DEVELOPING A SUSTAINABLE STRATEGY TO BANK THE UNBANKED IN THE ZAMBIAN ECONOMY:

AN ACTION RESEARCH INQUIRY

Thesis submitted in accordance with the requirements of University of Liverpool for the degree of Doctor of Business Administration

By

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ABSTRACT

Problem – This dissertation is about developing a sustainable strategy to bank the unbanked in a country through action research. Banking the unbanked can be a very broad subject; however, this research has four main objectives:

(i) The development of entry-level client-centric products for the target market.
(ii) Understanding the key implications to business practice of serving the target market.
(iii) Proposing the elements of a generic sustainable strategy for management practice to bank the target market.
(iv) Identifying future areas of research for the continued improvement of the study of low-income earners and their uptake of financial services.

Literature review – Country data for Zambia were reviewed and showed that 63% (Six million people) of the working age population were unbanked. The supply, demand and regulatory factors affecting banking the unbanked; and benchmarking was done on how other countries were going about banking low-income earners around the world. Successes achieved in Brazil, India, Kenya, Malawi, Tanzania, and Asia were reviewed, as well as concepts and issues on providing services to the unbanked. The literature review exposed that the biggest issue was to develop new products and services for the unbanked market and finding an appropriate low-cost system to deliver the products and services efficiently. Therefore, the field work focused on the development of basic entry-level products and services for the unbanked mass market for the author's practice.

Ontology, epistemology, and methodology – The ontology the author adopted was relativism and the epistemology was social constructionism as this research falls in the social sciences where research aims at seeking convergence in knowledge and understanding of providing financial services sustainably to the bottom of the pyramid (BOP). Action research was used as a research method delivered by way of Appreciative Inquiry to promote the co-creation of customer-centric products and services engaging with a population sample of the market using the 5D model developed by Dr. David Cooperrider - Define, Discover, Dream, Design and Deliver. 200 participants sampled from the target market participated in appreciative interviews.

Data collection and analysis – Field work was done in Lusaka, the capital city of Zambia, where data were collected on the target market that revealed common behaviours in how the BOP handled their finances, their needs, factors that led to positive satisfaction and future needs of this market.

Findings and limitations – General behaviours, needs and future requirements were used to design and develop four broad products and services that were tested on this market, where 181 out of 250 target sales revealed a 72% success rate for product and service uptake. Lessons learned from the literature review were used to develop a blueprint template for a sustainable strategy to bank the unbanked, recommendations and implications for management practice.

Conclusions –This thesis contributed to the development of entry-level products and services for the unbanked target market, and a generic strategy to bank the BOP sustainably. The research revealed that there is a big appetite for financial services at the BOP. Future research will focus on assessing the impact of the use of financial services by the BOP.

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This research is dedicated to my late parents, Lewis and Florence, for their hard work as entrepreneurs. I remember their ups and downs in business, and how lack of access to credit hampered their business while raising a family of six.

I thank my wife, Aggie, and kids Kabula and Tizza for their support during the long hours of research and practice.

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CHAPTER 1 - "DEFINING" THE PROBLEM

1.1 Introduction

This project is about developing a sustainable strategy to bank the unbanked as a commercial opportunity for the author's practice and a benefit to the bottom masses of the economic pyramid in Zambia (Gomez-Barrosso & Marban-Flores, 2013; Honohan & King, 2012). Access to financial services can improve livelihoods, lead to an economy's financial deepening and result in value creation for all stakeholders. This action research project is in the market context of the author's practice and was selected because of its ambiguous, complex and paradoxical nature requiring significant and sustained research evidence to accomplish a successful outcome of banking the unbanked with impact and scale leading to economic progress through enhanced livelihoods of the country masses of an economy. Chapter 1 "Defining" the Problem is the first stage of this Action Research project and here we ask the question: "What is the number of the unbanked working age population in Zambia?". The relevance of this question is to understand the full scale of the problem or opportunity for the financial services industry and the author's practice as a banking growth journey to unlock the problem of the large scale of finance users who do not access financial services. This topic is important as an economic development process for individuals in the author's country and to the author's practice as a business opportunity. The research also provokes thinking for management practice in Zambia and other parts of the world seeking to venture into providing financial services to the bottom of the economy by proposing critical strategic aspects that are required to provide financial services sustainably (Prahalad and Hammond, 2002; Prahalad and Hart 2002; Prahalad, 2004; London and Hart, 2010; and Parker and Sachdev, 2014).

1.2 Triangulation to establish the unbanked working age population in Zambia

In Zambia it was estimated that over 40.7% (3.3 million people) of adults that have income-generating activities do not have access to financial services, according to Financial Sector Deepening Zambia's 2015 report (FSDZ, 2015) of the estimated 8.1 million adult population. The adult population can also be referred to as the working age population of people aged between 15 and 65. This means only 59.3% (4.8 million people) have access to some form of financial services, according to FSDZ. The definition of financial services given by FSDZ is largely adults utilising access to financial services by being able to transfer and withdraw funds mainly from mobile network service providers and not necessarily utilising banking services from banks. However, statistics from Bank of Zambia (BoZ) and Central Statistical Office of Zambia (CSOZ) show that the problem is much bigger as the percentage of the population accessing banking services is much lower with best estimate below 40% by triangulating information from two government departments (BoZ & CSOZ) and the development organisation, FSDZ. Further, the number of bankable adults accessing bank credit is around two percent. The banking trends of accessing financial services and credit between the period 2012 to 2018 are given below:

Table 1 - Estimate of the working age unbanked population in Zambia

	2012	2013	2014	2015	2016	2017	2018 p
Number of bank accounts	1,808,507	2,051,874	2,380,499	2,566,676	2,817,004	3,059,032	**3,482,077**
Number of bank borrower accounts	262,205	292,457	328,708	290,113	263,447	225,186	**218,827**
Working age population (Millions)	7.57	7.86	8.15	8.45	8.76	9.05	**9.48**
Total population (Millions)	14.14	14.58	15.02	15.47	15.93	16.41	**16.89**
Bankable population accessing bank services	23.9%	26.1%	29.2%	30.4%	32.2%	33.8%	**36.7%**
Bankable population accessing bank credit	3.5%	3.7%	4.0%	3.4%	3.0%	2.5%	**2.3%**
Bankable population not accessing bank services	76.1%	73.9%	70.8%	69.6%	67.8%	66.2%	**63.3%**

Sources: CSOZ, BOZ & FSDZ; 2019, 2018 & 2016 latest information of publications released by the institutions, respectively.

1.3 Approximately six million unbanked working age people exist in Zambia

The FSDZ 2015 report published in 2016 revealed that the estimated bankable adults, approximately 8.1 million, reflected the working age population of 8.15 million adults in the country by the end of the year 2014, disclosed in the Labour Force Survey 2014 report by CSOZ. CSOZ, in the Labour Force Survey 2018 report, disclosed a new working age population of 9.48 million and explained that the population was growing at a rate of 2.3% per annum, so this means the problem is also growing as the working age population grows, and if access to financial services is not addressed and going by the 2018 projections of CSOZ, the working age population, now estimated at 9.48 million with the total estimate of bank accounts at 3.48 million as a proxy for the population accessing banking services means that the population excluded from accessing banking services by 2018 can be estimated to be around 63.3% of the working age population (approximately six million people). Analysing the trend since 2012 shows a positive reduction from 76.1% to 63.3%; but still these numbers should be much lower if the population is to have good access to financial services by addressing the problem of lack of banking services among the working age population.

1.4 Relevance of research topic

The unbanked population is a big potential market for the banking community. The author works for a new bank that is focusing on growing its market share of banking in Zambia. This research suggests a blueprint strategy to bank the unbanked in a sustainable manner that socially empowers them and enables them to take up a more leading role in the economic affairs of the country.

This research provides a practical working knowledge of what factors to address in developing a strategy to bank the unbanked bankable in the economy. It also draws attention to important matters that must be considered and common challenges that may be faced in banking the unbanked.

1.4.1 Research aim and objectives

The overall aim of this study was to develop a sustainable strategy to bank the unbanked in Zambia.

Related to the main study, the following were specific objectives:

1. To assess the impact of developing a sustainable strategy to bank the unbanked in Zambia. Develop an understanding of the opportunities, challenges, and implications to business practice of banking the unbanked (target market).
2. To establish market acceptance and uptake of financial solutions by developing entry-level products and services for the target market through co-creation involving the study of 200 lives.
3. To determine and describe the strategic recommendations to be taken up by organisations and or Government in addressing the problem of financial inclusion in Zambia.
4. To identify future areas of research for the continued improvement of financial inclusion in Zambia with commercial viability and sustainability.

To assist in answering the main research question, the following sub-questions were explored:

1. What is the impact of developing a sustainable strategy to bank the unbanked in the economy of Zambia?
2. Which factors influence market acceptance and uptake of financial solutions, and what are the implications to management practice?
3. What recommendations should organisations or Government adopt in addressing the problem of financial inclusion in the economy of Zambia?

1.5 Originality and contribution to knowledge

The originality of this research is in the context and methodology, as suggested in the work of Dwivedi et al. (2015). Further, this research is the first of its kind done in the country and research outputs are beneficial to management practice in Zambia or in other developing countries seeking to extend market share of the unbanked. Societal benefits accrue through uplifted livelihoods of the previously unbanked through reduced unemployment and poverty in the country. Originality is also in the methodology used, ‘action learning’, to solve a problem through practice and learning. This research proposes new basic entry-level products and services co-created with the target market through interviews done with a population sample of 200 individuals from the target market. Other research work conducted has been through questionnaires and the research outputs have been used to determine the extent of financial exclusion (deductive inquiry). The author’s research aims to end financial exclusion through providing timely, relevant, and practical products and services that can increase market uptake of financial services (constructive inquiry). The field of banking the unbanked lacks more of constructive inquiry to help generate emancipating solutions.

Further, the author has made an incremental contribution to knowledge through the proposal of a blueprint strategy for banking the unbanked that management practices seeking to enter this territory can adopt. The research has provided insights of how the unbanked handle their finances using informal alternatives and drawn lessons from their behaviour, characteristics and future needs to propose products that can be offered and improved for the unbanked to take up banking services with impact.

This market has a high potential, and management practice must desist from serving it as a corporate social responsibility or micro-loan hand-out programme to providing life-cycle purposeful financial solutions being demanded by the target market through commercially viable and sustainable means.

1.6 The author's role as an insider researcher

The author is an insider action researcher who was well placed politically in the organisation to perform this task as the principal risk officer for finance and strategy in his practice (Coghlan, 2011, 2012). There are currently not many experts about banking the unbanked in his country and industry, and training from the DBA gives him the impetus and unique advantage of advanced research and action learning that have led to the development of a low-income segment banking portfolio for his organisation through this research work.

To give a brief background, the author first became interested in this topic (banking the unbanked masses) as a follow-on to his MBA research work where he studied the failure rate of SMEs in Zambia. Many SMEs were unbanked and had no access to credit or financial services due to low literacy and lack of management capacity. Those that eventually gained access to credit for working capital and financial services struggled as there was no separation between business and personal activities of entrepreneurs in how they handled their finances. This reduced their financial discipline and opened many to risk of financial misapplication. The author then thought somehow lack of personal financial services also hampered the growth of masses and this was negatively impacting small enterprises. However, this was just an idea that had to be tested and during the early years of the DBA (2012 – 2014), the author did not have the necessary skills to perform advanced research nor the ability to fully assess the depth of the problem.

After 2017 and much training on the DBA programme, the author narrowed his focus on successfully banking the masses in the economy with a view that this would unlock many opportunities for the individuals as well as provide a market for financial solution to his work practice, a small local bank. The author presented the opportunity to his management and the board in 2018 as a possible viable market opportunity and the board of his practice approved a cautious approach to engaging this high-risk segment in 2019 at a Board Brainstorming Strategy meeting.

As a contributor to strategy formulation at his firm and a member of Bankers Association of Zambia, it is within his role, duties and responsibilities to ensure that feasible plans to penetrate a market are drawn up utilising various resources economically, efficiently and effectively.

Further, as an executive who has enough influence among peers, takes managerial action, has decision-making authority, accesses various organisational resources either individually or collectively with other internal stakeholders, these unique advantages are important for this project and its success to help the business enter the unbanked market (Bradburg, 2010). The author has a duty of care to ensure his organisation is well navigated through uncharted waters to meet the expectations of various stakeholders.

1.7 Theoretical framework

The author's theoretical stance on this research is that he believes all the working age population should have access to banking services and credit for them to properly participate in economic activities and earn a decent living away from poverty (Helms, 2006; Parker & Sachdev 2014). This theoretical stance, however, has some contradictions with his organisational role in his practice as Chief Financial Officer. This is because providing banking services to all can pose a challenge to the bank's profitability and return on capital if not done in a viable and sustainable manner as profitability, payback and feasibility can be highly uncertain (Barua & Agarwalla, 2015; Annim, 2012; Harjula, 2005; Hart, 2005). This research seeks to harmonise and resolve the tensions and contradiction by seeking convergence to balance the two interests through the development of a sustainable strategy to bank the unbanked through commercially viable means.

CHAPTER 2 - LITERATURE REVIEW

2.1 Introduction

Literature review is a core foundation of this inquiry and provides the knowledge base that aided the development of the research. The author's preferred style of literature search was using key search words explained under 2.2, that is typical of Doctoral and PhD studies. However, this was combined with searches on key journals in strategy, management, entrepreneurship, and other business journals with related writing on the subject. The literature review chapters are organised by concepts and ideas that enlighten the research on the current state of the field globally. The author had access to journals on the research topic available to a scholar in Asia, China, Europe, Australia, Canada, Britain, America or others who are well informed anywhere in the world. Accessing the University of Liverpool library and other online libraries that have access to many books, publications, journals and electronic material granted the author a strong wealth of information on various scholarly issues and reports from various scholars in other parts of the world faced with the problem of banking the unbanked masses thereby learning from the past to prepare for the future Webster and Watson (2002). There are few scholarly articles focusing on the specific subject, banking the unbanked, with a commercially viable strategy or areas on the subject and so there are many knowledge gaps and the author attempts to connect the various types of literature and how it comes together to provide the current state of play on various issues affecting banking the unbanked. This led to a deeper understanding of the problem, vis a vis why the current reality, current issues, solutions and benefits of repurposing technology to facilitate banking the unbanked. Potential demand, customer behaviour, supply of products and services, regulatory issues, and ethical concerns around developing a sustainable strategy to bank the unbanked and technologies influencing current thinking on deploying products and services are all rounded up in this chapter.

The sections of the literature review are organised around concepts and ideas, and cover knowledge not just from underdeveloped or developing territories, but also from developed nations (e.g. USA, Britain) that have solved the problem of unbanked populations in their economies as a learning case for underdeveloped and developing countries. Many technologies and financial solutions in Africa have been migrated from these countries, such as debit cards, automated teller machines (ATMs) and internet banking; therefore, lessons for these territories have a very high potential for knowledge transfer with benefits to the Zambia situation and the author's practice.

2.2 Key words for literature search and their definitions

The author identified some key words 'unbanked', 'under-banked', 'un-bankable', 'financial Inclusion', 'mobile banking', 'serving the poor', 'bottom of the pyramid' and 'low-Income earners', and performed a broad literature search on articles that gave insights around providing various services to the masses of the economy. 'Under-banked' is a characteristic describing people or organisations who do not have sufficient access to mainstream financial services and products offered typically by retail banks, thus depriving them of banking services, and this helps in understanding the unbanked. ‘Financial Inclusion’, according to the World Bank Group, means that individuals and businesses have access to useful and affordable financial products and services to meet their needs, transactions, payments, savings, credit, and insurance delivered in a responsible and sustainable way. This provision of financial services can be from a bank, micro-finance institution, insurance firm or any other institution processing transactions, holding a transactional account or performing some sort of basic financial services in an economy. This research covered a broad-based review of areas focusing on providing financial services and how optimally these are delivered to the high masses of the economy in countries that have successfully rolled out financial services to this segment and lessons that can be adopted for the purpose of this research.

Further, World Bank’s view is that financial inclusion is a key enabler to reducing poverty and boosting prosperity. The author has adopted a similar theoretical stance or philosophical transformation after digesting and understanding the potential of this market, importance to humankind development and sustained progression, also discussed in Chapter 1. Mobile banking is a digital financial solution adopted in some parts of the world to sustainably deliver banking services to the unbanked populations of the world (Kenya and Brazil are examples), while ‘Community Marketing’ can be defined as a strategy that focuses primarily on listening to customers one has or is targeting and meeting their needs and wants through engagement of community networks and this can lower the cost of reaching large masses whilst accelerating uptake and market impact.

2.2.1 Results of the literature search

The results were good recovering related articles from social, economics, business, marketing and ethics facets discussing different ideas and issues on banking the unbanked. The author worked through search engines available at the University of Liverpool online library with multi-disciplinary focus like Sage, Springer, EBSCO, Science Direct and engines on the Internet such as Google Scholar and basic searches that led to developmental organisation reports and websites such as World Bank, Finscope, BOZ and many others. The author streamlined scholarly articles and credible institutional reports from bodies such as World Bank Group or International Monetary Fund discussing global issues affecting the provision of financial services and banking the low-income earners on demand, supply, regulatory and other issues.

There was no precise literature discussing the size of the opportunity (demand) for banking services or unbanked populations with accuracy in the author’s country and other parts of the world. Instead, percentage estimates were given of a population size, so this was a limitation in establishing the exact value of the business proposition. While the majority of the articles discussed the development of the supply side with focus on the development of different products, channels, and existence of territorial differences in success rates of market penetration from the perspective of financial service providers, others focused on the regulatory and developmental finance presenting multiple factors to understand about problems of the unbanked, who they are, reasons why they have chosen not to be part of the financial system and societal or legal limitations causing barriers or obstacles to extending banking to the unbanked.

While the supply side consisted of scholarly articles discussing current technology capabilities, delivery channels or products available that the unbanked population can utilise for their benefit, the regulatory side focused on discussing country level of sophistication of legal framework, market opportunities and structural gaps that potentially could be improved with changes in legislation and corporate governance.

Further, below is a summary of research strategies and literature contributions on the BOP relating to other areas such as fast-moving consumer goods (FMCG) and other services that were found helpful during the author's research in banking and finance:

Table 2 – Important research on BOP in other fields FMCG & other services

Focus Area	Strategies	Research Method /Actions	Authors	Learnings useful to this study
Consumers	BOP validation and sale of products and services	Interview people, community, group leaders, search with consumers before launch of products or services.	Gardetti and D'andrea (2010), Simansi and Hart (2009), Prahalad (2004), Prahalad and Ramaswamy (2002), Prahalad and Hart (2002).	Demand analysis is a critical step that researchers must undertake in assessing market potential; market sizing, interviews with target clients are appropriate for research on new markets; new products and co-creation of products & services with users can be handy to develop an appealing and relevant product to clients understanding their needs or desires. Working with communities can be a good way to engage a market through community leaders.
Products and services	Technological innovations, new products and services development	Create innovative technology, adjust products, reduce collateral required for credit, lending small amounts below market, make credit available for consumers to buy products. Allow customers and partners to participate.	Ansari et al 2012, Martin and Hill (2012), London and Hart (2004), Prahalad and Ramaswamy (2002)	Digitalisation of products and services can help increase reach, convenience, and scalability of products for BOP. Here, we study the Supply of financial services and understand the level of market development and market gaps. We also learn from other markets and territories of the world where much success has been already gained and see what best practices we can migrate or solutions we can re-purpose.

Business Model	Co-creation and distribution adequacy	Development of business models based on co-creation, use of small stores and local stores.	Simansi and Hart (2009), Seelos and Mair (2007), Prahalad and Ramaswamy (2002).	Re-thinking of the use of inflexible traditional business models for new solutions. Creating new platforms suitable for BOP. Explore the opportunities for FinTech's and Strategic Alliances to deliver new products and services for this target market as FMGC have re-invented online shopping and convenience channels. We study regulation and how it has shaped traditional models and their limitations to propose new measures that can support new business models and market development.
Networks	Involvement with locals and partners	Development of value chains, co-creation between customers, local partners and companies, establish partnership with suppliers, with NGOs, associations.	London and Hart (2005), Thakur 2015, Simansi and Hart (2009), Prahalad and Ramaswamy (2002).	Re-think market engagement and optimal cost of penetration and delivery of products and services. Learning from NGOs, associations and economic chains. How are they communicating, marketing, distributing and positively socialising communities with such unprecedented impact? How are they using media for market disruption?

2.3 Demand

This section discusses demand broadly starting with the sizing of the target market population, a prerequisite to all business strategies in assessing market potential of the initiative (size, location, characteristics, factors affecting management decision to extend banking services to the target market). We also discuss hygiene factors such as customer needs, factors affecting customer choice for financial services, behaviours and challenges leading them to stay away from the use of formal financial services.

2.3.1 Commercial viability of the unbanked

The author had encountered a problem of determining the commercial viability of the unbanked market or the opportunities around financial inclusion; and a school of thought on how companies are going about it wrongly. As most companies adopt a short-term profit measure to assess viability of projects, this opportunity is dusted under the carpet as a corporate social responsibility (CSR) because of its long-term payback, and the challenge is to shift mind-sets to seeing it as a strategic long-play process as argued by Parker and Sachdev (2014). The author found this relevant to himself, including his work practice, where focus is on shorter-term projects as viability, feasibility and practicality potential are easier to assess and because payback is faster or return on capital is higher from an investment potential perspective.

This can also be seen as true for most other financial institutions that place opportunities of financial inclusion as a corporate social responsibility activity, and to understand why, it is important to know the traditions within corporate culture that led to such thinking of viewing financial inclusion opportunities as a CSR due to its potential long-term profit-play. Firstly, it starts with the agency relationship between shareholders, boards and their managements, where organisation operatives are rewarded annually based on their performance against budget. This leads to boards and managements developing a culture that tends to support short-term projects with a quick break-even and return (short-termism). Now, banking the unbanked is a long-term paying back project and when regulators and policy makers talk about financial inclusion in the past, this would be undertaken as a corporate social responsibility. What made the unbanked population unattractive for banking was the high cost of investment that traditional banking was limited to expensive branch banking with brick and mortar giving a long payback. This has also caused political tensions between the regulators and commercial banks. Regulators pushing commercial banks to serve the target market with impact, and commercial banks not doing enough as they execute the project in CSR mode or enter the space with limited knowledge at a slow pace without impact.

Secondly, the unbanked opportunity has been perceived as a risky segment. Traditionally, there have been issues with lending to this market without collateral, which usually is absent, so in the event of default, banks stood to lose the most. Therefore, financing this segment, too, was seen with bias as a suitable corporate social responsibility or the role of governments and banks focused on high earning market segments to avoid risks associated with default. To save face, commercial banks would lend in a corporate social responsibility mode to the target market.

Thirdly, the interplay, balancing act and trade-offs between shareholders, boards and their managements in banks have supported banking corporate projects, big investment initiatives and high net worth to align capital to its highest margins and returns to generate profitability and create wealth for shareholders. This latter point has been responsible for management avoiding the unbanked population and treating this subject as a corporate social responsibility.

This research seeks a model for financial inclusion that resets traditionally held notions of commercial viability, and with modern advancements in technology, financial institutions are closer to realising the opportunities of financial inclusion. However, the author was of the view that to achieve this, a good viable commercial strategy had to be developed by banking institutions considering the broader complex aspects of the demand, supply, regulatory, organisational capabilities, recent global innovations, new products, and services co-designed with the target market to convert them from using informal solutions to empowering formal financial solutions by action learning through this research.

