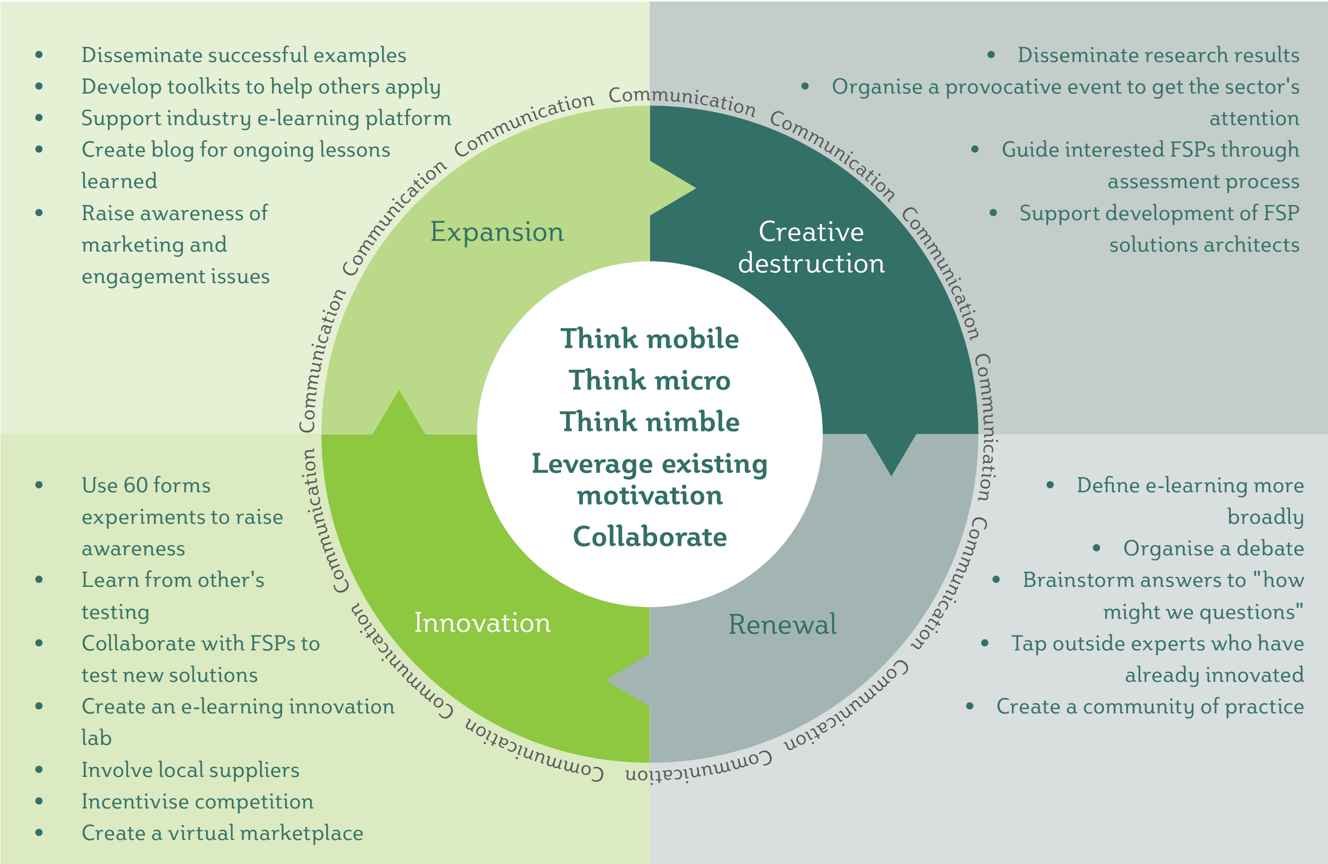
Image: © pixabay.com

6. Recommendations

Section 5.6 identified a portfolio of opportunities for encouraging and/or supporting the use of ICT to facilitate more cost-effective learning within SSA's financial sector. The following recommendations can guide FSPs seeking to embrace e-learning to address employees capacity constraints:

1. **Think mobile.** Employees are skilled with mobile devices and have more access to the internet on mobiles than on any other device, suggesting mobile should be the primary platform for development and deployment. Applications that can be downloaded and then used anywhere without internet access or power may be particularly useful.
2. **Think micro.** Employees at all levels lack time to learn. So, break learning agendas into smaller bites that can be digested more quickly and easily. Look for ways to create 'micro learning' moments in the day-to-day workflow of employees so that knowledge can be accessed when there is a reason to apply it, skills can be strengthened through practice and habits can be formed bit by bit through repetition and reinforcement over time.
3. **Think nimble.** Formal, well-structured, holistic training courses can be useful, particularly when introducing employees to a new area of knowledge or expertise. However, such courses consume significant time and resources, and in an environment of rapid change, they can become outdated even before testing is complete. Think about how to make structured learning opportunities such as these more nimble through modular and/or blended learning. And look for ways to facilitate learning outside a structured training environment. If it becomes easier for employees to learn while they work, it will become easier for FSPs to become more nimble in the way they respond to customers and changes in their environment.
4. **Leverage existing motivation (of FSPs and their employees).** Everyone's top priority is to improve current performance, so prioritise actions that can have an impact on individual and institutional efficiency. Use e-learning to make it easier for employees to do their job better. The second largest motivator for employees is an intrinsic desire to learn, so prioritise actions that put tools into employees' hands to make it easier for them to learn useful things.

Figure 11: An overview of opportunities and recommendations



About FSD Africa

FSD Africa is a non-profit company, funded by the UK's Department for International Development, which promotes financial sector development across sub-Saharan Africa. FSD Africa is based in Nairobi, Kenya. It sees itself as a catalyst for change, working with partners to build financial markets that are robust, efficient and, above all, inclusive. It uses funding, research and technical expertise to identify market failures and strengthen the capacity of its partners to improve access to financial services and drive economic growth. It believes strong and responsive financial markets will be central to Africa's emerging growth story and the prosperity of its people.

FSD Africa also provides technical and operational support to a family of ten financial market development agencies or 'FSDs' across sub-Saharan Africa called the FSD Network.

About the FSD Network

The FSD Network is an alliance of organisations or 'FSDs' that reduce poverty through financial sector development in sub-Saharan Africa.

Today, the FSD Network:

- Comprises two regional FSDs in South Africa (est. 2002) and Kenya (est. 2013) and eight national FSDs in Kenya (est. 2005), Ethiopia (est. 2013), Mozambique (est. 2014), Nigeria (est. 2007), Rwanda (est. 2010), Tanzania (est. 2005), Uganda (est. 2014) and Zambia (est. 2013)
- Is a leading proponent of the 'making markets work for the poor' approach
- Specialises in a number of themes from agriculture finance and savings groups to payments, SME finance and capital market development
- Represents a collective investment of $450+ million by DFID; Bill & Melinda Gates Foundation; SIDA; DANIDA; Foreign Affairs, KfW Development Bank; the MasterCard Foundation; RNE (Netherlands); Trade and Development Canada; and the World Bank
- Spends $55+ million per year, predominantly through grant instruments
- Employs over 130 full time members of staff and uses wide range of consultants

FSDs do not deliver financial services to the poor directly. Instead, they deploy financial resources, expertise and insights in collaboration with a range of public and private sector actors—from central banks and commercial banks to specialist training providers, telecommunication firms and microfinance networks - to create the market conditions that deliver financial inclusion, not only during the FSD intervention, but also beyond.

FSD Africa, Nairobi, Kenya
info@fsdafrica.org
@FSDAfrica

www.fsdafrica.org

Department for International Development
enquiry@dfid.gov.uk
@DFID_UK

www.gov.uk