Lien et al (2015), Klok and Rufin (2014), Parker and Sachdev (2014), Omwansa et al (2013) propose that commercial institutions approach inclusion as a long-term strategy play rather than a short-term profit play. They further argue that financial institutions are closer to achieving financial inclusion with a commercially viable basis more than ever due to the following reasons:

a) Technology innovations are making it more possible for financial institutions to reach more people in more places through third-party technologies. Mobile technology is making it possible to deliver financial services over the mobile phone (Lien et al 2015; Suarez, 2016; Tobbin, 2012).
b) Governments have realised that there is a positive benefit to financial inclusion from a social and economic perspective and financial institutions can benefit from the willingness to drive the necessary regulations, economic infrastructure and provide concessions to realise financial inclusions (IFC, 2017; Shaw, 2004, Mile & Rejeb, 2015).
c) More cooperating partners operating in this space are with opportunities to collaborate on information, technology and capabilities making it possible for the first time to consolidate resources to capture masses.
d) Banks and financial institutions are coming closer to understanding the needs and challenges of this market and soon will be able to develop products and services that suit this market (Murdoch and Strom, 1999; Olivares, 2005; FinScope, 2015; FSD Zambia, 2018). The author, in his local environment, established a research gap where financial needs for products must be developed in the vision of the unbanked so that customer-centric products and services can be made for the unbanked population in his economy. This is the focus of the author’s research to grow market

share for his organisation and benefit the unbanked through the benefits that come from financial deepening when more of the population participate in the financial system.

The author agrees with the arguments for extending banking to the low-income earners. However, the general questions are: How can this opportunity of the unbanked be realised with a positive impact? How can market acceptance and uptake of financial solutions by those unbanked be accelerated? What strategy can be followed by an organisation or a government facing the problem of lacking financial inclusion? These questions are addressed through the research findings, implications for management practice and a generic strategy that can be adopted or customised by management practice to bank the unbanked in their unique situations and economic circumstances.

2.3.2 Banking the unbanked short-term play or long-term play

To achieve commercial viability, financial institutions must approach inclusion as a long play rather than a short play. They must re-examine expectations, timelines and key success factors around financial sustainability and viability of serving an unbanked market. The business model must focus on banking masses by delivering products and services at an optimal cost that maximises margins and net income. Lien et al (2015), Parker and Sachdev (2014), Omwansa et al (2013) view mobile technology as a solution to drive financial inclusion that can help banks and other financial institutions achieve high penetration at a low cost. They observe that more people have mobile phones in emerging markets than bank accounts.

In Zambia the same is true as out of a projected population of 16.89 million, 11 million or more own a mobile phone, according to FSDZ, and meanwhile, only 3.48 million adults (working age) utilise banking services. This signifies that there is great opportunity to capture the unbanked market through utilising mobile phones as a delivery channel for banking products and services at a low cost to six million adults (63.3% of the working age population) that remain unbanked. Banking those cut off from the financial system can realise economic gains for the unbanked and improve their livelihoods (Chaia et al 2009). Further, for the 3.48 million people using banking services, approximately only 218,827 or 2.3% were approximated to be accessing credit as at the end of 2018 and this shows that bank credit access is very low or inaccessible by the wider working age population. Therefore, lack of access to banking services and credit remains a big problem in Zambia and the working age population are missing out on the benefits banks can offer in terms of credit, financial security and ability to provide investments or lending at various stages of growth in life or business (Entrepreneurs & Small Businesses) that is critical to their development and that of the country. The author sees this as a big opportunity for his organisation to grow its market share, earnings, and profitability and contribute positively to the economy by tapping into this segment as reflected in Shaw (2004); Bruhn & Love, (2009); Honohan & King (2012); Gomez and Marban (2013).

The market level of maturity and development of regulatory environment must be assessed. Government can drive the development of the necessary regulations; private sector can invest in the right infrastructure and provide products and services to make financial services a reality for the target market. There must also be a good supportive relationship with public and private organisations to help increase financial literacy. Often the unbanked are not cognisant of the importance of financial knowledge and this affects the rate of uptake and depth of utilisation of financial systems. Therefore, financial literacy is an enabler for financial inclusion, and it comes at a cost that must be factored in the assessment of commercial viability of serving the target market.

Prahalad (2004) and Kendel (2010) discuss that governments and central banks are increasingly being driven to formalise financial services and recognise financial institutions as best placed to do it. The author sees the solutions being provided by mobile network operators as being limited to transaction payment processing and this is resulting in market gaps in that the unbanked population is missing out on the full scale of products and services banks have to offer which can improve their lives and lead to financial empowerment (Bruhn & Love, 2009).

Financial inclusion is now a way to achieve a better standard of living for all as seen by most governments, reduce inequalities, increase the tax collection base, increase the national pension security collection base through wide-reach systems (integration banking) and promotion of wealth creation for the citizenry in developing worlds. In the past, governments around the world focused on social welfare and aid but this has not realised the benefits of programme intentions. In some cases, aid has brought more dependency and complacency particularly in many developing countries where governments and people have relied on hand-outs without seeking sustainable development solutions to graduate from the vicious cycles of poverty for their economies and financially excluded citizenry (Moyo, 2009).

Public private partnership with banks in industry has experienced infrastructure challenges to deliver the broadest range of services and drive innovation within the context of appropriately measured regulations (regulation must not hinder the development of financial systems; Mickensey, date unknown).

2.3.3 Proposals on how to commercially bank the unbanked

Deducing from Prahalad and Hammond (2002), Murdoch and Strom (1999); Olivares (2005); Fliardi et al. (2018), to do business with the unbanked or low-income earners viably:

(i) Entry-level products, services and portfolios must be established. This became a core focus of the author’s inquiry in the field work, where he interviewed 200 participants who were unbanked low-income earners to understand their needs and wants that created Actionable Knowledge used to design new products and services for the unbanked market.

(ii) Firm profitability would have to be established with a long-term view as opposed to the traditional quick 3 years payback targeted by banks.

(iii) Further the notion where institutions condition employees and incentivise them on short-term profits would have to change to incentives and matrices that include client penetration, market acquisition, efficiency in serving customers and cost optimisation to make the programme sustainable to generate profits in the long term. In reflection, one would also have to establish the critical mass that would be required to achieve break-even and when the project would start to generate a positive return on investment from a financial viability assessment.

(iv) Lastly, sustainability value must accrue to the community to develop, and the business must be able to operate successfully from market opportunities in developed thriving communities.

2.3.4 Unbanked populations in other parts of the world

It is estimated that over 2 billion people around the world do not have access to formal financial services (World Bank, 2015). The World Bank report further discussed that the low-income earners have different methods of saving for different reasons. For instance, they save in the form of real assets such as gold, silver, livestock, jewellery or sometimes construction materials while others store capital in the form of property or land to preserve its value. In Zambia and many parts of Africa, low-income groups save in real assets in the form of livestock, land ownership and commodities that in the future they convert to cash to meet personal expenses and finance entrepreneurial ventures by selling the assets. Low-income groups have developed these alternative informal financial services that they have used in the absence of banks and financial services companies providing them with access to various formal financial services.

The World Bank report also discussed alternative saving schemes that different low-income groups engage in as banks have not devised support structures for formal financial services to masses in many undeveloped societies. Rotating saving schemes (RSS) have a lot in common where individuals, through cohesion and sharing common liability, form social groups and clubs to save monies for various needs and reasons. Some examples are the Rotulas in Brazil, Tundas in Mexico, Tontines in South Africa, Chit funds in India, Hui of Taiwan and Chilimba of Zambia.

These rotating saving schemes share many common features, with the low-income groups putting away money for short periods of time. These local saving schemes are advantageous to the group members whereby they cannot travel long distances to access financial services, so those with surplus funds lend to their colleagues requiring borrowing. On critical reflection, the author is of the view that early products and services designed and delivered to low-income earners will compete with these alternative financial service schemes, so new products and services presented must have a real benefits appeal with clear cost advantages and convenience in terms of access. Further, every executive leader in this field must understand this very important fact that for mass market unbanked customers to switch to formal banking financial services, there must be clear benefits and attractiveness in products. Further, to drive client retention and loyalty, access and ability to use banking products and services, financial systems must work for the unbanked masses for them to appreciate the need to switch to formal financial services expanding the thinking of Helms (2006). Formal financial services are good for those at the bottom of the pyramid. Financial services do not guarantee them of meeting their financial goals but, in their use, a better quality of life, planning and a promise of funding to enable them to get in business or improve their economic activities that is why formal financial services are vital to the masses (Dupas and Robinson 2009, Dupas et al 2018).

Other insightful useful information discussed by the World Bank report is the view that some countries have postal services with limited financial services, which, if partnered with banks, have a great reach to rural populations and the under-served.

2.3.5 Problems identified in accessing financial services and credit in other parts of the world

Access to financial services is the ability of the population of a country to reach and use financial services. However, in many developing countries, less than half the population has access to formal financial services, and in most of Africa, less than five households have access (Beck et al. 2009). This picture is still true, and figures are now around 33.7% for access to banking services at least in Zambia as at December 2019 going by the review of data from BOZ by counting the number of accounts as a proxy for the number of people accessing banking services.

The author identified issues affecting the development of banking services for the masses and thereby the access of financial services by masses from the arguments of Karlan and Zinman (2005), Beck et al. 2007, Beck et al 2009, Pitta et al. 2008, and Parker and Sachdev (2014) as follows:

a) Information asymmetry.
b) Inadequate accounting records
c) Unfavourable interest rates, complex application procedures, high collateral requirements arising from both demand and supply factors.
d) Difficulty in assessing credit-worthiness
e) Lack of credit history
f) Unstable income
g) High collateral requirements for borrowing
h) Lengthy processes for filing mortgages, pledges or ascertaining status of assets.
i) Low levels of financial literacy and education

j) Under-development of legal environment and infrastructure (Kabakova & Plaksenkova, 2018)
k) Banks' unwillingness to deal with low-income earners and informally employed
l) Long distances to reach branches or financial services centres.
m) Often cases of corruption among personnel when it comes to extending credit to those less eligible to institutional credit criteria.
n) Discriminatory policies
o) Deficiencies in contractual and informational frameworks
p) Price and product features

Lack of access to financial services is an economic problem governments of the world must address, where financial markets and institutions are under-developed to cover the whole customer spectrum of a nation. Lack of access to financial services is the cause of income inequalities for those cut off or poverty for the inadequately financially served (Beck, Demirguc-Kunt & Honohan 2009). It affects the standards of living and the quality of social life in a country. Because the primary goal of financial markets and institutions is to overcome the effects of information asymmetries and transaction costs that prevent the direct pooling and investment of society's savings, lack of access to financial services by the population is, therefore, a problem to financial markets and commercial institutions involved in the financial system of a nation. The author is a member of a commercial institution involved in the financial system of his country, Zambia, and financial market development, imperfections, high interest costs for lending, information asymmetries and transaction costs are key challenges hindering the talented poor and micro and small enterprises from accessing financial services and credit.

Lack of access to financial services is also a challenge in Tanzania, and research was done to determine the factors that affect access to bank credit by small-holder farmers. The challenges that were identified were common, such as unfavourable interest rates, complex application procedures, information asymmetries and high collateral requirements in the work of Isaga (2018).

In reflection, the author agrees with findings by many researchers doing cross-country data analysis studies on access to financial services and credit that have indicated that individuals and firms cut off from the financial systems face poverty and growth constraints. On the contrary, good financial systems can promote new-firm entry, enterprise growth, innovation, risk reduction, equilibrium size and in turn this can drive aggregate economic performance. Beck et al. 2009 noted that finance does not raise the aggregate firm performance uniformly; however, it transforms the structure of the economy by impacting firms in different ways.

The author is convinced discussing the development of extending finance to the unbanked and under-banked and its promise to impact on a country's development through expanded productivity, firm growth, reduction in poverty and growth in commerce cannot be separated from economics, meaning one must look at the effects, behaviour and impact on demand, supply and conditions that need to be satisfied from broadening the regulatory or legal environment of an economy.

2.3.6 Three types of research on the unbanked population and financial inclusion

The author reviewed literature and text on financial inclusion, enhancing access to financial services and credit to bank those that are unbanked at the bottom of the economic pyramid. Most of the studies can be grouped into three common approaches: i) the first group seeks to count those using basic financial services - Type 1 research in the positivist arena testing hypothesis with empirical studies yield pure scientific disciplinary knowledge , ii) the second is Type 2 research, which rely on subjective assessments of firms, entrepreneurs and individuals as to the quality of financial services obtaining and the effect on choice of services seeking understanding through secondary data to address problems in practice using interpretivist ontologies iii) the third is Type 3, which combines a mixed approach of using both quantitative and qualitative methods to address or bridge knowledge gaps between science and practice such as the work of looking at physical and cost barriers to accessing financial services and credit. This research can be placed under the Type 3 category and its originality is in conducting an action-research delivered by appreciative inquiry with 200 subjects excluded from financial services to determine what financial solutions would be required for them to switch to formal financial services to improve their lives. Financial solutions that are customer-centric would enhance impact of access and uptake by the masses at a faster rate.

2.3.7 Country-specific data important in understanding the level of the unbanked population

How do we measure the commercial opportunities for the unbanked market of the economy and what are their financial needs? Country-specific data developed by most central banks of the world and research done by organisations such as World Bank, its supporting agencies and local information from in-country stakeholder groups and consultants can point us in the right direction to understanding the level and scale of the opportunities in banking the unbanked. According to Bank of Zambia Governor (Kalyalya, 2007), the financial services regulator provides financial and statistical information to businesses, researchers, investors and the public important for planning, policy development and gaining insights to the country’s financial sector (Zambia), so this information has been used to understand the economic landscape and to triangulate the unbanked bottom of the pyramid.

2.3.7.1 Table A1: Commercial Bank Lending Rates – Annual Averages 2008 – 2017

Year	Weighted Lending Base Rate	Lending Margin	Lending Rate	Weighted Interbank Rate
2008	19.1	6.1	25.2	11.8
2009	22.1	6.3	28.4	9.9
2010	20.9	6.8	27.7	2.3
2011	18.3	7.0	25.8	5
2012	12.1	7.0	19.1	7.7
2013	9.5	6.8	16.3	9.7
2014	11.6	7.1	18.7	14.4
2015	13.0	8.1	21.1	15.3
2016	15.5	12.5	28.1	20.8
2017	12.4	14.0	26.9	12.6

Note: Policy Rate was introduced in 2010 and this replaced Weigthed Lending Base Rate
Source: WWW.BOZ.zm (Bank of Zambia Website)

Table A1 shows the interest rates that are paid by borrowers currently included in the financial system. The lowest lending average rates were during the year 2013 when the interest rates were at 16.3% but the rates peaked up to 26.9% by 2018. The numbers published by BOZ are blended rates between corporates accessing low rates due to their strong bargaining power; SMEs and individuals, on the other end, accessing high borrowing costs. The reason for the low access of country bank credit at 2.3% by 2018 (Table 1, section 1.2) highly suggests that SMEs and individuals are not able to afford and absorb the high cost of borrowing. Therefore, banks are making income on a few individuals and charging them high lending rates and this results in low access to bank credit by the working age population and under-development of the economy as credit is partly cut off from the productive sector of the economy. Banking practices in the country and regulators need to change the pricing policy model to capture and include higher volumes of populations. This has implications for the pricing of products at the author's practice, to capture this market with impact will require sourcing cheaper funds and adequate capital. This is a management implication and action addressed under Chapter 7.

2.3.7.2 Table A2: Commercial Bank Deposit Rates - Annual Average 2008-2017

Table A2: Commercial Bank Deposit Rates - Annual Average (%) 2008 - 2017										
Year	Cheque Account (K500 & above)	Savings		Deposits Over K20,000.00						
		Below K100	Above K100	24hrs	7 days	14 days	30 days	60 days	90 days	180 days
2008	2.4	3.5	4.8	2.7	2.8	3.5	5.0	6.5	6.6	6.4
2009	3.1	3.6	4.7	2.8	3.2	3.8	5.4	7.1	7.1	7.2
2010	3.8	3.6	4.7	2.9	3.5	4.0	5.6	7.4	7.4	7.6
2011	3.8	3.7	4.5	2.7	3.5	4.0	5.3	6.9	7	6.9
2012	3.8	3.7	4.3	2.7	3.5	4.0	5.3	6.8	7	6.8
2013	1.7	2.8	3.4	2.0	3.1	3.4	4.9	5.5	6.3	7.7
2014	1.3	2.8	3.5	1.9	3.4	3.8	6.1	7.2	7.9	9.1
2015	1.5	2.4	3.4	2.0	4.2	4.3	6.6	7.9	9	10.5
2016	1.3	2.6	3.4	2.3	6.9	7.3	9.0	10.6	10.8	12.6
2017	1.2	2.0	2.7	2.1	4.8	5.1	7.1	8.2	8.9	10.6

Source: WWW.BOZ.zm (Bank of Zambia Website)

Table A2 shows the interest yields available across deposits cheque, savings, and term deposit accounts. While the lowest interest pay-out on cheque accounts was in 2017 at 1.2%, the highest pay-out recorded was between 2010 to 2012 when the rate was 3.8%, which could have signified high competition among banks in the industry that may have been seeking to attract new customers by offering high cheque interest rates. Cheque accounts provide the lowest cost of funding for banks and the higher the volumes of clients, the higher the consolidated value of funding from cheque deposits available for lending. This means the core balances that remain in the bank are high and funding is available to lend in facilitation of the ‘Art of Banking’ and at that ‘Sustainability’. Some banks have really harnessed this art such that they consider themselves wealth smiths. Savings and fixed deposit rates are also shown on Table A2, and their highest peaks are 4.8% and 10.8%, respectively, in the years 2008 and in 2016. The general thinking here is that as lending is influenced by the cost of funding for banks, the banks determine what price to charge clients. Therefore, it is imperative that BOZ and stakeholders think carefully of how to lower the market interest rates and stabilise them so that access to credit can be widely driven at affordable rates to credit borrowers. This discussion is important to our research as institutional depositors with high value funds are responsible for driving the cost of funding upwards when they dictate high investment rates for their deposits drawing on the 18 years market experience of the author. The downstream effects of high rates are that they dampen lending, SMEs and businesses fail to access credit due to high costs, leading to stagnation of market activities, or a stunted economy, and it causes an increase in non-performing loans when the cost of borrowing becomes excessively expensive, according to complaints from politicians, businesses, and government departments.

2.3.7.3 Table A3 and Table A4 show the branches by province and other channels used to distribute bank products and services.

Table 3: Commercial Bank Branches By Province 2012 - 2017

Commercial Banks	2012	2013	2014	2015	2016	2017										
						Lusaka	Central	Copperbelt	Eastern	Southern	Luapula	Western	Northern	North-western	Muchinga	Total
Access Bank	5	5	5	6	6	4	0	2	0	0	0	0	**0**	**0**	0	6
AB Bank	3	4	5	6	7	6	0	1	0	0	0	0	**0**	**0**	0	7
Atlasmara	21	22	23	24	25	17	2	11	3	5	2	3	**3**	**3**	4	53
Bank of China	2	2	2	2	2	1	0	1	0	0	0	0	**0**	**0**	0	2
Barclays	48	47	48	48	47	11	4	11	3	7	1	1	**2**	**1**	1	42
Cavmont	15	15	17	17	17	6	0	5	1	0	1	0	3	2	0	18
Citibank	2	2	2	2	2	1	0	1	0	0	0	0	0	0	0	2
ECObank	4	6	9	10	8	4	0	3	0	0	0	0	0	0	0	7
First Alliance	4	4	4	4	4	3	0	2	0	0	0	0	0	0	0	5
FNB	9	12	14	20	23	9	2	8	1	3	0	0	0	2	0	25
Finance	34	34	37	39	42	0	0	0	0	0	0	0	0	0	0	0
INDO	17	22	25	25	26	11	2	5	3	3	1	1	1	1	1	29
InterMarket	7	5	6	6	6	0	0	0	0	0	0	0	0	0	0	0
First Capital Bank	2	3	3	5	6	5	0	1	0	0	0	0	0	0	0	6
Investrust Bank	18	25	28	27	27	12	1	7	1	3	0	1	0	2	0	27
Stanbic	15	17	17	17	28	14	2	7	1	3	0	0	0	2	0	29
Standard Chartered	18	17	17	17	17	5	0	6	0	3	0	1	1	1	0	17
UBA	4	4	4	4	5	3	0	2	0	0	0	0	0	0	0	5
ZNCB	45	47	47	48	48	16	3	9	4	9	2	2	1	1	2	49
Totals	**273**	**293**	**313**	**327**	**346**	**128**	**16**	**82**	**17**	**36**	**7**	**9**	**11**	**15**	**8**	**329**

Source: WWW.BOZ.zm (Bank of Zambia Website)

Table A3 shows a rise in bank branches from 273 to 329 between the period 2012 to 2017 (5% compound annual growth rate). Lusaka Province had the highest number of bank branches at 128 by 2017 followed by Copper-belt Province with 82 branches, and the pattern of distribution throughout the towns is by population density. The higher the population in the province, city or town, the more the number of branches deployed by commercial banks.

Table 4: Technological Infrastructure, 2012 - 2017

Service	2012	2013	2014	2015	2016	2017										
						Lusaka	Central	Copperbelt	Eastern	Southern	Luapula	Western	Northern	Northwestern	Muchinga	Total
Automated Teller Machines (ATMs)	629	726	863	967	981	443	51	263	46	76	18	15	23	53	20	**1,008**
Point of Sale (POS)	1,847	2,157	3,192	6,342	8,192	4,958	481	1,320	733	871	56	113	190	201	76	**8,999**
Mobile Phone Banking	530,786	982,274	976,353	1,041,911	1,136,273	1,674,905	9,230	98,547	8,594	21,148	738	2,496	2,784	16,206	-	**1,834,648**
Internet Banking	24,468	43,677	81,322	110,006	229,614	119,001	7,660	58,498	6,745	19,777	3,502	4,631	4,137	9,151	1,472	**234,574**
Others (e.g. mobile facilities)	4	3	9	9	37,981	55,080	8,320	35,928	8,228	14,395	5,185	5,275	2,032	2,273	1,632	**138,348**
Totals	**557,734**	**1,028,837**	**1,061,739**	**1,159,235**	**1,413,041**	**1,854,387**	**25,742**	**194,556**	**24,346**	**56,267**	**9,499**	**12,530**	**9,166**	**27,884**	**3,200**	**2,217,577**

Source: WWW.BOZ.zm (Bank of Zambia Website)

Table A4 reports the alternative distribution channels for bank products and services with 1,008 automated teller machines (ATMs); 8,999 points of sale (POS); 1,834,648 registered mobile phone banking users; 234,574 internet banking users and other mobile facilities totalling 138,348. Mobile banking users have been growing but not at the desirable rate to equal the close to 11 million mobile phone subscribers or the 9.48 million projected working age population. The reason for the slow uptake on banking services could be the lack of properly designed products and services to appeal to the working age population and the improper distribution of branches across the country concentrating only on two provinces (Lusaka and Copperbelt). This research, through the field study by appreciative interviews with working age unbanked bankable population sample of 200 participants. designs the desired products and services for this target market. To overcome the challenges of the poor distribution, the author's practice is considering a partnership with a national postal services company that has a presence through-out the country.

2.3.7.4 Table A5: Number of Deposit Accounts - 2012-2017

Table A 5: Number of Deposit Accounts 2012 - 2017												
Province	**2012**				**2013**				**2014**			
	Demand	Savings	Time	Total	Demand	Savings	Time	Total	Demand	Savings	Time	Total
Lusaka	228,220	581,982	150,757	**960,959**	213,276	775,446	43,884	**1,032,606**	246,286	952,139	15,941	**1,214,366**
Central	18,617	51,527	519	**70,663**	14,596	78,232	823	**93,651**	18,702	84,932	1,042	**104,676**
Copperbelt	136,950	210,828	36,612	**384,390**	139,296	274,598	15,147	**429,041**	146,244	318,131	8,319	**472,694**
Eastern	9,641	64,990	406	**75,037**	11,601	91,018	501	**103,120**	15,814	109,989	880	**126,683**
Southern	31,494	96,893	1,307	**129,694**	34,849	126,001	1,966	**162,816**	36,239	151,554	2,026	**189,819**
Luapula	3,416	25,926	141	**29,483**	3,919	35,879	172	**39,970**	5,590	41,925	254	**47,769**
Western	7,350	22,690	323	**30,363**	5,401	32,310	402	**38,113**	6,604	39,138	327	**46,069**
Northern	8,402	70,667	375	**79,444**	5,756	44,835	323	**50,914**	6,509	51,461	363	**58,333**
Northwestern	16,951	30,935	588	**48,474**	18,327	47,978	1,065	**67,370**	25,552	55,009	1,523	**82,084**
Muchinga	n/a	n/a	n/a	n/a	2,435	31,742	96	**34,273**	3,136	34,714	156	**38,006**
Totals	**461,041**	**1,156,438**	**191,028**	**1,808,507**	**449,456**	**1,538,039**	**64,379**	**2,051,874**	**510,676**	**1,838,992**	**30,831**	**2,380,499**

Source: WWW.BOZ.zm (Bank of Zambia Website); note that Muchinga province was created post 2011 and data was available in 2013. This is essentially the part spliting of Northern province.

Table A 5 Continued : Number of Deposit Accounts 2012 - 2017												
Province	**2015**				**2016**				**2017**			
	Demand	Savings	Time	Total	Demand	Savings	Time	Total	Demand	Savings	Time	Total
Lusaka	287,538	1,031,283	22,324	**1,341,145**	336,487	1,057,579	21,377	**1,415,443**	351,872	1,178,304	26,651	**1,556,827**
Central	24,298	89,325	1,703	**115,326**	24,657	98,131	2,176	**124,964**	22,312	126,431	2,803	**151,546**
Copperbelt	172,187	345,254	10,862	**528,303**	194,813	360,971	14,820	**570,604**	185,035	396,038	16,358	**597,431**
Eastern	18,883	109,938	1,409	**130,230**	20,471	122,954	1,882	**145,307**	18,331	143,622	2,508	**164,461**
Southern	44,844	161,868	2,902	**209,614**	54,298	181,862	3,923	**240,083**	48,639	201,232	4,793	**254,664**
Luapula	7,455	39,554	376	**47,385**	9,834	45,594	486	**55,914**	10,412	48,095	709	**59,216**
Western	8,690	42,807	546	**52,043**	11,895	54,053	693	**66,641**	11,415	56,614	771	**68,800**
Northern	9,107	48,167	451	**57,725**	8,365	51,656	521	**60,542**	16,581	60,364	3,132	**80,077**
Northwestern	28,673	53,747	2,485	**84,905**	34,154	56,609	2,796	**93,559**	22,579	60,696	729	**84,004**
Muchinga	8840	38258	282	**n/a**	5,199	38,442	306	**43,947**	3,775	37,826	405	**42,006**
Totals	**610,515**	**1,960,201**	**43,340**	**2,566,676**	**700,173**	**2,067,851**	**48,980**	**2,817,004**	**690,951**	**2,309,222**	**58,859**	**3,059,032**

Source: WWW.BOZ.zm (Bank of Zambia Website)

Table A5 provides a data trend on the number of deposit accounts existing for clients in the Zambian banking industry between 2012 and 2017. The highest number of accounts existed in Lusaka and Copperbelt provinces with 1.56 million and 597,431 accounts, respectively, as at 2017. These are actual numbers of submissions by commercial banks to the central bank (BOZ). The total number of industry bank accounts as at 2017 was 3.06 million and the compound annual growth rate since 2012 when the total number of accounts was 1.81 million is 13.8%. Table 1 (section 1.2) provides a projection for the total number of accounts as at 2018 of 3.482 million based on the 5-year compound annual growth rate of 13.8% between 2012 and 2017. Using the projected number of accounts by 2018 - as latest figures had not been published by BOZ - as a proxy for the total number of customers enjoying banking services enables us to suggest that at least 63% of the working age population (six million people) did not have access to banking services. The total working age population was projected to be 9.48 million by CSOZ and this population is said to have economic activity and income generation. We can also deduce that bank penetration to offer banking products and services is 37%. The size of the unbanked bankable population can, therefore, be estimated at six million.

2.3.7.5 Table A6: Number of Borrowers from Commercial Banks - 2008-2017

Table A 6: Number of Borrowers from Commercial Banks By Province 2018 - 2017										
Province	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**
Central	2,619	5,321	5,922	9,173	14,398	15,342	13,976	15,202	10,110	8,386
Copperbelt	29,379	37,311	3,968	44,239	64,333	73,349	69,969	68,234	67,156	48,130
Eastern	2,062	4,577	6,638	11,895	16,169	16,016	17,505	16,268	9,807	8,940
Luapula	865	1,518	2,346	5,579	7,354	6,012	7,440	5,368	5,642	2,918
Lusaka	38,763	59,432	61,610	93,601	111,767	125,510	165,374	130,954	128,437	121,179
Northern	561	1,848	3,352	7,926	9,069	8,687	8,514	6,377	6,172	6,777
Northwestern	2,178	2,242	2,893	6,648	10,861	13,642	13,027	14,803	9,475	9,398
Southern	5,784	10,639	11,503	16,908	17,760	24,998	21,445	23,175	17,820	12,843
Muchinga	n/a	n/a	n/a	n/a	2,097	3,576	4,742	4,200	3,391	2,697
Western	266	888	1,342	6,993	8,397	5,325	6,716	5,532	5,437	3,918
Totals	**82,477**	**123,776**	**99,574**	**202,962**	**262,205**	**292,457**	**328,708**	**290,113**	**263,447**	**225,186**

Source: WWW.BOZ.zm (Bank of Zambia Website);

Table A6 provides the number of borrowers, which rose from 82,477 in 2008 to 225,186 by the end of 2017. The projection for 2018 is given by the compound annual reduction rate between 2012 and 2017 of 2.3% and this results in an expectation of 218,814 borrowing accounts by the end of 2018. The reduction can be explained by the recent economic turbulence the country has experienced with a rise in inflation, volatile exchange rates, effects of climate change, low power generation and low out-turn of production in agriculture. This affected many borrowing customers as they were not able to meet their loan repayments on time, triggering an upsurge in NPLs and an adverse credit risk appetite by commercial banks, hence the reduction in growth for loans. At 218,814 borrowing loan accounts, this number of accounts has been used as a proxy for the number of borrowing clients on page 12 and by 2018 the level of the population accessing bank credit was approximately 2.3% of the working age population. This provides a good opportunity for lending to productive sectors such as SMEs, entrepreneurs, and individuals to grow the author's practice.

2.3.8 Data from central banks and development institutions

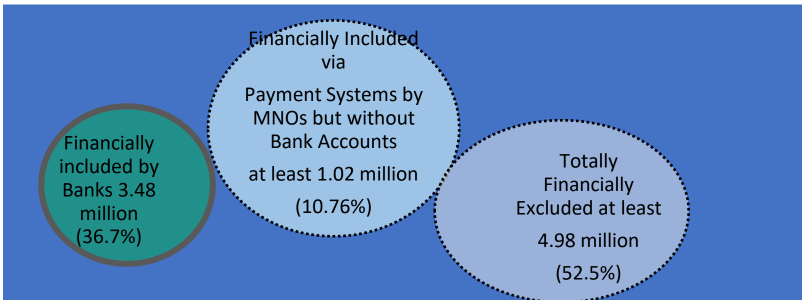
The validity and reliability of country-specific data, information, methods of collection and sources must be known to the researcher to know its limitations and be able to adjust or apply this source of knowledge to further the research in the most effective manner. Research academics must rely on country information from reputable sources such as Government and development organisations that have adequate training, data collection capacity, funding and resources. There are two major sources of data under this section: central bank reports and developmental institution publications.

The central bank in Zambia (BOZ) relies on CSOZ, which collects and captures data on the country's population door to door with a large reach throughout the country. They make use of qualified statisticians, professionally trained field support staff, collaborate with universities and have good funding for their work, and are supported by Government and international donor organisations following multiple other interests on people, health and the environment. Therefore, the information is accurate and reliable on the country and demographics. Further, the central bank has a well-established reporting system with regulated commercial banks and non-bank financial institutions following and complying with these reporting requirements. The information around the population and financial economy has been useful in establishing the opportunity size of the unbanked market (six million people).

The total population of Zambia was projected to be 16.9 million by CSOZ in the Labour Report of 2018 (see extract on Table 1). The FinScope Zambia (2015) report estimated an adult population of 8.1 million or 52.2% of the total projected population of 16.4 million by 2017 being bankable. While 4.8 million were financially included (had access to financial services), only 3.3 million enjoyed banking services using the proxy of the total number of industry bank accounts recorded by Bank of Zambia by 2017. This meant that the total unbanked working age population was estimated to be 66.2% (Six million people unbanked working age population) by 2017 and this slightly declined in percentage terms to 63.3% (but still six million unbanked working age population) by 2018 after a projected growth in the number of accounts to 3.48 million based on a growth rate of 13% for those accessing bank services against the projected working age population of 9.48 million (Table 1 under section 1.2).

According to FinScope, those financially included combines the population banked and unbanked but having access to the use of payment systems for transactional services without owning a savings or transaction account with a bank. The scope of the author's research extends to those financially included via payment systems by mobile network operators (MNOs) but do not own a bank account making part of the 63.3% or six million people of the working age population that were unbanked. The relationship between those without banking services making up part of the six million unbanked population thus:

Figure 1 – Relationship between those banked, financially included but unbanked and totally financially excluded



Source: Deduced from BOZ, CSOZ, & FinScope 2015 reports

The Zambia situation above reflects the views of Chaia et al. (2009), who asserts that half the world's population is unbanked. Further, the remainder of the population of minor's, financial inclusion by banks needs to focus on encouraging a savings culture for minors in society. A cohort of minors at a tender age prior to becoming adults in society promotes a culture of saving and investing that can break a vicious cycle of poverty (Friedline, Despard and Chowa, 2016).

2.3.9 What can shift this market to accessing banking services?

To understand what can shift the unbanked to accepting becoming banked will be understood during the cycles of action learning as during the field work learning will result from the interviews by appreciative inquiry to re-learn the needs of the unbanked and their dream products that can shift their acceptance to be banked and become empowered to participate by playing a bigger role in society. The dream products were designed based on the feedback and vision of the unbanked during the field work stage of the research on the target market Djankov et al. (2008).

2.3.10 How do we locate the demand of six million unbanked working age population of low-income earners?

Table A7 – Desktop geo-mapping of Zambia's population

Name	Abbr.	Capital	Area A-L (km²)	Population Census (C) 1980-08-25	Population Census (C) 1990-08-20	Population Census (Cf) 2000-10-20	Population Census (Cf) 2010-10-16	Population Projection (P) 2016-07-01
Central	CEN	Kabwe	94,394	511,905	771,818	1,012,257	1,307,111	1,557,000
Copperbelt	COP	Ndola	31,328	1,251,178	1,458,459	1,581,221	1,972,317	2,420,700
Eastern	EAS	Chipata	51,476	*615,543*	949,521	1,231,283	1,592,661	1,861,500
Luapula	LUA	Mansa	50,567	420,966	564,493	775,353	991,927	1,156,200
Lusaka	LUS	Lusaka	21,896	691,054	991,226	1,391,329	2,191,225	2,888,600
Muchinga	MUC	Chinsali	87,806	*276,823*	400,492	524,186	711,657	932,700
Northern	NOR	Kasama	77,650	*433,286*	580,545	809,400	1,105,824	1,345,400
North-Western	NWE	Solwezi	125,826	302,668	438,216	583,350	727,044	856,300
Southern	SOU	Choma	85,283	671,923	965,591	1,212,124	1,589,926	1,907,800
Western	WES	Mongu	126,386	486,455	638,756	765,088	902,974	1,007,900
Zambia	**ZMB**	**Lusaka**	**752,612**	**5,661,801**	**7,759,117**	**9,885,591**	**13,092,666**	**15,933,900**

(1980) UN Demographic Yearbook 1988.
(1990) (2000) (2010) (2016) Central Statistical Office Zambia (web).

The suggested view of how to track the unbanked population was to do a desk top market research relying on secondary data from CSOZ and then follow the national pattern of the population structure and dynamics (see table A7 – Geo Mapping of Zambian Population). The importance of this paragraph is to show population location by province and this can be used to plan marketing and selling activities to engage the target market. This information is at a high level and crude; however, it can be enriched and made more granular through approaches that segment the market (see section 7.2).

2.4 Supply

The supply side looks at the current methods being used to supply banking services and how appropriate they may be to deliver financial solutions to low-income earners. The starting point is to probably ask the question: Are there suitable banking delivery channels and products for the unbanked market? This question is important for banks as suppliers of financial services to figure out how to successfully bank this market sustainably. How banks organise must result in a sustainable cost structure and an optimal mix of technology. Therefore, the author looked at traditional and modern delivery channels such as branches, agency banking, automated teller machines, internet banking, mobile money (digital finance technology), and various literature was uncovered that suggested that the appropriate technology for banking the unbanked market is mobile banking technology. The different banking channels are discussed with their merits and demerits or compatibility to bank the unbanked mass market.

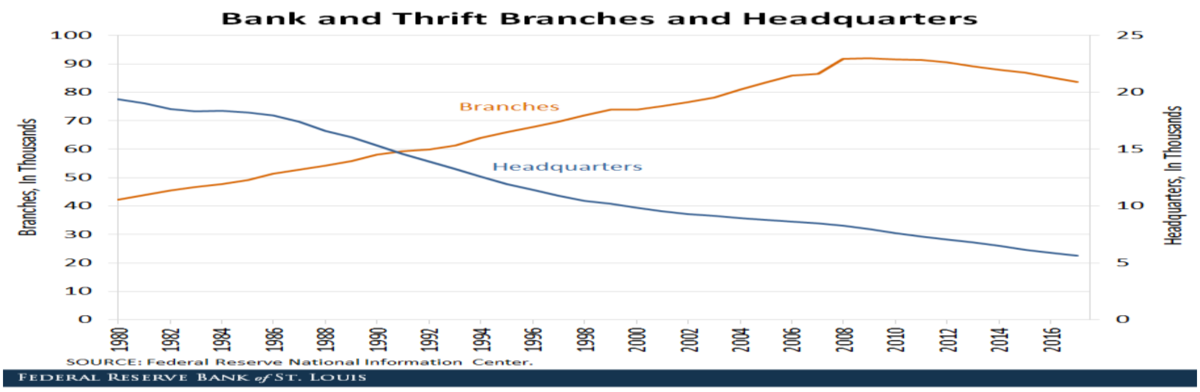
2.4.1 Branch banking

Traditionally, banks have engaged in branch banking, where banking activities such as accepting deposits or issuing loans are done through physical points of representation. Branch banking is the costliest delivery channel as it costs approximately USD$250,000 to set up a branch using brick and mortar, which has limited reach and ability to bank large masses. The cost of the use of branches must be passed to customers willing to pay for the use of this channel and who can afford the same (Coetzee, 2005; Goodstein and Rhine, 2014). Branch banking has been like the Achilles' heel to the financial services industry in that while many products can be offered through this channel because of its high investment cost to break even, banks all over the world have tended to be selective to the clients they extend services to through to this channel, leaning more to high-end corporate companies and individuals at middle income and above offering them a value proposition that enables them to break even by offering them pricey products. In Zambia this has caused individuals and small enterprises to be financially excluded, as they would not afford the pricey products and, therefore, rank low on the target list for banks in the country, hence the poor spread of branches, according to Table A3.

Branch banking would not be a good way to roll out banking services in a large scale to high-volume masses that are financially excluded because the capital outlay of building many branches to cover the geographical areas in which they are located can prove to be expensive and make the business unattractive or impractical as, from a scale, there is a limit to how many clients may be offered services through this delivery channel. Further, the complexity of reaching those in rural areas may be a challenge for a developing economy as there is limited support infrastructure in the rural areas and in many cases communities tend to be sparsely populated involving multiple small village communities located in various parts of the country.

Bank branches, on average, offer a much higher number of products and services than other forms of delivery channels and if services were to be provided to the masses through branches, savings, chequing, investments and other deposit accounts would be on offer, while credit products would be extended from shorter-term micro loans, overdrafts, to medium term 3-5years tenure personal, enterprise business loans and longer-term mortgage or property finance for products that can tenure between 10-15 years. Branch banking has gone through significant changes since the 1980s in response to competitive regional and nationwide financial service markets. A study done by Federal Reserve Bank of St Louis showed that branches have started declining since 2008 in preference to more cost-effective alternative delivery channels as depicted in the graph overleaf:

Graph 1 – Bank and thrift branches and headquarters



Banking groups are seemingly constantly looking for opportunities to reduce cost through the closing of inefficient branches and office locations. Branch closings are mainly being influenced by earnings pressure from low interest rates and rising regulatory costs.

Further, changing consumer preferences, behaviours and improvements in financial technology have further spurred the reduction in branches and banking houses looking to alternative delivery channels for their products and reach such as digital financial solutions (IFC, 2017; Federal Reserve Bank of St Louis, date unknown). Customers increasingly use ATMs, online banking, and mobile apps to conduct routine banking business, meaning banks can close less profitable branches without sacrificing market share (Federal Reserve Bank of St Louis). In Zambia, we have seen a couple of banks close branches due to loss making resulting from high investment and operational costs versus low returns; however, the author is of the view that branch banking is not going away any time soon as there is still need to have support branches for other delivery channels such as a hub for low-cost outreach agencies or electronic distribution systems. This feature is also common to micro-finance institutions (MFIs) that tend to have one MFI branch in the community supporting vending booths or agents in the surrounding areas in a radius of say 15-20km.

The general outlook is that consumers and businesses will increasingly access services with technology rather than using branch infrastructure, so for the purposes of our study, usage for financial inclusion will be less and limited to satellite support for branches. We conclude by discussing branch banking with the question: Why relate the banking and thrift branches to the Zambia case? This is because whilst local commercial banks have a low affinity to open branches and in some cases are closing branches due to the new promise of using digital technology, the USA case shows that branches still need to complement banking large populations and they are not being phased out with the advent of technology. This discussion is important to the Zambia case because the country has a total of 329 branches, and unevenly spread to cater for the population and this now requires some more branches to be opened in areas and towns where large masses exist.

2.4.2 Micro-banking

Micro-banking is the banking practised by micro-financial institutions. These companies operate as credit-lending institutions extending small short-term loans to individuals and enterprises. For decades these enterprises have existed extending small loans and, in some cases, taking in deposits in many economies of the world.

2.4.2.1 Tradition of banking and micro-lending

The tradition of banking is shared with that of micro-lending that mainly involved lending to the poor or low-income earners. Since time immemorial, churches and groups have operated savings and credit schemes long before governments. In 1401, Barcelona is on record as the first place in the world where the first official bank called 'Taula de la Ciuta' was opened. In 1462, an Italian monk officially operated the first pawn shop to counter usury practices in Europe. In 1472, the oldest existing bank in the world was opened in Italy 'Banca Monte dei Paschi di Siena', and continues to operate today. In 1515, Pope Leon X authorised pawn shops to charge interest to cover their operation costs. In the 1700s, Jonathan Swift initiated the Irish Loan Fund to provide loans to poor farmers that had no collateral. In the 1800s, Friedrich Raiffeisen developed the concept of the financial cooperative. In 1865, the cooperative movement expanded rapidly in Europe; 1900 vast growth of banks around the world; 1950-1970 efforts to expand access to agricultural credit through state-owned financial institutions; 1970s experimental programmes for micro-credit to vulnerable groups, women and entrepreneurs surfaced. The Grameen Bank in Bangladesh, ACCION International Latin America and Self-Employed Women's Association Bank in India formed to deliver microcredit.

Meanwhile, the 1980s saw Bank Rakayat Indonesia achieve long-term sustainability and reach large numbers of clients through cost recovery interest rates and high repayment strategies and the term 'Micro-credit' was coined in the 1990s seeing the success of small ticket lending to masses in some parts of Asia. The term 'Micro-credit' began to be replaced by 'Microfinance' and was merely an expansion of credit lending to savings and investment products in the bouquet of micro-financial products. Today, borders are breaking between traditional microfinance, mobile money by tele-communications and larger financial systems. Banks, mobile network providers and Fintechs are entering collaborative partnerships to serve the previously under-served space of traditional banking Helms (2006).

However, in most developing countries, these organisations have had limited reach because of their poor business models. Funding is mainly from donors with the need to break even on operational and funding costs. In Zambia, Malawi and most other Southern African countries, micro-financial institutions have tended to focus on urban populations in some cases competing with banks, but with penetration below 10% Gokhale (2009). The tendency to focus on urban populations stems from pressure for financial performance to achieve break-even, profitability and sustainability, and so they tend to target wealthier and more profitable clients (Epstein & Yusthas, 2013).

The micro-finance model is based on giving clients small loans for working capital investments and with a view that they will repay the amount in small instalments in a short term. Further, because most of these organisations either rely on expensive third-party funding or donors with limited long-term certainty for their liquidity, they practise concepts that do not encourage continuous finance through the client's life cycle of growth in life or business; once a loan is extended and a client repays, no relationship cultivation happens.

2.4.3 Limitations of micro-banking

According to the author this business model has multiple challenges such as limited capital and funding, and its ability to reach more clients is limited (Olivares 2005). The level of real enterprise supporting from loan finance is limited as loans are short-term, while small business start-ups and enterprises require a longer period for gestation. Limited loan ticket sizes do not satisfy growing micro and small businesses working capital and equipment finance needs. In comparison to traditional banking where clients are given varying loans progressively as they grow their credit-worthiness and businesses expand, with a goal to liberate businesses, provide more financial empowerment and sustainability needed to weather challenging economic cycles. Micro-banking cannot support such business development stages.

Micro-banking interest rates are often very high and higher than the average bank lending rates. This means that their loans are often costly. In Zambia the lending rates range between 35% - 80%. Businesses with a low return and cash generation ability often fail to service micro financial institution loans and it is this reason why market penetration is below 10% as customers perceive micro-banking as unsafe predatory lending (Caplan, 2014). Micro-financial savings offer limited opportunities for unbanked and under-banked masses. Interest returns are low and often the value of funds on savings is eroded by account charges and inflation. Customers open savings accounts but end up closing them and investing in physical assets. Lastly, micro financial institutions in Zambia and the southern African region have been far less successful in growing micro-borrowers to graduate to accessing commercial bank loans in urban and rural areas. This business model needs reform in framework to reach more and positively impact business growth. The take-away here is that, to some extent, micro credit is relevant and still needs to be accessed by populations (Murdoch & Strom, 1999; Olivares, 2005; Isaga, 2018).

2.4.4 Agent banking (Outsourced banking)

Agent banking or outsourced banking means providing some limited banking and financial services products to an under-served clientele through partnership schemes with agents under agency agreements, rather than a teller or cashier of a bank. The agent owns a shop or trading outlet where he/she can conduct banking transactions on behalf of a bank with clients of the bank. The author deduces that the relationship between the bank and the agent is symbiotic because both are adding value to each other, as the agent will have an account with the bank as a customer and their business would generate cash that would be paid out to other clients needing to withdraw funds and reflect as a deposit in favour of the agent who is a merchant in the books of the bank. The agent / merchant enjoys low-cost convenient banking and so do the walk-in clients he/she serves that find his/her business location convenient, while operating the agency offers the bank a low-cost outreach to its clientele and in many cases can further enjoy a growth in its own business and add more customers as in some cases its goods could be bought by bank customers who become captive through a symbiotic relationship with the bank. For example, chain-stores, post office branches, shops or fuel stations in many cases can be agencies of banks. Outreach is important for banks as it increases their coverage to customers and provides convenience for customers. Instead of making two or three trips to the bank, the shop and the fuel station the trip can be made short and conveniently near the nearest agent of the bank (Lotto, 2016); Muoria and Moronge (2018).

2.4.5 Mobile banking the new phenomenon to reach the masses

Mobile banking is a service provided by a bank or other financial institutions that allows customers to conduct financial transactions remotely using a mobile device such as an ordinary basic phone, smart phone or tablet. Mobile phones have become a breakthrough technology that has disrupted traditional financial services and broken barriers and limitations of reaching higher population volumes without the need to heavily invest in physical branches and ATMs that were previously a huge cost barrier to extending financial inclusion (Parker and Sachdev, 2014; Tobbin, 2012). Mobile banking can have many positive impacts on economic growth especially in developing countries where distribution networks for financial services are not well developed and this includes the author's country, Zambia (Etzo and Collender, 2010; Lien et al 2015; Oluwatayo, 2013; Aker & Mbiti, 2010; Ggombe and Tomoya, 2015).

Mobile banking has come alive through the concept called ubiquitous computing. In software engineering and computer science, this is the ability of individuals as users of systems to be able to be logged on (business platforms) remotely through appearing on multiple gadgets, any time, anywhere internet connectivity is available. One can do computing remotely through the mobile gadget as though they were in the physical presence of a company accessing service. This evolution in ubiquitous computing from desktop computing has been the cause of very high success of mobile computing. For banking and many other services, it has passed on the power of computing and its benefits to individuals who can now utilise computing power previously available only to firms. This allows users to log on to the bank platform through a mobile device, at any location, and process information in various formats. Mobile banking computing is part of digital transformation that has swept through upended industries from retail, media, transport, business-to-business commerce and is disrupting traditional product and service delivery in the financial services industry (De Angoitia and Ramirez, 2009). According to International Finance Corporation, an arm of World Bank, immediacy and personalisation have become the new normal for consumer goods and services with the aid of technology. Technology is rapidly transforming cultures and behaviour of consumers, who are becoming accustomed to making purchases remotely, and this is fast extending to financial services.

The potential of mobile banking computing has a high promise; McKinsey and Company estimates that through mobile money, this banking type will reach up to 80% of the 2 billion unbanked individuals and 200 million unbanked small business enterprises of the world, with the potential to increase gross domestic product by six percent or USD 3.7 trillion of emerging market economies by the year 2025. McKinsey also estimates that 95 million jobs are likely to be created from this financial empowerment to those unbanked and under-served. The author reflected on the McKinsey research finds this to be possible for Zambia, with a high bankable population cut off from the financial mainstream.

Further, McKinsey estimates that new deposits amounting to US$ 4.2 trillion and credit amounting to US$ 2.1 trillion would be available to borrowers and this can benefit micro, small, medium-sized businesses and individuals to be able to invest into tools to further produce and generate liquidity to manage gaps from previous non-formal alternatives. Meanwhile, governments stand to benefit from streamlined revenue collections and automated transfer processes that would reduce income leakages, enhance tax collections, improve accountability, and realise a surplus of US$ 110 billion globally for developing countries (IFC, 2017; Gomez and Marban, 2013).

2.4.6 Community marketing to penetrate the unbanked

What is community marketing? It is that type of marketing that uses community networks to build brand awareness, improve customer relationships, enhance customer-brand and customer to customer relationships and build brand loyalty. Unlike other forms of marketing, it is concerned with growing and retaining business through customer communities, networks, and connections. Why is it important to penetrating the unbanked? Community marketing becomes a powerful tool in sustainable banking as it is a low-cost marketing strategy that works through community networks and groupings. The unbanked live in high-density communities and have adapted to community marketing, which enables easy access to information on educative, social, business products or various services. Direct advertising in the communities through groupings, connections and social organisation is a way to reach low-income communities fast and at a low cost. This can be combined with social media as the community population has access to Internet on mobile phones, facebook and twitter and can receive broadcast messages at a low cost Vachani and Smith (2008).

Therefore, a strong requirement to develop a good community marketing approach to penetrate the unbanked with consideration around market access, knowledge, and acceptance (Thakur, 2015) is key for banking the unbanked. Developing countries often lack well developed and functional distribution networks for products and services. Schuster et al 2015 propose the use of community-based marketing that has a two-factor approach to targeting social behaviour change to change undesirable social norms and community-based social marketing. For years, the uptake of banking and financial services products has been low due to poor financial practices and social norms that could be changed to improve people's lives through how they handle their finances. Allaying the concerns of the community such as security, individual, family or lifestyle needs can improve the programme effectiveness of the marketing efforts and can lead to changing social norms and alleviating poverty Karnani (2007); Martinez and Carbonell (2007); Mair et al. 2011; Mujumdar (2012).

To reach non-customers, organisations are now using partnerships with local associations and groups in communities to serve or to introduce products into these communities through a trusted presence. Trusted presence could be via lay groups, community trustees, councillors and other non-governmental organisations operating in the community through their local knowledge and established local operations that can aid financial services companies and banks to penetrate the social networks. Creative organisations are tying operations up with local shops, slum-dwellers, self-help groups, villagers, micro-finance institutions, postal services, and non-governmental organisations to reach new clients and create alternative distribution networks.

As setting up branches may not be viable to reach the mass market, learning from how companies create partnerships to create alternative distribution channels, therefore, becomes key and this is why community marketing can be a great asset to banking the unbanked as it promises a low-cost method of reaching and disseminating products and services to communities. Further, having in mind that most companies that have successfully used this option of developing community partnerships largely distribute physical goods, it is important to understand how financial services can utilise community marketing and channels.

There is little literature on service provision companies utilising community network frameworks; however, Thakur (2015) suggests there are three main pillars that underlie success in the use of community networks: *Access to markets* - partnering with groups, associations or individuals that have reach to populations or target potential clients. *Local knowledge* - groups, associations or individuals with which partnerships have been formed must have good local knowledge that the partnering financial institution can tap in to quickly utilise and create tailored solutions for the clients. *Acceptance* – engaging community trusts or trustees is a quick way of fusing into the community by introductions from the local trusted partners.

The author agrees to the above notions; however, additional pillars to adapt community marketing to financial services would require further thinking on product ‘design’ and ‘presentation’ as in the absence of these two, market acceptance and penetration would be low. The design part of the product must meet the needs and conveniences of the market, while the presentation must be appealing and enticing for the uptake of the financial products by the market. Further, presentation can have some elements of financial education on the importance of owning a bank account for personal or business purposes as the level of financial literacy about banking products and services is very low in the community.

Baxi et al 2016 affirm this as they see community marketing as an effective, efficient, and low-cost marketing communication strategy for various purposes. They purport that community marketing involves creating groups of consumers, suppliers, or intermediaries having a common goal linked to the usage of a product or service. The author’s view is that communities exist or are formed when groupings form identities they relate to and a common understanding on various issues. These social groupings can be found on social media, in areas or places they live work or perform activities such as sport, religious gatherings, or education centres. The practice of community marketing is very old, as from the olden days traders would move from village to village as communities to sell products or make purchases. Today companies are creating strong brands that identify with communities to enhance their sales of products and services. They ease product uptake and assimilation by groupings and align product features and benefits to the requirements of the groups. Companies tap into community networks to get feedback and interchange ideas for the good of the community and the company.

Why is community marketing important to banking the unbanked in Zambia? Because of its strategy that focuses primarily on engaging the target customers through established networks with knowledge about their identities, behaviour, characteristics, life beliefs and purpose to tailor unique communication, products and services that promise to achieve what communities desire. Community marketing places the organisation as part of the community. Therefore, the community begins to identify itself with the brand and the brand depends on the community and listens to the community to evolve with them and provide the promise of benefits through their life journey as a citizenry of the community. Low-income earning individuals come from high-density communities which are tightly knit, where the citizenry share experiences, ideologies, collaborating on matters of common interest socially, politically, religion, health, education, food, shelter, security, employment, commerce, life events and family life. Further, communities have ‘social membership’ giving them a sense of belonging to a group or neighbourhood. The communities enjoy influence in numbers, they have a voice, they like to be heard and to weigh in on decisions that involve their lives. Communities can share emotional connections building from their single units as individuals to their sum as a group. This sense of shared connection can give them a sense of pride, in joy, suffering and history. If the company hurts someone in the community due to negligence in offering products or solutions, then the group reacts and so it is important for a community marketer and public relations officer to understand this. 'Integration', people feel communities must provide them opportunities, positive interactions, valuable information to survive and thrive as a group.

Community marketing, for it to be powerful, must speak and provide solutions into social membership, influence (feeling the community influence and delivering to their desires), respect shared emotional connections, and help to deliver integrations or community opportunities (right products and services). Community marketers must choose the appropriate platforms, be responsive and demonstrate that products and services are safe and inclusive to penetrate the market. Therefore, community marketing is about making use of these tightly knit mass accumulations of citizenry and networks already accessible to disseminate information, goods, products, and services at a low cost. Community marketing can be used by the author's practice to optimise market penetration and distribution of financial services.

2.4.7 Conclusion – Lessons learned from the supply side in support of banking the unbanked.

Below is a summary of the major lessons from the supply side literature:

a) The choice of technology is important in deciding how banking is delivered to the unbanked.
b) Mobile banking and agency banking have a huge potential to drive the delivery channels for banking the unbanked more feasibly.
c) Branch banking, ATMs, micro-finance as aspects that can augment banking the unbanked (Coetzee, 2005).
d) Collaboration with MNOs and other strategic partnerships with financial technology companies is the best option as opposed to competing head-on (IFC, 2017).
e) Community marketing can be a low-cost market strategy to reach target clients through community networks (Thakur, 2015).
f) It is important to promote good products and services with clear cost benefits on robust platforms.

2.5 Regulatory

2.5.1 Financial inclusion opportunity for governments to boost economic growth & empowerment

Most governments are concerned that the unbanked do not have access to basic financial services and, therefore, miss out on a lot of opportunities that could empower them, reduce poverty, or result in job creation. Further, if they had access to finance, this would expand the economy through inclusion

(Shaw, 2004 and Bruhn & Love, 2009). The topic on the unbanked is a focus area for policymakers seeking to encourage financial inclusion and reduce poverty (Caplan, 2014; Birkenmaier and Fu, 2015), propose the following missed opportunities by the target market:

a) Savings for short-term emergencies
b) Long-term asset purchase
c) Wealth building through insured accounts regulated by central banks
d) Utilisation of low-cost cheque encashment
e) Building a healthy credit history using consumer, home, motor and other cash flow activities.
f) Money transfers at low cost
g) Utilising other bank products and services
h) Unbanked do not enjoy security for their funds from theft, natural and human-made disasters because their funds are not insured as those placed in banks (In Zambia, for instance, we have had some markets burn down and marketeers that left their finances safely locked up lose both their money and uninsured goods).

2.5.2 Financial services to mass market lessons from the United States of America (America is one of the countries with the lowest unbanked population in the world)

Birkenmaier and Fu (2015) discussed the importance of the role of Consumer Finance Protection Bureau (CFPB), which implements and enforces consumer financial laws to ensure that all consumers, including the unbanked, have access to markets for consumer financial products and services that are fair, transparent, and competitive in the United States of America. This feature in the regulatory structure is not common to many countries in Africa generally and Zambia in particular, and it could help reduce the level of unbanked population as it would provide the regulation and enforcement needed to avoid anti-competitive behaviour by suppliers of financial services in a market. The United States of America has a low unbanked population estimated at around 7% by 2015, according to a release by Society for Alternative Financial Services. This statistic is low compared to Asia, Africa and South America and we can learn from the USA in some of its practices adopted to increase the banked population by regulatory bodies such as CFPB.

What can we learn from CFPB in the USA? The agency protects consumer finance users by regulating products launched by service providers. Through various reporting mechanisms, it oversees credit reports, debt collection in an ethical manner by players in the market, provides financial advisory to consumers and market players and helps build confidence in the financial system. What can be migrated to the author’s country is perhaps the protectionist role it plays to protect and build consumer confidence. This prevents consumers being exploited, and those that may have little knowledge on financial products are given advisory services.

The above regulatory practice is a note to learn from and can be practised by governments in developing countries. Consumers in developing or Third World countries lack knowledge on formal financial solutions and lack an understanding of why this is safer than informal systems as much more can be done to create bodies that stand to protect their interests and spread knowledge on financial services. Particularly in the Zambia case, the central bank takes up this role, but its efforts are spread much thinly as it has other broader interests such as running a stable monetary environment by managing financial policies and money supply to the economy. If special institutions such as CFBP are created, they would have a much deeper impact on the promotion of consumer finance in the country and its penetration. Lastly, CFBP commands a lot of respect in the USA as it fines non-cooperative players in the market to deter misbehaviour. This is something applicable to Zambia, where we can learn from highly developed regulatory systems that have achieved success in banking low-income earners. We can migrate good practice for what is working well and learn from challenges and solutions applied in their past to get to their current level of development or success.

2.5.3 Potential to expand economy through financial inclusion

Economists are raising the matter that banking the unbanked through good business models can expand the economy, reduce unemployment, reduce poverty, and develop communities. This is a subject that most governments must pursue in developing countries requiring public, private and Government cooperation to be successful. The author's thinking on making the project work must involve coordination or collaboration with others in the practice and immediate stakeholders (Gómez and Marbàn, 2013). The author reviewed data from the central bank and development organisations on their reports on the target market and various forms of information that lead to the realisation of the extent of the problem and solution generation that is presented through the design stage and management implications and actions. Further, it is important to note that 50 countries set financial inclusion as a commitment with World Bank (2014) to improve the quality of life from the bottom of the economic pyramid in their nations and the G20 global action plan is to include financial inclusion as a main pillar action plan for member countries. The author deduces that companies in these nations will be exploring similar strategies to those of the author's practice. The findings shared in this research will contribute to the existing pool of global knowledge for management practice in collaboration with the governments of their countries as in the case of the author's practice.

2.5.4 Ethical concerns in conducting financial services to consumers prone to exploitation

Ethical issues around banking the unbanked; concerns around financial exploitation through pricing, low financial literacy, development (Mehta and Bhattacharya, 2016; Friedline et al 2016; Kamran and Uusitalo, 2016) are important factors to consider when delivering financial services to low-income earners. Because laws in many developing countries are often not well-developed covering the protection of low-income earners or poor consumers of financial services, ethical concerns must be addressed by service providers for several reasons. Firstly, poverty is present because access to financial services and credit as a support system of their development is absent. Then financial literacy and information asymmetry may be a challenge for low-income earners. Further, consumers have concerns about the impact of indebtedness, high interest rates, abusive lending practices and prohibitive prices for financial services (Helms, 2006) and there is no independent check on fairness on these concerns and these hamper banking the unbanked? Maturity of players in exercising responsible lending and the development of a good regulatory framework to provide good standards and monitor their conduct can help in the interim in the absence of established consumer protection laws.

Drawing from Friedline et al. (2016); Mehta and Bhattacharya (2016); and Kamran and Uusitalo (2016) the author deduced that low-income earners need a variety of financial services, not just loans; in addition, they require investments, savings, insurance, and transfer services. Many studies focus on establishing savings for low-income earners but providing a whole lot of other financial services to this group such as credit, insurance and convenient methods of transfers can be a powerful tool to fight poverty. Therefore, financial systems should be built to serve low-income earners, too, and credit is not always the only answer for low-income earners. There must be other forms of support services to complement solutions to work better for people and meet their needs for their low-income status. The general challenge of accumulating small incomes earned multiple times to meet expenses for necessities or invest in opportunities comes with multiple problems that can benefit from other forms of financial support services. Meanwhile, the job of governments is to enable financial services to develop and not to provide these services directly and cut out the process of financial deepening of the economy. This can lead to the growth of strong financial institutions to provide these services as a commercial economic opportunity to citizens as we have seen in the USA and Europe. Governments of developing countries must ensure the growth of strong financial institutions in their nations so that the development of trained workforces, managers and officers takes-place that can deliver these diverse financial services sustainably to the unbanked masses of the economy - a lesson from the USA.

2.5.5 Education key for financial literacy and inclusion

During the review, the author came to realise that financial literacy was a key factor for market acceptance of financial services among low-income earners. Low literacy is therefore a major contributing reason to lacking penetration of banking and other financial services in Zambia. Prior to this, the author's interpretation was that products and services alone were inefficient and ineffective to meet the current and future needs of the unbanked market. Further, there was an element where previously the focus and scope from financial institutions and governments intention of providing financial services to the masses were inadequate or non-existent. As the author read more literature from other researchers for published online magazines and development institution reports, he realised the efforts from governments, development organisations and private companies trying to penetrate and include more people in the financial systems. However, lack of knowledge by consumers in financial literacy, how financial products work, how financial markets operate and what benefits they bring to the economy, communities and country has been a bigger culprit (Buckland, 2010). This is also a common problem across most developing nations and jurisdictions. This needs to be taken into account in any strategy on banking masses along with problems of access and funding. Further, governments in developing countries must tackle this problem with more urgency.

Financial literacy can be placed within the context of personal and structural constraints for consumers and stakeholders when it comes to the level of access of financial services in an economy (Buckland, 2010; Karlan & Zinman, 2005). The author supports this view as generally what he has seen is those consumers that have basic knowledge on financial services will access basic services (we can refer to these as Category 1) and those that have more detailed complex knowledge can access complex products that suit their needs (Category 2). For those who are unbanked (Category 3), the chances are that their financial literacy levels are very low and they fail to appreciate how these products can apply to them or are just uninterested because they think they are too poor to afford financial services. For Zambia, the author is of the view that the problem starts with the weak framework stakeholders are using to address the problem of financial literacy. Firstly, the efforts are disintegrated between the financial services providers. Then secondly, the overarching regulatory efforts are low and not sustained with quantifiable targets and milestone deliverables. Then thirdly, financial literacy resources are thinly spread and with minimal impact. For instance, banks, micro-financial service companies, pensions, savings societies, and mobile network operators with financial service offerings do not have integrated financial literacy programmes for consumers to understand and connect the importance of financial services to their development and the nation.

The author proposes a reform in the national education strategy for financial literacy and a helix structure where private business, regulators, and universities (academia) collaborate on how they can work together to drive financial learning and growth for consumers.

2.5.6 Conclusions from the regulatory review

Below is a summary of the key lessons from the regulatory review side:

I. Governments all over the world have realised the potential of banking the unbanked for the reduction of poverty, empowerment of the citizenry and benefits of collecting higher taxes.

II. The political dynamic of this revelation by governments of the potential of extending banking services to the country masses results in political pressure. In the author's country, the author observed that BOZ directed banks to stop charging some unfair fees to encourage the masses to find the cost of banking attractive and eventually begin to take up more banking services.

III. Low-income earners need a variety of financial services, not just loans; in addition, they may require investments, savings, insurance, and transfer services.

IV. Regulation in other territories oversees unfair practices and enforces stiff punishments on offenders in a bid to protect consumers, improve market discipline and confidence as in the case of CFPB.

V. Financial literacy is a major problem in Zambia and contributes to such a high number of unbanked working age population, estimated at six million.

VI. Regulations need to support the development of financial services to bank the unbanked population. Programmes for inclusion to work must be initiated in full collaboration with industry and academia.

2.6 Conclusions from the literature review

This section largely discusses the author's opinion about the literature on banking the unbanked and financial inclusion discussed in the earlier sections above under demand, supply and regulatory literature. Firstly, the problem of extending financial inclusion is a global issue and most governments and development organisations see it as a means of reducing poverty, expanding economies and broadening economic empowerment to communities aided by advancements in technology and understanding of consumer behaviour (Bruhn & Love, 2009; Epstein & Yustas, 2015; Aye & Nakamori,2015; Goldberg, 2005; Gomez & Marban, 2013; Honohan & King, 2012; Kendall, 2010; Shaw, 2004). Further, the problem of reaching and extension of goods and various forms of services to the mass market has also been encountered by non-financial service institutions. Many research areas offer knowledge applicable to the problem of banking the unbanked (Prahalad and Ramaswamy, 2002; Prahalad and Hart, 2002; Prahalad, 2004; Martin and Hill, 2012; London and Aupindi, 2012; Seelos and Mair, 2007; Simanis and Hart, 2009; Prahalad and Hammond, 2002; Ansari et al 2012).

The author supports their views, but, observes that the pace at which impact and reach for financial services are supplied to the BOP is low, especially in his country, as the process is being driven as a corporate social responsibility instead of a commercially viable venture by businesses similar to Olivares (2005) and Parker & Sachdev (2014). In the past, the problem has been approached with a monolithic goal of either extending access through payment systems by mobile network operators or extending access to credit through micro-loans by micro-finance organisations and the results have not been pleasing as the level of penetration of financial services to communities still remains very low in many developing countries, on average below 40% for bank penetration (Al-Hussain, Beck & Demirguc, 2008; Chaia, et al. 2009, Morduch and Strom, 2009; Demirguc et al. 2015). The economic implications for this are high poverty and unemployment due to market gaps created by non-availability of financial products and services that may help to steer economic activities and commerce for the citizenry.

America and Europe have the highest level of penetration in the use of formal financial services in the world with over 90% of the people in these territories accessing banking services that include both access to payment systems, various forms of deposit and credit products. One can follow the history of the development of financial services in America and Europe over the last 200 years. This brings to the realisation that these territories have come from a similar situation of lack of financial services for citizenry, when the financial markets were under-developed and the years back of achieving successes were after intervention from economic depressions and failures. Africa and Zambia can draw lessons from their financial revolution and evolution to the modern powerful stable regions they have become today (USA & Europe). This is the main reason we must continue to learn from advanced markets as many problems we are facing today are learning case studies for developing countries. The times and the dynamics may be different, but the fundamental concepts still hold.

Technology has developed extensively over the past decade, and this brings the possibility to bank more in remote areas without the need to invest in traditional branches - a big hindrance for banks as capital was limited and returns would not justify investments where demographics or margins were low (Parker & Sachdev, 2014; Tobbin, 2012; Barasa & Mwirigi, 2013; Lotto, 2016). It is now possible to create low-cost networks and digital financial services that can be used to reach a bigger clientele, with Fintechs and strategic partnerships.

The mass unbanked and under-banked sector is the single biggest market that banks have a chance at banking with the advent of technology developments (Parker & Sachdev, 2014). However, the unbanked market is not well understood, and products need to be developed that will attract people from relying on alternative non-formal financial services. This research focuses on the development of entry-level products for the unbanked market. Literacy is a big challenge for this segment and, to a great extentm hinders the penetration of financial services and the ability of clients to fully utilise products and services.

The Zambia landscape has a mass unbanked working age population of approximately 63.7% (in excess of six million people) and the landscape is like this because banks have not done enough to develop risk-mitigated products and services attractive for this market. Most of the unbanked clients in Zambia are low-income formally employed, entrepreneurs or self-employed individuals. The Zambian banking industry has no shelf products specifically designed for unbanked masses living below the middle - income earning population. Further, banking for the middle income and lower tier has life cycle need gaps among various segments. Micro-finance companies have been trying to serve and fix these gaps for a long-time, but have achieved very little success and impact, and some have succumbed to a lot of risks and errors that have led to their businesses closing. The author, during his review, looked at data for many other developing countries and the situation is the same as the problems are common and like

Zambia in many parts of the world (Demirguc et al. 2015; World Bank, 2015). Therefore, research on how to increase financial penetration in this area can benefit other territories, too.

The big question is how this can be corrected as a problem so that more people can be banked to increase penetration and shift economic productivity upwards leading to a reduction in transient poverty for the benefit of both the unbanked and financial institutions (Aye & Nakamori, 2015). The originality of this paper is studying the financial dreams and visions of the unbanked and under-banked to construct banking products and services that will meet their needs beyond the current alternative, informal financial services to drive financial inclusion and its economic benefits.

The author has observed a research gap on extending banking to the unbanked and under-banked where past researches have had monolithic focus on either extending access to payments, researching on savings or access to credit from the perspective of financial institutions, banks, fintechs or legislative structures by many authors (Chiumya, 2006; Aye & Nakamori, 2015; Hardy et al 2002; Parker & Sachdev 2014). This research takes a polylithic approach to understanding and addressing the needs and desires of the unbanked to provide them life and business financial solutions.

Action plan from literature review:

I. Identify a sustainable strategy with input arising from the literature review for formulation of a Generic Strategy. Here we speak to readers interested in undertaking the creation of a sustainable strategy to bank the unbanked, what important aspects they must consider in general, such as identifying the problem and scale of the unbanked, performing a literature review or an environment scan that enlightens the strategy on demand, supply and regulatory issues surrounding banking the unbanked in an economy. Further, an inward introspection can be performed that allows management practice to assess the organisational capabilities (strengths and weaknesses). This enables the practice to position itself in the most optimal way utilising its resource capabilities to realise market opportunities and deploy the appropriate technology.

II. Identify management action plans from literature review:
   a) Propose adjustments to the bank's overall strategy and direction where necessary.
   b) Need to mobilise capital and resources.
   c) Need to identify and invest in a system able to reach more and bank more.

   The above is for internal use, and findings of this research have been applied to the author's practice.

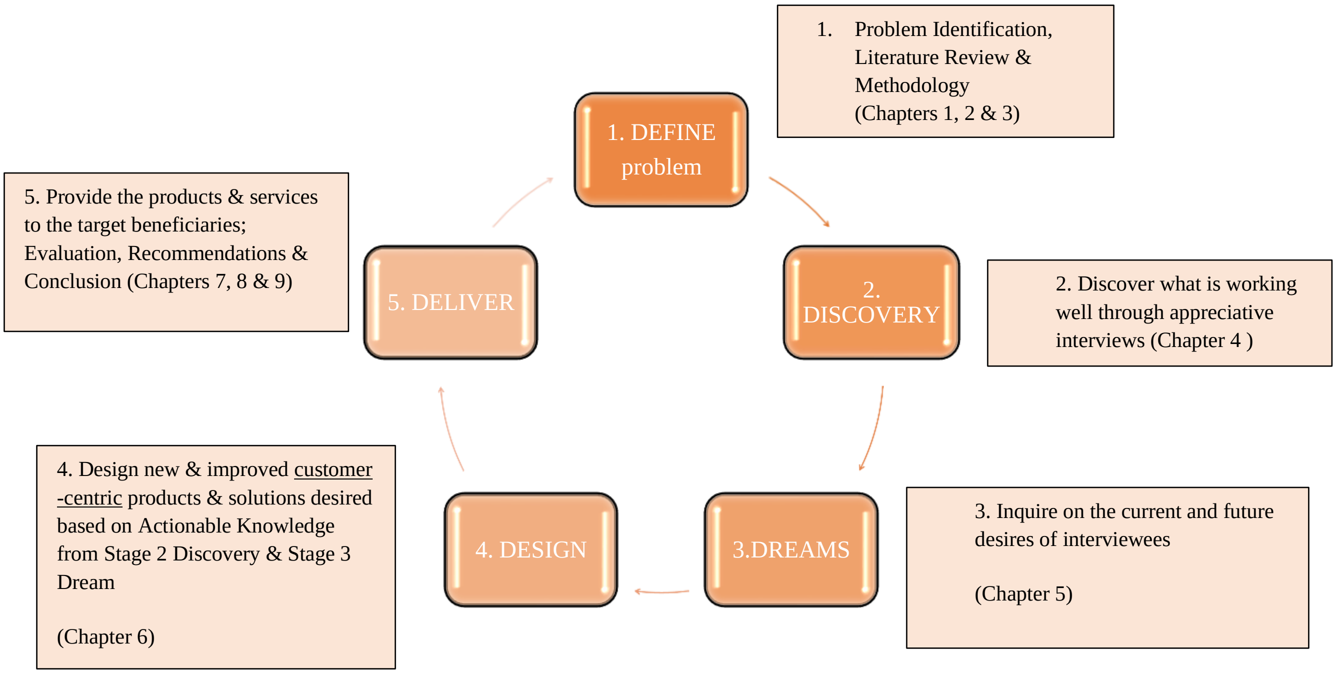
III. Development of new products and services for the unbanked through Action Research by way of Appreciative Inquiry as suggested from summary findings in the demand, supply, and regulatory side reviews more than once that new banking products and services need to be developed for low-income earners. Chapter 3 (Methodology) presents a research design and methodology for an inquiry that leads to the development of new products and services for the low-income market where appreciative interviews were conducted with 200 participants and to identify what is working well, action research uses the inputs to develop new co-created products and services for the target market based on generalised responses of participants and a strategy to bank the unbanked.

CHAPTER 3 - METHODOLOGY

3.0 Introduction

The methodology forms part of the first stage of the action research delivered by way of Appreciative Inquiry. After having "Defined" the problem in chapter 1 and with the literature review performed in Chapter 2 that developed a deeper understanding of the problem, the next stage, chapter 3 Methodology, discusses the research design and research questions. The ontology the author adopts is Relativism and the epistemology is Social Constructionism as this research is a complex social science and research aims seek convergence in knowledge and understanding of what constitutes the appropriate products, services and delivery channels that are desired by low-income earners for a strategy to bank the unbanked market to be both viable and sustainable. Action Research was used as a research method and Appreciative Inquiry was the way the Action Research was delivered through starting with what was working well in the way low-income earners handled their finances and then using action research to improve it with the aid of the 5D model of Appreciative Inquiry developed by David Cooperrider.

Figure 2 – The 5D model of appreciative inquiry used to undertake the action research & research structure.



3.1 Action research delivered by Appreciative Inquiry

This project is action research-based undertaken through the Appreciative Inquiry method developed by David Cooperrider as an approach used in business and research for close to 30 years.

The 5D model cycle of Appreciative Inquiry consisting of a 5-step process of (1) “Defining” the problem to understand the scope and focus of the inquiry, (2)“Discovery” appreciating the best of what is working (3) “Dream” - determining new possibilities that could be made to come alive and what that would mean for the customer and the organisation (4) “Designing” – the desired products or what could be the next best solutions based on the dreams of stakeholders. The author’s research required the undertaking of short appreciative interviews as in Gardetti and D’andrea (2010), Simansi and Hart (2009), Prahalad (2004), Prahalad and Ramaswamy (2002), Prahalad and Hart (2002) with unbanked potential consumers to understand what alternative financial services they were using that were working for them, to see what is working well, understand their desires and future dreams of financial service to develop for them new banking technology, products or services so that they could switch from informal financial services (alternative financial services) as in Ansari et al (2012), Martin and Hill (2012), London and Hart (2004), Prahalad and Ramaswamy (2002). This is enlightening in the research during designing phase as it gives insights for the next best solutions, business model or networks for delivery channels that can support or enhance the current status offerings so as to eliminate market gaps, improve lives of the target market for the optimal effective strategy as deduced from Simansi and Hart (2009), Seelos and Mair (2007), Prahalad and Ramaswamy (2002) in their work on developing business models for the bottom of the economic pyramid in other industry sectors and London and Hart (2005), Thakur (2015), Simansi and Hart (2009), Prahalad and Ramaswamy (2002) on commercial networks for low-income earners. (5) Destiny or Deliver is the last process to the 5D Appreciative Inquiry cycle which identifies how the design is delivered, management implications and actions executed, and changes to be embedded into the organisation strategy, stakeholders and partners culture in serving unbanked and new test products and services provided in our case to the target customers. This is the stage at which testing happens and results should show what to expect in a full-scale roll-out because the strategy is a long-term play and will require multiple repeat cycles to tweak entry-level products, services, delivery channels and business model to perfect the impact of the sustainable strategy.

Action Research delivered with Appreciative Inquiry is about bringing transformation through co-creating generalisable knowledge through practice in constant action cycles of identifying a problem, planning, implementing action, reflecting and evaluating until the research goals are achieved (Coghlan, 2012) and Roth et al. (2007).

3.2 Why adopt Action Research and Appreciative Inquiry?

Why adopt Appreciative Inquiry (AI)? Because it is appropriate for the nature of the research and type of output required. Appreciative Inquiry focuses on building on knowledge that is already available and successful to solve new problems in different ways, rather than focusing on what is deficient thereby generating capacity for transformational action as discussed by Cooperrider and Srivastava (1987) cited in Coghlan (2011). Further, the research requires knowledge contributions of multiple stakeholders and the "wholeness principle" of appreciative inquiry suits the research project as the more stakeholders are pulled together the more value there will be in the research inquiry process that are party to the problem. For example, participation of low-income earners and the end users brings insights that will not be available in the organisation prior to the action research. This leads to the development of better products and services through co-creation that results in greater customer-centricity in financial services solutions.

Further, AI was a very good approach for this exercise as its explorative nature generates data required to support new product development and helps bring about a deeper understanding of the needs of a new unknown market. Further, this approach has been used in model research by the United Nations in similar studies because of its powerful collaborative nature of complex problem solving through stakeholder dialogue concerning parties affected and those willing to help address the problem. Therefore, this leads to faster uptake and higher chances of success in market penetration of products as guaranteed through using AR and AI. Management practice adopting the utilisation of AR and AI will develop a competitive edge over others and benefit from the use of these tools that promote co-creation of solutions rich in customer-centric and tailored outputs to drive client market acquisition.

3.3 Steps of conducting action research by Appreciative Inquiry to sustainably bank the unbanked

3.3.1 Define stage

Banking the unbanked is a broad problem and at the define stage we identified the area of the problem we want to tackle through advanced research. This thesis was a market research-based project for developing financial services and products that can be offered to the unbanked sustainably. Questions on the level of access to formal financial services in an economy must be answered, past literature on the problem must be reviewed and the stage of development of the market understood. Further, literature review to understand similar problems in other parts of the world and solutions, successes, and current gaps must support research at a local national level. Action learning and research were used for this research as suitable methods because the problem of providing financial services is a complex social process. The process can take a long time and often may require a couple of cycles of iteration to develop a perfect solution that can be accepted and assimilated by the market.

To generate research that realises customer-centric solutions, the appreciative interview is designed to interact and understand the problem through co-creation of knowledge with target consumers. This research was conducted on a population sample of 200 potential target consumers that were identified based on a criterion derived from ethical standards of University of Liverpool. Participants must have economic activities which require financial services. Disadvantaged individuals incapable of representing themselves and minors were excluded from the field interviews for ethical reasons.

3.3.1.1 Design of the questions

Appreciative interviews are special positive interview questions provided in appreciative inquiries that seek to ask questions which encourage research participants to relive their experiences for researchers to understand the core problem and co-create solutions with stakeholders starting from what is working well and improve aspects of the existing solution to address current and future needs of stakeholders (Whitney & Fredrickson, 2015; Paranjpey, 2017).

Six short questions were designed based on the structure of the appreciative interview:

I. Please, tell a story of how you generally handled your finances.
II. What are the positive and successful experiences you have had?
III. What was pleasing in the positive experiences?
IV. What went well in the process you could think of if you relived the experience?
V. What makes the way you handle finances deliver positive experiences you mentioned great?
VI. Lastly, what are your current or future financial dreams?

Appreciative interviews are insightful, open-ended questions that encourage a reflective conversation that gives insights into a problem and suggests desires of stakeholders for a solution.

3.3.1.2 Decision and justification to interview population sample of 200 participants

This research was done in accordance with the ethical standards of the University of Liverpool and so field work and data collection were only able to take off after review and approval of the project by the Ethics Standards Board Committee of University of Liverpool. To comply with ethical standards around the use of private confidential financial information, participation had to be kept minimal (200 participants). Further, participants were required to sign consent forms (Annexure 1) and information was read out on the participation requirements contained in (Annexure 2 - Participants Information Sheet). Participants of the research interview were drawn from cluster samples of the target market of the mass unbanked individuals and entrepreneurs. Data were collected from small clusters of target clients that made an economical representation of the overall target market population of the unbanked working age population at Town Centre Market, in Lusaka, the capital city of Zambia, through the appreciative interview process. The duration of the appreciative interviews took 5 to 12 minutes period. The field work exercise lasted 3 months.

3.3.2 Discovery stage

Discovery stage is the phase of the research that analyses the positive aspects of the current solution to a problem and its gaps. The inquiry on positive aspects seeks to show which areas are working well and can be maintained or further developed, and the current gaps identified are acknowledged for improvement in the design phase, which is the next process in the research of co-creating a solution with those closer to the problem. This promises a customer-centric solution with the promise of high market acceptance and, therefore, high potential for market penetration as this is a solution developed with the customers' top-of-the-mind requirements. The interview Questions I to IV probe a deeper understanding of attributes of the existing solutions that are much desired that drive client consumption behaviour, the follow-on cross-examining questions seeking to understand the behaviours, concepts, attributes, and feature preferences of participants in financial products they consume. These concepts can be generalised and infused in new homogeneous products with improved characteristics that enhance product and service satisfaction and appeal to unbanked target clients. The discovery stage is a fact-finding process that generates knowledge which is used at the design stage of the research and the aims are to build on and improve existing products and solutions.

3.3.3 Dream stage

Dream stage is the next phase of the fact-finding process for generalisable homogenous knowledge on current and future unsatisfied financial needs and requirements of target consumers. The interview conversation with target consumers at this stage seeks to draw knowledge of their current and future financial desires that are not provided for by existing solutions. This aspect of the research generates through co-creation between the researcher and the target consumers' generalisable knowledge of behaviours, attributes, characteristics, and feature preferences that must be incorporated or embedded in financial products and services the target consumers require and these become the next generation of new financial solutions for the target market. The last question of the appreciative interview (Question 6) is the futuristic question asked to tease futuristic needs and wants. Conversations and suggestions of the target clients yield input information for the design stage for product and service development. Further, this stage leads to generation of customer-centric knowledge that is considered during the design stage to aid the development of customer-centric products and services.

3.3.4 Design stage

Design stage absorbs two forms of information, firstly, from the discovery stage, where knowledge is focused on current existing solutions and their characteristics, attributes and features that drive current positive customer satisfaction. The generalised knowledge is used to replicate banking products for the unbanked from informal solutions, and this is replicated in formalised and homogenic products that are developed knowing what is currently working and improving on the same through benefits of properly structured financial services and digital developments with customisations enabled. The design phase creates a blueprint for products that can fully be digitised based on the facts from the inquiry incorporated into financial solutions. Secondly, the information from the dream stage is generalised as knowledge containing characteristics of future generation of products requirements by the target market. The generalised knowledge is incorporated in the product and services built with a view to enhancing co-creation and customer-centricity in the final product solutions.

3.3.5 Delivery stage

Deliver stage is where new products and services are tested and rolled out to the target market. In terms of action learning, this is the stage at which results and market feedback are assessed for the evaluation of research success. Positive feedback means proceeding with the products and services designed for the market while negative feedback, or a range of issues found on the products and services, requires another cycle of iteration. This means the process continues again where we define, discover, dream, design and deliver products and services learning through actions research cycles of problem defining, diagnosis, inquiry, design, testing, and evaluation until the research goals are satisfied.

3.3.6 Locating action in this research

Figure 3: Locating action research in our inquiry:

3.4 Challenges and limitations

Working with data from appreciative interviews can be challenging as the researcher makes field notes of the discussions and so it is very important to be systematic in sorting and coding. Research participants may vary with the way they provide their answers -some giving precise definitive answers, others descriptive answers. Clarity must be requested, and the systematic logical sorting and coding method will assist the researcher to compile descriptive and definitive responses. This helps understand generality and generalisable information that is helpful for the inquiry. The author developed common themes from definitive and descriptive feedback collected during interviews. This was analysed and generalisable information was produced from behaviours and characteristics of the data.

In comparison to questionnaires, data collection is much more simplified as participants select from common answer ranges, generally making it easier to understand similarities among participants and certain behaviours in expected ranges of answer choices of the questionnaire templates by participants. This makes it generally much easier to analyse and manipulate data to interrogate data patterns and characteristics that the researcher draws conclusions on. However, the limitations of using questionnaires for our research problem with limited knowledge or understanding of the unbanked market made it difficult to develop a questionnaire. However, this method can be used in the downstream research iterative cycles to refine products or services after insights obtained from this initial research. Therefore, more accurate scientific quantitative research can be performed that can enhance further developments in products and services or future inquiry on strategies and other areas for the target market.

Further, future research can benefit from a larger budget, coverage and diversification of data collection than was done for this research to benefit from a larger population sample that promotes greater correlation with the target market (unbanked market).

Lastly, country bias affects this research as data is collected from Zambia, the author's origin. This means results and conclusions drawn are focused on the author's region and that is affected by the local region economic status, development level of the legal system, social or cultural issues, education, and other factors specific or alien to the author's country. Therefore, users of the research findings must adapt these differences to their regions or perform similar tests based on their country / regional specific data.

3.5 Linking ontology, epistemology & methodology

The ontology, epistemology and methodology are linked through the expected results where we seek convergence of knowledge out of the research. Actionable knowledge is the human interests of our subjects that are the main drivers of our science to develop new products and services for the unbanked working age population and a sustainable strategy to commercially bank them. For a methodology, Action Research by way of Appreciative Inquiry brings us closer to the customer to understand these human interests we are observing as the solution to our problem. The ontology relativism is a social constructionism or interpretivist view that supports the researcher being part of what is being observed (insider researcher) and focus is to understand the human interests as the main drivers of science and the aim is to increase general understanding through gathering actionable knowledge that leads to the development of new products and services that aid the sustainable strategy in banking the unbanked (Godwin & Schiller, 2017; Paranjpey, 2017; Easterby et al 2014, pp 17 - 27).

The alternative to this research method would have been the adoption of the positivist ontology where the researcher would be independent form the research, human interests are irrelevant, but explanations in the form of hypotheses and deductions are used to demonstrate causality that can be generalisable for understanding how to frame new products and services; and influence the formulation of a strategy to bank the unbanked in a sustainable manner.

3.6 Ethics and standards for the research

Ethics approval had to be sought prior to proceeding with the field work of this research involving human participation from Research Ethics Committee of University of Liverpool. The following university policy standards were adhered to during the research:

I. Participation was voluntary.
II. No minors participated in the research.
III. Consent had to be sought from the participants.
IV. No sensitive financial records nor private information were obtained during the research that could financially harm participants in case of fraud.
V. Data privacy was observed, all responses were anonymised, generalised and were not traceable back to the participants to preserve the confidentiality of the participants.
VI. Communication was short and between 5 and 12 minutes.
VII. No questions were derogatory nor insulting and communication was respectful.
VIII. Participants were also advised to skip the questions where they felt uncomfortable to answer.
IX. Participants could record their names on the consent forms or remain anonymous according to their preference or choice.
X. The purpose of the research interviews was explained to the participants.

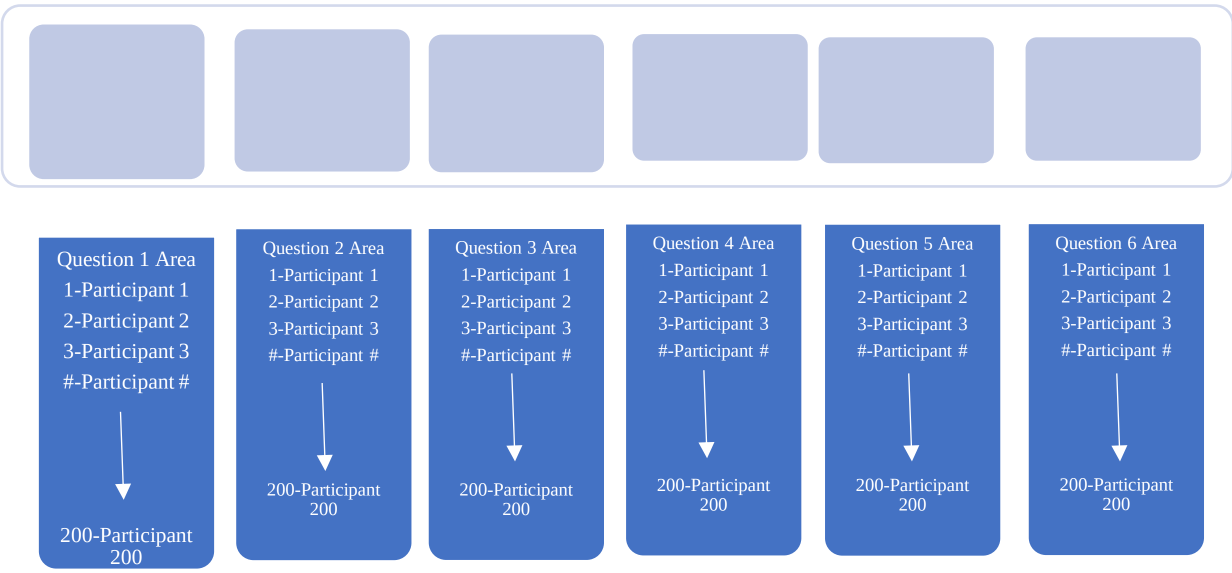
3.7 Data collection

The "Data Collection Stage" was the third stage of the action research project and the key focus for this area was to collect data from appreciative interviews that werer analysed to develop actionable knowledge. Based on the research design and methodology discussed under Chapter 3, a field work exercise was held between February 2019 and April 2019 where appreciative interviews were conducted with 200 participants. This happened at Lusaka Town Centre Market, where the author was introduced to the market administrators, who gave the author access to interview shop owners, respondents obtaining supplies at the market that fit the profile of target clients.

The author was provided space at the market to erect a tent and a desk where participants sat and answered interview questions one at a time. The participation rate was overwhelming as volumes were high of people wanting to take part and low-income earners were excited and interested to participate as their perceived benefit was that this would result in financial services being opened for their benefit and this was welcomed to help them address various financial challenges. The data collected was analysed in Chapter 4, under the Discovery stage, and Chapter 5, the Dream stage, and the generalisable knowledge generated formed input into Chapter 6, the Design stage, where new products and services for the unbanked were created to support a sustainable strategy to bank the unbanked.

How was data handled? six questions were asked to 200 participants in 200 interviews that took between 5 and 12 minutes on average. The structure of data collection was designed in such a way that information collected was anonymised and could not be traced to participants signing the consent forms. This was the first time the author conducted a field work exercise, so planning how to record information accurately and ease compilation was a big challenge. The author created six areas for recording the interview answers in a journal. Then each of the six questions was allocated an area in the journal split into six recording areas. See illustration overleaf:

Journal for data collection split into six areas to ease recording of participants' feedback anonymously.



Once all the answers were collected, the feedback was entered into an excel spread sheet for each question and tallied where answers were the same or had similarities. Some participants gave feedback that was definitive with a word or short sentence to illustrate their feedback while others gave descriptive feedback. The feedback was tallied per question, with short definitive answers provided by the participants used as themes in answers while descriptive feedback was allocated to the short themes where the interpretation, meaning, reasoning and inference were the same based on the judgment of the author. This was a limitation or bias as the coding for the themes was limited to the author's judgment or subjectivity of the author's understanding of the interview.

How was the analysis approached? Graphs were developed for feedback and themes of each question and there we drew insights of how the participants utilised their finances, their needs and desires that were used to understand how to model transactions, lending, savings, and investment products for the target market (for example see section 4.1, graph 2, which shows the variety of ways participants handle their finances from the stories they told). Based on illustrations and explanations of participants, similar feedback was group and categorised based on key words provided by participant or common themes from stories of managing their money .This stage is critical as this is the first interaction with the target market and the outcomes of the interactions are used to develop entry-level products and services for the target market whose performance may require iteration as once in use, more clarity, data, statistics, and customer feedback can be used to tweak the products and services to finesse. Therefore, feedback should all be encompassing at this explorative stage weighting feedback to urgency and importance must be secondary to understanding and developing products that can capture the basic needs and desires of the wider general market.

3.7.1 Location of site for field work

The data collection was done at the city centre of Lusaka. Lusaka is the capital city of Zambia with an area of 360 square kilometres, located at latitude 15.4082 and longitude 28.2872 (N-15 24'29" and E-28 17'14"). Lusaka has a population of approximately 1.8 million people, and it is one of the big cities of Africa. The field work was done at the town's central market, where foot traffic is high, and the place has many shops, individuals and entrepreneurs who are low-income earners and form part of the working age unbanked population of the country.

The field work involved conducting appreciative interviews with 200 participants that were a fair representation of the sample of the target working age population in the country. A set of six interactive questions were asked to each of the subjects to understand how they were currently handling their finances to "discover" what was working well, what could work better and what new possibilities can be used to develop new formal banking products and services. The aim was to understand what positive aspects led them to adopt the current use of non-formal financial services, explore the intricacies of what makes them work, deduce what could be improved and get closer to understanding their financial "dreams" with a goal to decode current and future attributes, characteristics, benefits, and features for financial solution "designs" for new banking products and services. What follows below are accounts the participants provided, and this part presents the data derived from the responses and stories they provided as feedback to the Appreciative Interview questions generalised as actionable knowledge. The reader will observe that in some cases there are more than 200 recorded responses as some participants provided more than one answer to a single question. Responses were counted, tallied, and categorised according to similarity under themes or concepts discussed by the participants. These responses are analysed and discussed in the next two chapters.

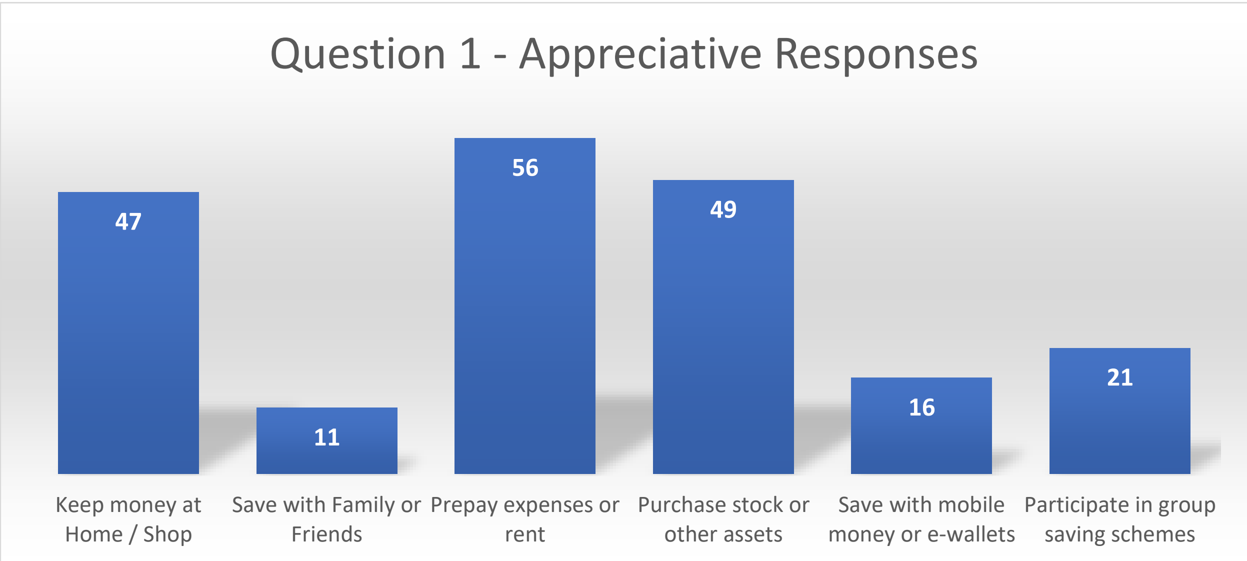
CHAPTER 4 - DISCOVERY STAGE

4.0 Introduction

Chapter 4, the Discovery stage forms part of the second stage of the AR project by AI and here an analysis of the data collected from the first 5 questions discussing what currently works as financial services for the unbanked, the attributes they consider positive and beneficial to results in satisfaction of their goals and choices of how they handle their finances. This gives the first set of actionable knowledge of attributes and factors leading to positive satisfaction for their finances that is utilised as input in developing new banking products and services for the unbanked. A sense-making approach was followed in the analysis of findings where data had to be first arranged into themes of what the participants pointed out to be their current behaviour, attributes, and preferred factors of financial solutions. This was based on participants' understanding of the questions and their interpretation of how they related their use of financial services to their personal experiences and unique situations. The themes were basically generalising commonalities providing a framework in which data could be grouped to find the key factors or attributes that led the participants to behave or influence their behaviour in making certain financial choices. Note that all the entries were important as the author captured the human interests, low or high frequency, in outcome and accommodated the same in the new products and services under the design stage.

4.1 Question 1- Tell a story of how you have generally handled your finances

Graph 2 – Presentation of Q1 appreciative responses in graph form



The appreciative interview started with question 1, which was an icebreaker enquiring on how participants handled their finances. Most of the participants interviewed did not necessarily think they needed formal financial services, and this was evident in the answers they gave, where 56 seemed to be in a situation where they had to prepay expenses or rent, 47 kept their money at home or in their shop, 49 purchased stock or converted their money into near assets and 11 either saved or lent their money to their family members or friends as a means to store value. The participants felt this worked for them, and their behaviour of not tending to rely on formal financial solutions or banking also, to some extent, depicted the finance-generation activities they are involved in which result in short-term generation of money in small quantum and probably this did not pose challenges demanding the need for formal financial services.

However, 21 participants explained they engaged in saving through informal schemes while 16 utilised mobile money or e-wallets. Mobile money and e-wallets are alternative financial services facilities which are closest to banking services. However, they have some limitations as explained by participants as they are mainly used for transfer transaction services due to their tendencies of holding limited amounts of money and values that can be transacted in a day.

4.1.1. Keeping money at home or shop

Participants who used and preferred this option advised that it was convenient as they would have immediate access to the money for operations. They also saw it as a secure way of handling their money as they had direct control of where it was stored. They found the option advantageous in case of emergencies or impromptu needs to utilise the money as they could retrieve it with ease. Those that had patients in the night felt they could use some of their money for medical costs. Those that got up early and travelled to remote areas to do business found having cash on hand at home or in their shop as most flexible and convenient.

Further, some participants shared situations that their spouses in some cases would have access to their money at home and they would misuse the funds. One respondent said, “My husband often borrows my money and does not return it, so every now and then I run out of capital, so I keep my money at the shop.” Others explained that they lost their money at their shops in a gutting that burnt a whole complex, and they had no insurance, hence this option had some perceived risks. The author observed a lack of distinction between personal and business finances for most entrepreneurs and such lack of a distinction could affect the adequacy of their business working capital.

4.1.2 Saving with family or friends

Participants who saved with family were mainly married couples, siblings, or close relations where a trusted family member that was disciplined and wise would be entrusted to keep money for them as “savings”. This was a savings solution by participants who placed money with a family member, trusting that he or she would not be tempted to misuse their money and fail to provide it when they called. Some spouses earning money in small quantum entrusted their partners to save it for them. Usually, husbands entrusted the money with their wives. However, the same happened vice-versa as some wives placed savings with their husbands and this worked well where spouses had no alcoholintake problems. Friends also placed money with other friends as savings; however, participants in this case were lending to their friends on short-term basis as an investment for a small gain or to earn a turn to borrow in future when they had a cash gap.

Participants lending to friends explained that this was not used to invest all their money but, in a part, to realise their contribution to an informal financial social community, where members create an environment to borrow and lend to each other in times of need and in times of excess resources. The author learnt that this functions like a club where new members are co-opted, each earning income and lending a little part of their earnings to their friends who could have a project or could be going through a rough 'cash-gap' needing to cover expenses or settle obligations. The author uses the term 'cash-gap' to explain a time when an individual's financial situation is overwhelmed by expenses or settlement obligations against insufficient income and savings (Kendall, 2010).

Therefore, the lending to a friend is a solution for 'cash-gaps' among friends in a community. The author foresees a challenge to the small financial communities where cash-gaps among members manifest at the same point in time. What this means is that friends are exposed to this solution not working reliably to fix cash-gaps when expenses or settlement obligations overwhelm most of the members at the same time. Some participants explained that a cyclic situation like this happens when members must pay school fees for their children or relatives and all the members face cash gaps at the same time.

4.1.3 Prepaying expenses or rent

Participants provide and pay in advance certain major expenses, such as rentals, statutory fees or school fees as a way of preserving financial security for their well-being or guaranteeing that they will have access to certain important services they require in their lives. A participant who was a trader emphasised this keeps him from having a misfortune where money is misapplied to other things or eventualities. Acquiring the services upfront acts as a financial solution where the seller of the service takes funds upfront for a promise of a future service or servicing as settlement for an obligation in advance by the participants. Rentals, statutory fees and school fees for children can be burdensome to those who earn money in small quantum having to aggregate the sum of funds required to settle these obligations and then having to ensure that the money does not get wasted on other things before it is paid over to the landlord, authority body or school as the key examples given by participants.

There was an element of participants deciding to settle these obligations in advance as they were unsure whether their situations would make it difficult to preserve the money and then pay it at an appropriate time. The author observed this situation reduces 'credit history' for the participants that take this route, which could be used to borrow and create a 'multiplier effect' for themselves on their money and that which they can borrow. The author learnt that non-formal financial services deprive their users of a ‘credit history’ that a lender could use to understand the financial user’s capacity to take out credit and to help one manage financial constraints depending on their nature. Credit history enables a user of financial services to create a multiplier effect by being able to borrow based on their earnings record or credit history and future expected earnings.

4.1.4 Saving money on mobile money or e-wallets

Participants who save money on mobile money or e-wallets are on the step of progress towards enjoying full formal financial services. Mobile money provides the broadest local transfers network in the country, and booths are accessible within proximity to many low-income earning communities in urban and rural areas. Participants advised their choice of using mobile money was predicated on the fastest mode of transferring money to their intended recipients. Some participants explained the ability to make utility payments to utility companies by avoiding queues at utility companies and saving time and transport costs. The author saw this as a fast-growing mode of paying and receiving money by participants. Hearing how well mobile money was performing and growing from participants, the author saw an opportunity for strategic alliances between banks and mobile money operators to deliver a full suite of financial services products to the target market. However, participants expressed dissatisfaction over the low deal sizes for transactions and short repayment periods for the micro-loans they accessed. The tenure does not stretch over one month, and the deal sizes hardly exceed USD$100.00 equivalent.

4.1.5 Purchasing stock or near cash assets

The author discovered that many participants resort to purchasing stock or near cash assets like the way formal financial investors or learned savers would purchase a financial instrument. Traders resort to this more as a practice where purchasing stock creates a kind of self-hedge for their businesses in times of volatile economic fundamentals such as currency exchange rate fluctuations, anticipated irregular supply of stock that could have adverse effects on short-term prices. This is a result of unconscious decisions they take when they choose to procure stock in advance to avoid misusing the money or getting less value in future prices.

In some cases, a respondent’s decision to acquire an asset they can easily convert to cash is based on what alternative use it can be deployed in business or life, and how long it may take to dispose the asset. For instance, it was common, and still is, to see traders buy cars using their excess earnings. They then use the car for business transport, which saves them money on logistics or car hires. Before the car can age, they quickly sell it and recover their initial investment and then channel the finances to their planned purchases or obligations. The author observed stock is not the best option to preserve finances as it exposes participants to multiple risks such as stock going obsolete, being stolen, or getting damaged and if no insurance is taken out, it means a total loss is incurred by target clients. Further, where there is no immediate market, the shelf life can be long, and this can disadvantage the trader in their ability to regenerate cash when it is needed.

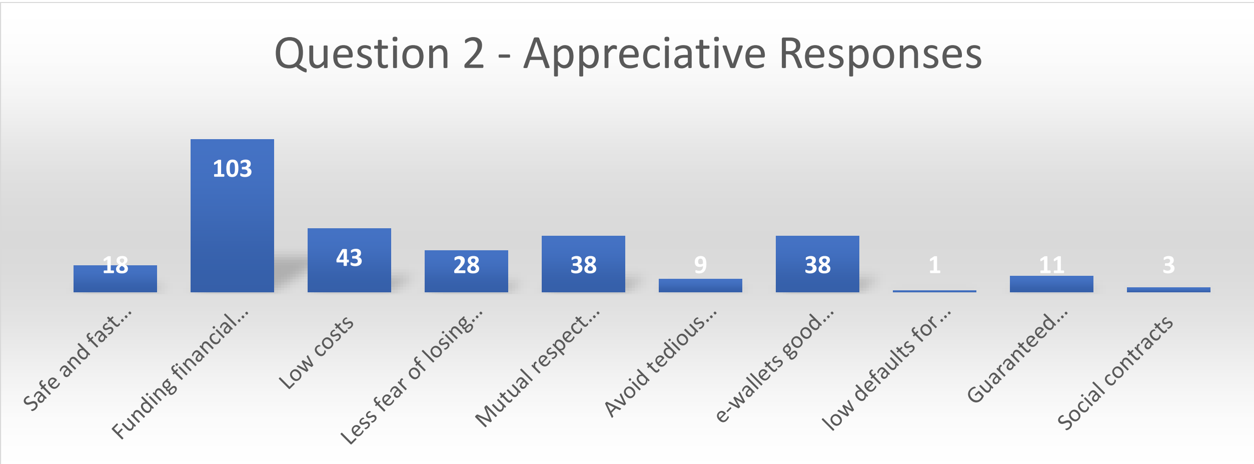
However, preserving money in form of assets is a common practice among many Third World countries, too, (World Bank, 2015) and this is an opportunity for financial service providers such as the author's firm to provide formal financial investment solutions.

4.1.6 Participating in group saving schemes

Group saving schemes have become common over the decade. Participants explained they can now save through a new concept being called 'Village Banking' where members join a village bank club. Then monthly the members make savings that are pre-agreed in pre-arranged quantum. The funds start growing when they take turns to borrow from the same pool and pay interest to themselves. Then at the end of the year, participants generate their principal investments and get a share of interest income generated by the whole group.

4.2 Question 2 - Tell us more about the positive and successful experiences you have had in the way you handle your finances

Graph 3 – Presentation of Q2 Appreciative Responses in Graph Form



4.2.1 Safe and fast solution

Participants who had a positive experience from a safe and fast solution explained that physical security was important for their cash or earnings. Money would not be stolen, spoiled, or left carelessly the way they stored the money at home or perhaps in a safe place at the shop. Where money was entrusted to a family member or friend, the guarantee that it would be retrieved and used soon was important. Safe solutions were also seen as those where retrieval was hassle-free. 'Safety' was also seen from the perspective of those borrowing to avoid predatory lenders. Predatory lenders in some cases may not have good practices in the way they collect their money or the extent they may go if one is behind on repayments.

- Fast positive experience was also attested to where retrieval of safely kept money can be withdrawn quickly to respond to needs and wants of the saver.
- The needs and wants were personal or business in nature to allow the financial solution user to ‘access’ funds as and when they need the money.
- Fast positive experience was important to participants who were traders that do early morning trades before markets are open to purchase fresh produce stock and have it ready for sale when the markets are opened.
- One trader mentioned the reason he would not bank his funds was that he would not have the time to stand in lengthy queues as this would be an opportunity lost to sell in his unmanned shop if he were away.

4.2.2 Funding financial gaps

Participants pointed out their positive experiences of managing to fund financial gaps in their cash flow cycles between the times they generate income from their economic activities. This was where they needed to incur certain expenditure for their needs and wants in the areas of personal life or business. Personal life needs and wants were to do with paying rent, buying food, settling school fees for children, covering medical health or any other expenditure related to lifestyle requirements. While business or entrepreneurial expenditure was related to purchasing stock, logistics costs, expansion of a trade activity, statutory fees, business rent or shortfalls on acquisition of near-cash convertible assets. Many participants explained that funding gaps are a major problem as they have limited sources of accessing credit. There is an upward increase of micro-finance companies, but most have little appetite to trade with low-income earners, as quickly pointed out by many participants. One respondent said, “My business can be erratic during the month and cash gaps for a single parent can be a pain especially when there is no food on the table for the children and you are stuck with stocks.”

Participants explained that alternatives have been created where communities at trading areas and in the townships have been formed where friends, families, or co-traders self-finance each other in turns and return financial favours. This gives them a positive satisfaction by surmounting funding gaps. The unbanked mass market provides credit to themselves, and this enables them to put food on their tables when they have not yet earned their income or when obligations arrive ahead of earnings. Therefore, overcoming funding gaps or accessing credit was revealed as important to most participants.

4.2.3 Low costs

Low cost or zero finance cost in some cases was a positive. Participants explained that when one lends or borrows from a close family member, they do not pay a cost for the financial service nor interest. However, among group schemes, participants attested that they paid some fee or contribution towards the collective financial activity that was affordable commensurate to the level of borrowing and perceived risks that could be involved.

Participants showed no willingness to pay a high fee for accessing financial services. A few participants explained that there was a current perception banks were seen as expensive financial service providers and often participants explained they would not even consider stepping a foot in a bank to verify this perception and this could be the reason why market acceptance and penetration are low for banking services.

Participants generally pointed out that because they are low-income earners, every activity or service, they engage in must be at a low, affordable cost with real value of benefits. Therefore, financial costs for any other services must be justifiable economically with low-income earners. Below are comments from participants who said they received a positive experience and satisfaction after incurring a low cost:

- Borrowing from friend
- Borrowing from family
- Placing savings in group saving schemes
- Rotation pyramid schemes within a limited small group. One respondent explained how this worked in a group of 5 colleagues making fixed contributions monthly and one of the members takes all the contributions in a uniform turn monthly. The treasurer deducts a small cost from the one person taking all the contributions in the month as medical or funeral cover for the group.
- Transfer of funds through mobile networks or coach services

4.2.4 Less fear of losing collateral

Participants who borrowed explained they were satisfied with the level of comfort that they would not lose either collateral or personal assets when they have borrowed in financing arrangements to cover financial gaps or acquire of capital goods. Participants had to judge the stability of their lenders in case of credit repayment distress. Working with a partner that was more accommodating or who would give ample time for the borrower to repay the debt was seen as a source of satisfaction. Participants argued that financial partners would vary in terms of behaviour and circumstances they were faced with. Where the finance partner had counter-obligations to meet and had no way out, often relationships would be strained. The finance partner would pull the plug by demanding repayment and, if this is not available, the last resort would be collecting some assets of equivalent value from the borrower. One participant said, “I choose wisely whom I borrow from, someone understanding, with empathy, who will not embarrass me when I am late with payments, depending on how slow business is that month, I need to borrow and entrust my asset as collateral.”

Participants argued that positive satisfaction was derived from being able to obtain credit from different borrowers where risks of repossession would vary; for instance, borrowing from a close colleague or a family member would usually not result in drastic measures being taken when enforcing negative covenants of an agreement, while borrowing from a loan shark (predatory lender) would have immediate dire or adverse repossession consequences for failure to repay a debt. Participants explained that fear of losing valuables was a matter taken into consideration by choosing the appropriate lending partner and this was a positive success factor whenever the borrowing was fully repaid and no property was lost.

4.2.5 Mutual respect and understanding

38 Participants explained in their interviews that mutual respect was an important factor in a financial relationship, and where partners agreed to do business, successful transactions were mainly driven by respect and mutual understanding between the parties. Participants who saw mutual respect and understanding as important to the relationship derived satisfaction in these qualities from their counter parties in a financial relationship. A couple of participants felt they would not proceed into a financial transaction with another party that did not hold the value of mutual respect. They felt a loss in trust that the counterparty would fully honour their end of the bargain or provide the right level of support or empathy in a financial transaction. One respondent said “if a person does not respect you, either they won’t deliver, or they will take your business for granted and that can cost you”.

The author deduced that the qualities of mutual respect were important in respondents’ belief system. Participants were inferring that a successful business transaction dependent on mutual respect often leads to positive cooperation between individual parties. Some participants, during separate interviews, shared their bad experiences with banks in Zambia and expressed discomfort over how they felt disrespected by bank officers responsible for opening and operating retail accounts, who treated them poorly because they were perceived as low-income earners. This was despite being able to raise funds above the minimum balance thresholds, which contributed to participants staying away from a banking relationship due to lack of mutual respect by bank officers.

Understanding each other respectfully is a positive experience that leads to progressive performance of a transaction where the two parties that have mutual respect get into alignment to achieve the goal of performing the transaction. This creates room for a collective purpose and goal congruence, which gives advantage to a business transaction to take off successfully. The author argues that understanding how mutual respect works for a financial transaction creates room for positive dialogue and higher chances of understanding each other or seeing the problem through the lens of the other partner to create a purpose and a common goal.

The author suggests mutual respect can exist to the contrary even where there may be a lacking in agreement or alignment, such that the transaction may not be executed. The study is set up such that interviews seek the positive side of the participants’ stories, while negative experiences may not come out effectively. To adjust for this, the author asked participants to share any negative perceptions or experiences to assess if there was anything that could be generalised and learnt from these situations to improve new products or service offerings. However, participants were still satisfied where there was mutual respect, though common interest was lacking in a transaction. Therefore, it was best for parties not to enter a transaction as things may not go well without the right attitude needed to make things work. The negative feedback extrapolating from the accounts of the participants was still a positive aspect of communication and can be derived from mutual respect of parties when they decide not to mislead, waste effort or time on a transaction that will not work judging from the lacking in alignment or agreement.

4.2.6 Avoiding tedious process paperwork or long queues

Nine participants saw a positive and success in how they handled their finances with less tedious processes, less paperwork, and a lesser requirement to line up in long queues. Participants argued they did not deploy cumbersome processes in handling their finances as this would be detrimental to their trade or income-earning activities. One respondent explained that they would never go to a bank because banks often had them line up in queues for long periods of time disadvantaging them at the shop. In reflection, for those in trade activities earning money randomly during the day and utilised traditional banking branches, it would be inconveniencing and unproductive having to line up every other half an hour of making sales and travelling to a perimeter of five to ten kilometres away. Most low-income earners do not own cars, so they would often have to walk the whole distance, which could be inconveniencing if one is running a self-manned shop, which was the case with most participants in the central business district of Lusaka (Town Centre).

Participants explained that their alternatives to banking services made them more productive at their trade or business activities as they avoided spending long times on queues, engaging in completing volumes of paperwork, for instance, in the case of a loan or making saving schemes rather than spending time on their core income generation activities.

The author reflected that most consumers want easier ways of doing things and simple yet effective time-saving products, as also observed in Isaga (2018), and Parker and Sachdev (2014). The author’s understanding was that people avoided complex processes and application forms due to illiteracy. However, most of the participants interviewed spoke fluent English and could express themselves well even though their trades and income generation activities were humble. In reflection, the average education for urban areas is between grade 9 and grade 12 in what is equivalent to the general education of the Britain system of level 9 and level 12 as in Kabakova and Plaksenkov (2018); Kamran and Uusitalo (2016); Karlan and Zinman (2005). The author’s country Zambia is a former colony of Great Britain, and the country has adopted education, governance, legal and judicial standards of Great Britain to a large extent. Therefore, participants or the wider target clients dislike tedious processes or cumbersome paperwork involving filling from an innovative or creative perspective as all consumers or customers would desire simple yet efficient financial solutions, deducing from participants and reflecting on the local situation where target customers have lowly, basic education.

4.2.7 E-wallets good convenience, high reach and access

Thirty-eight participants felt their positive experience or success stemmed from the convenience, high reach and access enjoyed from e-wallets provided by mobile network operators that allow participants to make transfers to suppliers or pay bills. Participants who had a good experience with e-wallets that are operated by mobile network operators enjoyed their convenience because they could deposit and withdraw money at booths or agents of the mobile network operators, which are highly populated across the central business district (the centre of town), and along their travel patterns from home to transport drop-off points and to their workplaces. This is the same way their suppliers or service providers would be paid for bills by receiving the money through transfers and withdrawing the money from booths or agents of mobile network operators.

Participants who enjoyed convenience and high reach of e-wallets owned a mobile phone and were signed up with mobile network operators for fund transfers. E-wallets accommodate both smart phones and USSD phone technology. Some participants utilise mobile phones to pay bills, school fees and transfer money to their relatives in other towns. High reach was appreciated by participants that could access mobile network operator booths from home, while in transit to work and in good proximity.

4.2.8 Low defaults for investments

One participant that specialised in lending expressed a positive feeling of satisfaction for the low defaults of the market. The respondent's line of work was lending out excess cash generated from his shops or lending business. The participant mentioned that at any given time he had about 10 relationships with partners that were borrowing from him. He explained there are not many who purely engage in lending as this business requires high cash volumes for working capital. The participant advised that he had a capital stock of approximately \$8,000.00, which he used to lend to colleagues and other business traders requiring a short-term borrowing at low fees or interest depending on the fee structure preferred by the borrowers and their capacity or potential of business they were financing.

The respondent explained that in a year he would probably deal with 90 – 130 borrowers and the level of default was low. The respondent also advised that he had been in the business for several years and the people he dealt with were honest and would repay the debts and hence the satisfaction he got in dealing with honest partners and the positive experience of low defaults. The author deemed this respondent to be a professional lender in the community or one closely associated to money-lending dealers. The author's comprehension over this interview was that default rates are low for borrowers among low-income earners, and this is what supports those that lend as they get satisfaction and positive experiences from low non-repayments (low defaults).

4.2.9 Guaranteed financing

Eleven participants that had a positive experience over guaranteed financing explained that it was important to have a good relationship with a reliable financing partner. Participants explained they relied on various financing arrangements:

- Pyramid schemes.
- Rotating saving schemes.
- Village banking arrangements where they form groups and provide their own treasury and lending methods.
- Borrowing from a colleague or family.
- Or borrowing from an e-wallet operated by a mobile network operator.

Participants explained that formal financial institutions would not grant them credit, so having a financial relationship within a social network was key to accessing some level of credit, and participants argued that sometimes life can be difficult for low-income earners who do not have access to credit. If one's income or ability to generate cash is delayed, they may not have food on the table and, thus, credit acts as a bridge for cash gaps so that one can put food on the table with the borrowed money and repay the creditor once they have the cash. This may also affect their businesses, but where cash is squeezed while bills have to be met, credit can ease cash-flows so that bills are met and the business carries on as a going concern and then creditors can be paid once cash is generated by the business.

Participants argued that good financial relationships in a social network can result in a positive experience as guaranteed finance is provided in times of need when cash is hard to come by, yet life must go on. Financial partners referred to in guaranteed financing seen as a positive experience are family, friends, work colleagues, co-traders, for instance, at the market, social groups, or loan sharks. Therefore, reflecting on the appreciative interviews, participants considered it a positive experience having a reliable financial partner that guarantees to provide them credit when they have financing gaps.

4.2.10 Social contracts

Three participants explained how they had a positive experience where, socially, they developed a bond towards each other that was like an unwritten agreement. One participant explained that the bond acted as a currency that could replace collateral in a financial transaction generated from trust, reputation, referrals, fellowship, competitors, and past dealings with partners. Participants felt social contracts or bonds were important and they acted in a certain way that they drew financial partners close making them willingly perform or accomplish tasks with a positive attitude for the mutual benefit of teams.

They explained how social bonds or contracts related to trust, reputation, referrals, fellowship, competitors, and past financial partners worked. Trust helped bonds where partners were familiar with each other, and they could do financial transacts with each other because of this familiarity. Reputation or good standing in a community was something that could work for the client or partner offering a financial service. Reputation would also be used in referrals to a financial service supplier or a customer that is known to another person of good reputation or standing in a community. If that trusted person gives in a good word for another client or service provider, that creates an environment to start a new relationship.

Fellowship common to traders in a community supported development of saving schemes or group circular lending initiatives based on social bonds. The author uses interchangeably the terms social contract, social bonds to define close social ties between low-income earners.

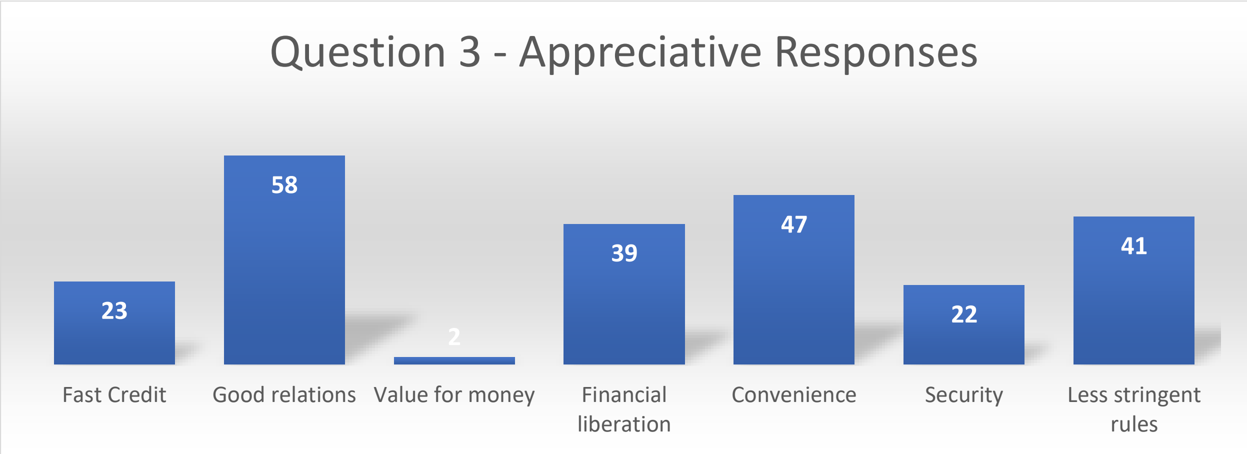
Participants advised that competitors in a collaborative way facilitated social bonds and contracts where they passed their customers on to their allies or soft adversaries due to not being able to satisfy a regular customer with a product or a service that could be provided by their field competitors. The author deduced this could be part of the unconscious fellowship rules where they provide each other something like a ring of protection or support retaining customers within a market or section or area to promote growth of the customer base and economy in a group through collaborative competition. The author noted that social contracts and bonds had a positive effect on the participants and acknowledged the high level of social engagements yielding social transactions and verbal agreements as guided by themselves.

4.3 Follow-on questions to the 1st and 2nd questions

The 3rd ,4th and 5th questions were follow-through inquires designed to gain a deeper understanding to the responses of participants from the 1st and 2nd questions. Financial discussions can be broadly answered but with both divergent and synonymous meanings, and the follow-on questions were cross-examining answers of participants to fetch the specific perspectives of their experiences.

4.3.0 Question 3 - We want to know, what in these positive experiences pleased you?

Graph 4 – Presentation of Q3 appreciative responses in graph form



4.3.1 Good relations

Fifty eight participants were pleased with 'Good Relations' that had developed in the way they handled finances with their financial counterparts. The author attributed good relations to strong social relationships enjoyed between transacting parties that had a form of identity and sense of belonging in a community. Therefore, the positive experiences the participants had of good relations were to some extent as a result of the environment they created to support financial transactions in a social setting or community scene. Further, a good relationship had to be cultivated by parties to a transaction and this relationship had to be maintained to sustain future dealings.

4.3.2 Convenience

Forty-seven participants thought 'Convenience' was pleasing as they were able to get on with their lives or business activities because either access or ease or getting a quick result to their financial needs was achieved. For instance, some participants that kept money at home or the shop felt they could just pick their money with immediate easy retrieval and head on to make purchases of stock or farm produces at early morning runs so that by the time trading starts in the morning, they would have been back from various journeys where they source their stock. Others felt they gained convenience through the way they were able to use mobile money to transfer payments to suppliers that had digital capabilities or perhaps through their route from home to work they could access a mobile network-operated booth anywhere along the route and gain access to their money, this aptly interpreted as 'Convenience'. Participants explained they did not want to line up in a queue as this was a distraction to their core activity, so convenience was seen as a quick gain to financial solutions without being put off course for daily routines or having to make an adjustment to daily routines to achieve a financial transaction that may take up valuable time from participants.

4.3.3 Simplicity

Forty-one participants enjoyed the positive experience of ‘No stringent rules’ in their words. The author will interchange ‘No stringent rules’ with the word ‘Simplicity’. Participants with this answer were resolute to a simple process and the author critically reflected this to what is seen for participants in the consumer segment wanting simple solutions yielding robust results. Participants that framed simplicity as a positive experience disliked bureaucratic processes, complex procedures, lengthy form filling or a solution that is not easy to operate. They were clear with their explanation of ‘Simplicity’ yet which still must churn an effective and robust result. Simplicity was also seen in part as a solution for low literacy or, in extreme situations, outright illiteracy.

4.3.4 Financial liberation

Thirty-nine participants explained deliverance in their descriptions as positive experience and the author terms this as ‘Financial Liberation’. A state of feeling empowered, accomplished, or becoming better because of what the financial transaction, solution or capability has done can lead to an impactful positive effect on the lives and financial journeys of participants. The author looked closely at the response of ‘deliverance’ used interchangeably with ‘liberation’ as an idea being communicated by participants that needs to be recognised on the drawing board reflecting on liberation; for it to happen, there must have been a problem or limitation. This limitation can be overcome by a solution so that those facing the problem or those that are financially strapped can achieve their purpose or objective with the use of an available financial solution so that they have a desired freedom or can enjoy various financial freedoms. In their perspective, freedom is progress or development, and this financial progress can be tangible or intangible. Financial liberation can be conceptualised as being discharged from a financial limitation or problem using a financial solution. When the term was used by participants, it was given in the context of overcoming a financial misfortune or hardship and this released a positive experience or the feeling of liberation. Therefore ‘Financial Liberation’ is a result participants would like to realise in a financial transaction faced with financial adversity.

4.3.5 Fast credit

Twenty-three participants said that ‘Fast Credit’ gave them a positive experience, and the author linked fast to convenience declared by 47 participants. However, because access to credit is an endemic problem in the author’s country, leaving this as a separate variable gives a learning opportunity for this segment’s response specifically recognising access to fast credit as a service that can be embedded in formal banking products. Participants that saw access to fast credit as a positive experience were those that had cash gaps that required an urgent need for credit so that they could meet an obligation. Participants explained that sometimes fast credit is required to address personal needs such as food at home, health for a family member that suddenly fell ill and needed urgent medical attention, so bills had to be paid, paying rentals as a requirement, the need to settle a utility bill, the need to pay education fees for children in some cases or any other personal expenses that fall past the due date and requiring a hand in credit. Further, participants explained a similar need of credit in their businesses in the form of working capital to support their apprenticeships or trades. The author sees distinct uses of credit for personal and business needs, and to support low-income earners, these requirements were separately resourced during the design stage of the research.

4.3.6 Security

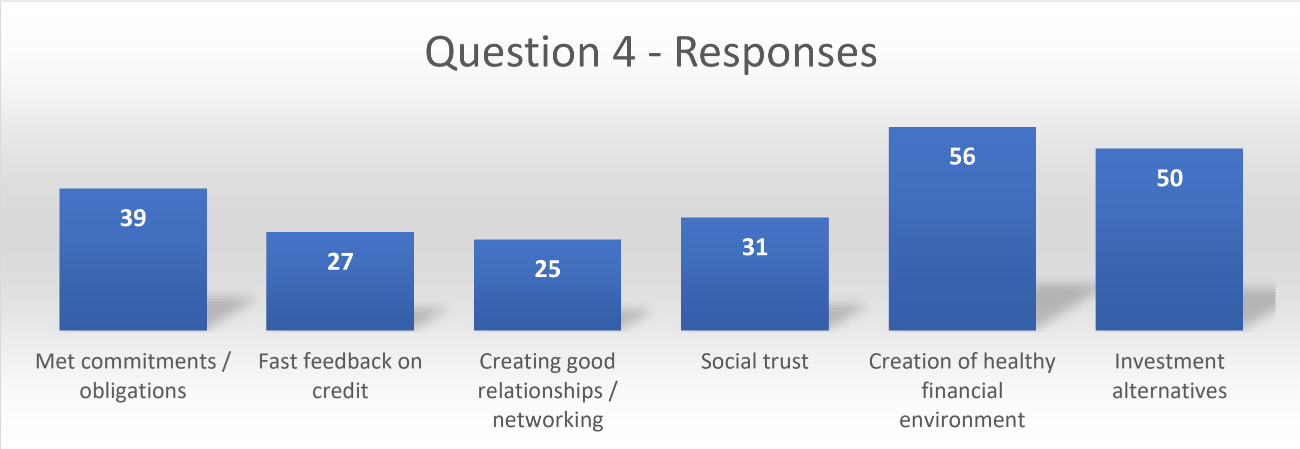
Twenty-two participants explained the need for security was important and a positive in the way they handled their finances. Security varied from physical, to keeping the money with a reliable person (family or friend), collaborating with adversaries or placing the money in a mobile wallet with the reputation of a large telecommunications company that in their view cannot go under and put their money at risk. However, many participants under this segment were those holding money at home or at their workplaces and felt that it was more secure keeping it on their own. The key factor the author learnt from this segment is that if one must shift their thinking from keeping money at home or in uninsured deposit schemes that can be risky, then banking product design must guarantee security to embed a positive feeling in the low-income earners above and beyond the appeal for physical security or trusted close family or friends with whom they place their money.

4.3.7 Value for money

Two participants explained that value for money in the financial service pleased them from the perspective that the cost is worth the perceived value and risk. Cost was explained differently from the logic of buying and selling at a price discovery satisfying market equilibrium where forces of demand and supply meet. The participants explained that because some services are priced at a zero cost, for instance, borrowing or lending to a friend or family, one derives the highest value from the rendered service. Participants provided an example on rotating saving schemes; one can borrow up to five times their contribution at no cost (participants often referred to this as ‘Chilimba’) and lend at no cost but forego an opportunity to invest and generate real return in cycles until it is their turn to borrow in the group.

4.4 Question 4 - What can you think of went well in the process, if you relive the experience?

Graph 5 – Presentation of Q4 appreciative responses in graph form



4.4.1 Met commitments / obligations

Thirty-five participants explained that they were able to meet their obligations and commitments when the financial transaction was completed, and this is what they recalled went well. Participants explained obligations were in form of expenses, capital commitments or settlement of debts or guarantees. They explained that thin cash-flows or cash gaps can cause sleepless nights for many low-income earners. A moral code exists of making and keeping commitments or obligations, which can be a difficult thing to uphold, and one needs to adopt the use of suitable financial services such that when commitments or obligations are satisfied, the transaction or process is seen as a success. The author visualised the community as a complex financial web where commitments, obligations, promises, and requests were being provided. The success of the community is based on satisfaction of commitments or obligations in the complex financial web. Where one task is not honoured, it has the possibility of affecting a downstream activity in the financial web. Therefore, when commitments are satisfied, the process is seen to be a success for all.

4.4.2 Fast feedback

Twenty-five participants explained that deriving quick feedback is what went well in the process where one was able to become more productive after accessing a faster service in turnaround time. Participants argued that they responded to opportunities or emergencies faster with quick feedback - positive or negative. Positive feedback meant that the transaction was executed timeously as well, and for traders, this was important as they could manage aspects of business better, achieve results and continue to maintain high productivity. One respondent mentioned a case of how she achieved a bargain when she needed to acquire a motor van that she just came across whose owner required to make a quick sale at the respondent's bargain. This participant had not prepared financially for the transaction but because she was able to borrow from her co-traders at a short notice, she accomplished saving nearly a third of what she would have acquired the motor van at had she purchased it later. She explained how this was a turning point to her business, which is now flourishing, as she saved remarkably well on logistical costs, improved her ability to get goods to the market quicker and was able to vary stocks to respond to spikes in demand all because she was able to get fast feedback for her borrowing and close in on the bargain for a motor van purchase.

Other participants provided a similar appreciation to fast feedback as it enabled them to make a quicker informed decision and respond timeously to dynamic situations. The participants explained that fast feedback was either an instant decision or a decision provided within a day or two, and this is what went well in the informal financial process in their minds, the author learnt.

4.4.3 Creating good relationship / networking

Twenty-five participants explained similar accounts that 'Creating Good Relationship' was something that went well in the process and provided networking opportunities for future financial transactions or services. Participants that saw relations created in the financial process or transaction argued that without relations, they did not see a transaction taking place as often partners to a transaction have to be comfortable with one another. There are broad definitions of good relations or relationships, but the author deduced from participants that this was their idea of relations as a soft factor or property between people that creates a conducive atmosphere for them to trade. For example, during early trade in the form of barter, commerce was facilitated by traders acquainting themselves, developing an acceptable communication and treatment of each other that allowed them to agree on products, services or a price or value in unison. Where people cannot relate, there cannot be harmony and, therefore, chances of trade can be slim. Participants acknowledged that good relationships and relations further developed as business was repeat with a longer-term view, so long as past credit or loans were repaid; relationships grew stronger and stronger as business was repeated. Participants clarified the stem of good relations from acceptable etiquette, honesty, respect for each other or elders and the way the financial process was delivered.

4.4.4 Social trust

Twenty-four participants said 'Social Trust' developed in the process and they saw it important in various ways among them:

- Trust was used in place of collateral; the author assumed this was a product of good relations and repeat interactions enjoyed by the participants.
- Trust can result in a social currency or social instrument as borrowers with good reputation can access goods or services on credit.
- Participants believed trust was earned or generated through long-term relationships, an individual's past financial success and achievements, sometimes success in apprentices,

skills or trade made available to a financial community, individual competence, or social credibility, hence individuals in the right standing use it to their advantage.

- Trust is also intrinsic to those that have wealth within the low-income earners and can be allowed financial privilege in tandem to their wealth and the value they bring to the financial community. This type or class of individuals would play a key role in financing or lending activities.
- Trust can be used by individuals with privileges or in right standing to introduce new members to the financial community.
- Trust can be used to guarantee a debt for another party.

The author deduced that mutual trust in these financial relationships can create an expectation with certainty and can be seen to act as a glue between relations and commitments or obligations in a financial dealing. The challenges that low-income earners and small traders face revolve around collateral. Usually they sit on ‘dead capital’ where their land is not on record or title deeds, which very often formal financial services and banks prefer when lending as a security pledge. Participants stressed social trust was something they utilised to overcome this barrier as a replacement to the collateral or physical security. The author realised the participants that came up with these suggestions were those doing well within the low-income earners who were established with good consistent income generation, (shop or trade activity) and perhaps it is true they were trusted but this could have stemmed from their financial positions or good standing such that partners they were transacting with did not see the need for collateral as they were seen as skilled borrowers with the ability to pay-back.

Social trust was also used as a currency in alternative financial services among suppliers and purchasers, would be preferred and entrusted with goods or services because they possessed social trust and would make payment when their liquidity eased. Further, participants explained social trust existed in alternative financial services as a softer instrument that could also act as a guarantee to a transaction when using a socially trusted individual’s name or standing.

4.4.5 Creating a healthy financial environment

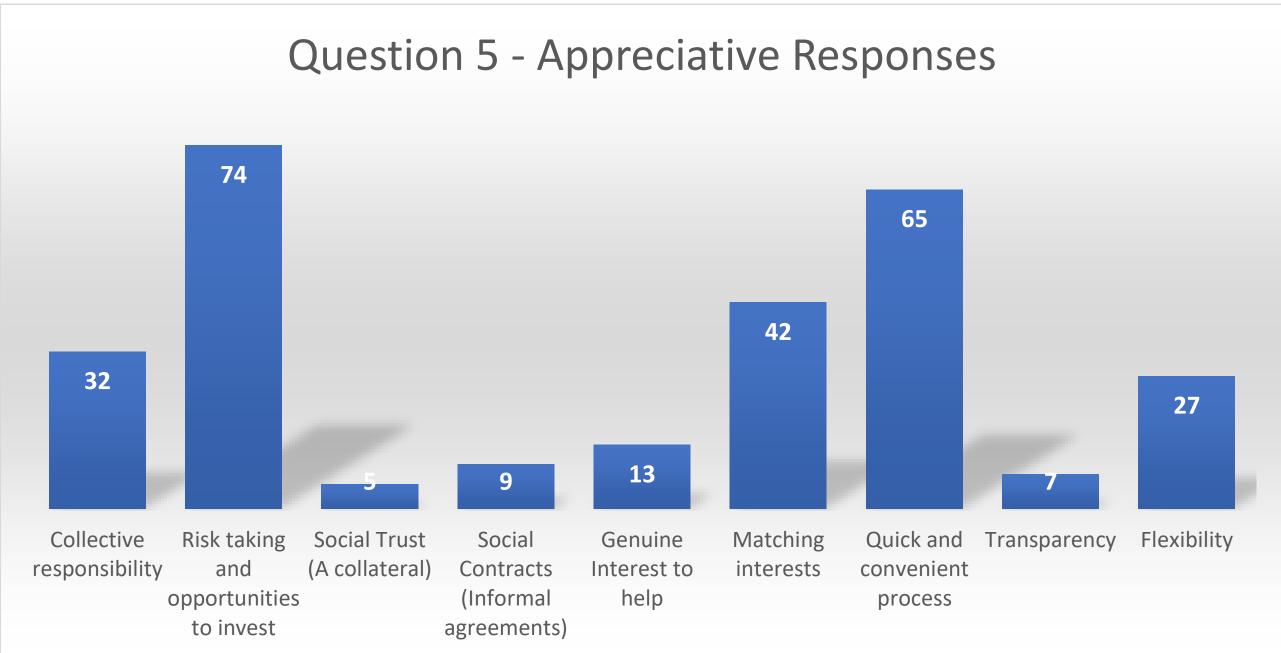
Twenty-eight participants explained that the process ‘Creates a healthy financial environment’ when basic financial services are made available for members of the social financial community. Low-income earners can focus on enhancing their productivity, services or initiatives that grow their businesses while financial support is provided through a collective pool of financial services and products. When members thrive, the group and individuals benefit, creating a space and attitude of supporting one another from which members derive financial solace and financial hope. Hope was important from this healthy environment as participants described an expectation of realising a better future or accomplishing goals by looking forward, assisted by continuing to be part of the financial community, benefiting from the supportive environment created, and taking actions to overcome their current financial challenges for the benefit of future success similar to London and Hart (2004); London et al. 2010; London and Anupindi (2012).

4.4.6 Investment alternatives

Fifty participants explained alternative investment opportunities are attained in the financial process. For instance, individuals may co-invest in a business proposition (pooling funds), purchase stocks to take advantage of discounts or a situation of volatile market prices, purchase near-cash assets and make various placements of funds to a relative that intends to borrow, a friend or business acquaintances. Figuratively speaking, they can put money away only to access it later in these alternative investment opportunities creating self-preserving assets other than cash. One participant explained how he sold his two-room house with an intention of getting another property, but when he had completed the sale of his house, the target property was off the market and had to make placements with business acquaintances and stocks for his shop until another opportunity opened without going to a bank to open an account. Another participant explained how he bought interests in a property site (a plot), paid 50% and borrowed another 50% from his collective circular savings group as an investment that he later sold at a profit and repaid his debt. The money involved is not huge by low-income earners when compared to high-income earners; however, this is how low-income earners preserve the value of their funds in the social financial processes themselves as described by participants. The author, himself a financial service industry expert, saw an opportunity to his clout to complement such industriousness with formal banking products to support the activities of low-income earners.

4.5 Question 5 - We want you to tell us what makes alternative financial services deliver positive experiences? Feedback from 200 participants

Graph 6 – Presentation of Q5 appreciative responses in graph form



4.5.1 Collective responsibility

Thirty-two participants shared the view that ‘Collective Responsibility’ was a key factor that made alternative financial services deliver the positive experiences and the success they enjoyed. Collective responsibility was in three forms where i) Individuals would come together as a group to help each other in rotating saving schemes such as a new popular initiative that has come up called Village banking, and the closed group would self-administer financial services, make contributions monthly and allow members to borrow either interest-free or with an interest margin (World Bank, 2015). This was also observed as a key practice by World Bank Group. ii) An individual and family member would exercise collective responsibility and create financial services through lending to each other or maintaining savings on behalf of the other. iii) Colleagues or peers can exercise collective responsibility by offering each other help by lending one another in times of financial gaps or saving or keeping money safely for one another. A participant said, “We look out for each other and help each other to overcome limitations.”

4.5.2 Risk taking and opportunities

Seventy-four participants shared that ‘Risk taking, and opportunities’ is one factor present that makes alternative financial services deliver positive experiences to users. Low-income earners do not have formal investment opportunities, so when chance presents itself where a colleague, family or group needs cash and they have excess, they take a risk and lend this money for an interest, a fee or share of the profits from the investments depending on their bargaining power. There are many opportunities that present themselves for lending or accessing short-term credit. Participants feel with this property, alternative financial services provide some limited options for investments and risk taking.

4.5.3 Social trust

Five participants thought ‘Social Trust’ was an important aspect in alternative financial services that could be used as collateral, a currency, or a soft instrument to act as a guarantee. The concept around social trust was discussed much earlier, please see section 4.4.4.

4.5.4 Social contracts / informal agreements

‘Social contracts’ / ‘Informal agreements’ existed in alternative financial services, and this made it attractive to nine participants that disliked lengthy and complex processes when accessing financial services. Financial literacy is low in the country and participants prefer simple procedures and verbal contracts as opposed to complex procedures and lengthy processes. Social contracts that exist in alternative financial services play a role in satisfying users of these services because they provide a benefit to those that are either financially illiterate or those who want real efficiency in the usage of time as a resource. Social contracts or informal agreements in alternative financial services operate simpler and faster than traditional formal contracting.

4.5.5 Genuine interest to help

Thirteen participants saw ‘Genuine Interest to Help’ was a key aspect in alternative financial services when it came to contracting credit from family, colleagues, or co-workers. When family lend, they have the interest of the member at heart, and this can be at the risk of non-repayment by that member because there is genuine emotional interest and empathy to help the other family member out of a cash gap or situation where they may require credit for life-changing advancements. Colleagues and co-workers lend usually on the strength of the co-partner to repay besides genuine interest, too, to help the colleague or co-worker. Genuine interest to help is an important aspect to consider in alternative financial services; it is an intrinsically charged fuel propelling those that have been approached for help to make credit available and do so timely to allow the borrowing partners to achieve their financial goals or objectives for the credit, at a reasonable cost, with integrity and confidentiality in the lending process.

4.5.6 Matching interests

Forty-two participants saw ‘Matching interests’ as an important aspect in alternative financial services and this brings partners together to address their problems from shared or symbiotic goals. Shared goals were described from the perspective that family, friends or colleagues had the intention of helping each other manage financial gaps in turns and times when the ones, one-hand, are doing fine while others are cash strapped. Those doing fine would help others out in times of plenty and would expect to be helped in their times of need, too, while as per saying “scratch my back, I scratch yours”. Symbiotic goals or association is where the match between parties can derive mutual benefits both ways in a transaction. For instance, a borrower enjoys funding to finance the acquisition of an asset, while the lender enjoys managing his funds efficiently as the borrower pays him or her interest. The matching process can happen in some cases after failing over three times, explained the participants, until the low-income earner qualifies for the lending with the right partner willing to accept their transaction.

4.5.7 Quick and convenient process

Sixty-five participants explained ‘Quick and convenient process’ as a good quality of alternative financial services that results in a positive experience. The author noted the following aspects of alternative financial services that were referred to as ‘Quick and convenient’:

- Those keeping money at home or shop found retrieval quick and convenient.
- Those utilising mobile network operator transfer services found the process to be quick and efficient.
- Further, mobile network operators had populated the city and communities with small booths where participants explained they could transfer and draw cash conveniently in good, handy proximity.

- Those seeking to access credit found quick feedback for a ‘yes’ or ‘no’ decision helpful as they could quickly enjoy the option of going elsewhere having known the unfavourable verdict of the initial lender approached.
- Those using small savings groups to pool resources found this convenient and accessible as these groups provided services around places of trading or the communities they belonged.

The author realised ‘quick and convenient’ was relative to the financial service task involved and how this would be used to quickly address a financial need. Low-income earners, in general, did not like it if a service took long, had to be performed off their route of work or economic activity, and constantly they would seek to save time to make more money.

4.5.8 Transparency

Seven participants mentioned transparency was an important factor for them when it came to taking up financial services. Transparency was so important they had to know what would be involved, the cost of the financial services (could be borrowing costs), the purpose of finance for this borrowing group savings, when exactly the borrower would pay back and how honest they were about what they were involved in.

4.5.9 Flexibility

Twenty-seven participants said ‘Flexibility’ in repayment of credit and how participants conducted or handled financial transactions made alternative financial services great for them. The author viewed alternative financial services as a highly flexible social financial service dispensation. Comparing it to formal financial services, there are many things the author learnt and observed happen differently from the way formal financial services are delivered. Cash is almost treated like a commodity; it is transferred to where its use is required with often few restrictions as against what we see in formal financial services. Where there is a promise of a return, consideration is provided, and less stringent risk controls enforced. Where a partner or user of these services misses the deadline, alternative repayment dates are scheduled. This can go on for multiple times before the lender takes a legal action. The legal redress utilised is the same as the formal financial sector where defaulters are subjected to small local courts, but this rarely happens, as explained by participants, and those lending simply act to realise their capital.

All the outcomes from the first five questions were generalised and grouped in themes as actionable knowledge for “current requirements” (baseline products and services). This actionable knowledge is contained on Table 8 (section 6.1), we will then look at how this actionable knowledge is combined to make new banking products and services under Chapter 6.

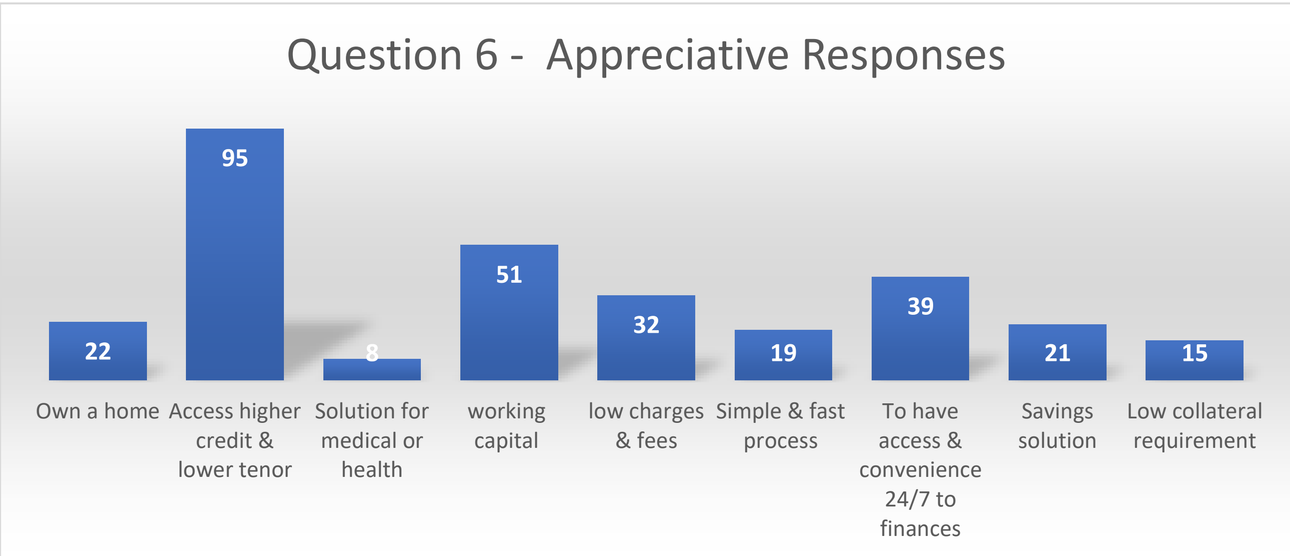
CHAPTER 5 – DREAM STAGE

5.0 Introduction

Chapter 5, the 'Dream Stage', is the third stage of Action Research by way of Appreciative Inquiry. Here, we do an analysis on the feedback from the sixth question of Appreciative Interview. This provided the actionable knowledge on attributes and features of future new products and services desired by the participants. One can ask: Why are we interviewing the unbanked, who are financially illiterate about their future financial products and services they dream of? This is a fair question which enables us to realise that people have dreams and financial goals regardless of level of financial literacy. What is affected is the level of sophistication in the use of banking services. This chapter discusses findings from field data interviews on future financial dreams and goals of participants, providing the second part of Actionable Knowledge that was used to develop new products and services for banking the unbanked.

5.1 Question 6 - Lastly, we would like to know what your financial dreams are currently or for the future? Feedback from 200 participants

Graph 7 – Presentation of Q6 appreciative responses in graph form



5.1.1 Own a home

Twenty-two participants explained that they wanted to own a home and their wish or interest was accessing financial services that could grant them credit or savings schemes to result in owning a home. Credit for low-income earners is usually short-termed, and this does not afford low-income earners a chance to own a home, owing chiefly to their low-income-generation activities. A survey done by FSDZ (2015) a non-governmental organisation, revealed that most low-income earners are unbanked and, therefore, cannot access credit to own a home. The report also cited banks as being unwilling to lend to the low-income group as it was perceived as risky and had challenges of providing collateral. However, the author, after gaining an appreciation of the gravity of this need, realises that these perceptions can be addressed and solutions found. Ideally, home ownership would result in the house title deeds becoming the collateral; however, most of the land on which low-income earners live is untitled and, therefore, sits as dead capital. 'Dead capital' cannot be used in a financing transaction. To correct this problem, some councils and government agencies are looking into the need of issuing low-income earners with title deeds. Change needs to be spelt out to financially include these potential customers, financially prejudiced because of unproven beliefs that they lack collateral. The other reason is banks being more willing to focus on higher net-worth customers. The author sees an opportunity in banking this previously untargeted market and the registration of their land (dead capital) so that they can fully participate in full-scale financial services. Appropriate risk management and control frameworks have to be re-developed such as a business model, protection regulations, financial literacy programmes developed around uptake of financial services for low-income earners.

Participants interested in saving schemes to put away money and own a home were mainly faced with the common challenges of low-income earners when it came to planning to acquire capital goods. Finding a safe method of cumulating small daily, weekly, or monthly earnings with a view to saving to buy a home was cited as a daunting task and only those that have focus and determination would usually see this through, as suggested by participants. Earlier, participants shared they would save by keeping money at home or the shop, pass the money for safe keeping to a family, friend, co-trader, group saving schemes, or save the money in a mobile wallet, get stock, or lend the money out. Some low-income earning customers realised a limitation in the above alternative finance saving method for a home or capital goods. This is because they must convert micro-savings into capital sums worth financing a home. The limitation in the existing saving schemes that the author also came to realise was that the savings method does not allow for growth; for instance, one can pass on a $10.00 for saving with a family, $200 with a work colleague, $500 with a group saving scheme, but when money starts getting higher in value than $1,000, the saving method has to be realistic using an example given by participants that you cannot ask family to safe-keep $1,000,000.00 on one's behalf nor do mobile wallets have a limit of $500 maximum that can be held on the mobile wallet.

Participants, therefore, dream of a saving mechanism accessible to low-income earners for the purpose of owning a home. The author was also apprised that the home cost for low-income earners is lower than that of high-income earners. For instance, a high-income earner may want to buy a house worth USD$50k while the low-income earner's home costs up to USD$5k. The design here would have to scale current home solutions to a tenth of the deal ticket sizes in the Zambian market, for instance. Financiers may not be happy with this as they are used to high value and low volume environment to make their super profits. However, they may also do well to test the waters in the low value and high-volume segment, where there would be no loss in revenues as fees would compensate for the cost of serving higher volumes and there would be a larger participation in economic activities by including those that were previously excluded. Benefits would be in the inform of quality life for more increased trade through a multiplier effect as those building would qualify to buy materials and create jobs for builders to help improve housing and sanitation conditions of the communities and, hopefully, lower the cost of finance by spreading risk across more participants, low and high-income earners alike. The author will explore the new dream savings product that can help low-income earners.

5.1.2 Accessing higher credit and longer tenures

Ninety-five participants explained that 'Accessing higher credit and longer tenures' for repayment was a current and future requirement because the alternative financial services market they participated involving socially structured financial services had a limitation in that ticket sizes and duration of loans were very low. Participants explained maximum average for credit was K3,000.00 versus a one-month tenure. This made it impractical to borrow to finance capital expenditure they required in value ranges between K25,000.00 and K40,000.00. They emphasised they would benefit from increased deal ticket sizes to afford them an opportunity to acquire trade, apprentice and other workmanship tools or equipment they required to run a business. Participants would like to borrow three-to-five-year tenures. Some participants were of the view that this was a role of Government to make this funding and financing available. The author saw this as a possibility; however, the right partners to provide this finance are the private sector banks and this suggested a lacking practice in banks and formal financial institutions to support low-income earners also in Helms (2002) and Isaga (2018).

5.1.3 Solution for medicals or health

Eight participants required solutions to do with accessing medical help or financing health eventualities. The author was apprised that some of the participants had the matter of health to attend to as a key problem affecting finances and needing financial solutions, with the author deducing that low-income earners are quite affected as they may have a family or relative battling with non-communicable diseases. In Zambia, from an ethical perspective and to prevent stigmatisation, chronic illnesses are referred to as non-communicable diseases, and the author shall refer to these as such. These diseases can require low-income earners affected or suffering from them to make financial arrangements for treatment or obtaining medication. Participants that referred to the need to have finance for medication were mainly referring to credit in the time they had a cash gap as treatment must go on consistently while regularly needing medical check-ups. The author did not rule out financial solutions being required for other diseases or medical conditions for low-income earners. Financial products for the health of low-income earners must be designed in a way that the financial support comes in handy and timely.

5.1.4 Accessing working capital

Fifty-one participants thought 'Accessing working capital' was an important prerequisite for their enterprises. Low-income earners who are businesspersons enquired on the need to develop working capital financing products by banks with suitable conditions. The current opportunity of using alternative non-formal financial services that are social in nature is invariably challenged by the fact that at times there is not enough funds to go around for everyone and the ticket sizes are limited. Some participants explained that this was a current need or limitation and others deemed this as a future dream. Those that looked at a futuristic angle expected their businesses to grow and with it a higher requirement of working capital for business growth. Participants felt their businesses would not grow if their working capital was stagnant. The author recognised and appreciated the good practice of some participants of separating the handling of business and personal finances to make the business more stable and foster good financial management principles aiming at being financially disciplined and maximisation of returns that in turn support personal life financial needs.

5.1.5 Low fees and charges

Thirty-two participants expected a future formal financial solution that would have 'low charges and fees' for various financial services to entice them to shift from alternative financial services to formal financial services. This segment did not see the importance or need to access formal financial services if fees continued to be high to turn away price-sensitive low-income earners. The author was curious when this feedback was provided as most participants in this category had utilised some formal financial service such as micro-finance schemes or they had been told by someone who had an experience that fees and charges were very high at micro-finance companies and banks. The author reflected from media and feedback provided from the central bank and politicians, in many cases that the costs charged by banks (interest and fees) were too high. This possibly could be the reason for the apathy exhibited by low-income earners who were shunning banking services due to the perceptions that bank charges and fees are too high. New product designs were approached with lower fees and charges to demonstrate clear benefits to target customers.

5.1.6 Simple and fast process

Nine-teen participants expected a future formal financial services solution to open for low-income earners and small businesses with a 'Simple and fast process' to support their daily routine operations, where they needed to safely deposit and withdraw money with good access, an easy process and without the need to stand in long queues. One respondent said "there is no time for delays in our business, this can cost you the day's earnings". Therefore, an ideal financial solution in their minds would enable them to proceed with early morning errands to source purchases and make payments to suppliers without disruptions. The process can also facilitate customers to pay using simple, fast means. Mobile network operators have taken the lead with this through mobile money networks that they have created with service booths. The limitation is that these services open and close between 08:00hrs and 17:00hrs while low-income earning traders and merchants, from their explanation, require a solution available 24 hours in a day. Further, the cost for withdrawing cash is seen as high by some low-income earners, so the expansion or growth of this facility is not that widespread due to the high withdrawal fees. The author has observed that e-currency and fin-tech solutions are getting a lot of recognition in this space except they are not widely spread and used in the Zambian market to the extent of supporting the entire market. According to participants, there are structural, functional barriers and limitations that need to be re-arranged or eliminated to deliver financial services required by low-income earners. Clearly, participants or low-income earners familiar to this type of services want something that can empower them through having financial services that can make doing business for them more conducive, efficient, and at high availability.

5.1.7 Access and convenience

Thirty-nine participants were in support of access and convenience to finances 24 hours daily in a seven-day week attainable in alternative financial services for future formal banking services. This request was raised by participants that had few solutions in accessing financial services and the freedom to enjoy the use of financial services to better their lives or income generation activities or where convenience was lacking and they had to go out of their way to get financial services or resort to less safer methods of handling their money either at home, shop or having no choice but to invest in stock or a short-term asset that could be easily converted to cash in their alternative financial services.

5.1.8 Saving solutions

Twenty-one participants dream to have good, safe saving solutions for business, domestic, education, health and support to their extended families. Low-cost saving solutions can be developed for these participants, and the requirements can be co-developed with similar needs requiring saving solutions such as saving for health needs and to acquire property or other assets earlier discussed. This saving requirement was requested on the personal financial service needs, but small businesses require similar solutions to build their capital, create funding or cash they need to sustainably operate when the business conditions are tough in the environment or there are medium to long-term plans to diversify the business and create more or new revenue streams, deducing from the interactions with the participants discussing business finance for the future observed in Diaz et al. 2011, and Dupas and Robinson (2009).

5.1.9 Lower collateral requirements

Fifteen participants saw low collateral requirements as a key factor that can be introduced in future formal financial credit for low-income earners to qualify. Traditionally, the low-income earning segment and entrepreneurs have been under-served by banks and financial services companies in Zambia. Because of their having low asset bases or none, financial institutions have perceived them as high-risk clients where, in a case of default, there would be no collateral or security to fall back on to recover the bank's capital. When low-income earners approach micro-finance companies and banks for credit, they are usually turned away because of the lack of collateral despite them having cash-flows to support loan repayments.

Perceptions from participants are that banks only want to serve higher-income-earning clients and corporates as these have more money, are more attractive and have higher margins and profitability in a country where interest rates are high compared to the region. This perception is, however, misplaced as margins are higher on lower segments and the challenge has been to deploy low-cost technology to capture this segment. However, being an insider researcher, the author is part of the problem after an introspection of his past work with commercial units and other internal stakeholders of his past practices that viewed the cost of serving demographics as high and, therefore, tended to participate more in affluent segments. This left the mass unbanked communities stagnant of progress and unbanked. The author's stance is now different and with the advancements in internet and mobile banking platform technologies, more unbanked masses can be captured so they, too, can benefit from accessing financial services.

Meanwhile, on collateral as a potential limitation for low-income earners that would like to access credit and have untitled land, the author reckons that one way is to seek government intervention so that a deliberate programme is implemented to title dead capital, considered under Chapter 7.

5.1.10 Conclusion

The attributes and expectations of participants' feedback under this section were generalised and taken as actionable knowledge for the design of new banking products and services under Chapter 6.

CHAPTER 6 – DESIGN STAGE

6.0 Introduction

The Design stage is critical as it incorporates generalisable knowledge gained from the analysis stages (Discovery & Dream stages) into new solutions that prime what is working well for the target market and their future financial desires, needs and wants in financial service solutions. These factors are tailored into formal financial solutions that they can utilise obtained from the interview inquiries. The author has framed six short appreciative interview questions in an analogy of an onion ring. The knowledge gained during the appreciative inquiry was constructively enquiring deeper and deeper searching insights to understand how finances for low-income earners were operated and their beliefs or goals which, if carefully incorporated in a sustainable strategy with relevant products and services, would appeal to low-income earners and increase the uptake and scale of banked low-income users. Below is the analogy of the onion ring effect, with the preliminary question seeking to understand what financial services target clients consume, subsequent questions testing behaviour and attributes that support choice and conditions for satisfaction in financial services. The final question tests future needs or financial ambitions of the target clients:

Figure 3 – Onion Ring Analogy

6.1 Onion ring analogy

This analogy of an onion ring peels off the layers of the body of knowledge in the minds of participants and gets to the globe or core values, needs and knowledge helpful to design new products and services for this target market and improve on existing solutions. Why Action Research Inquiry and Appreciative Interview Questions "Onion Ring Analogy"? The author came across many product launches that had no proper research with beneficiaries and this saw the success rate and acceptance rate of products low, erratic and with high chances of failure. However, Action Research is transformative research that enables researchers to develop co-created solutions with those affected by a problem, or closer to it. Solutions developed are 'client-centric' to stakeholders with an advantage of iteration and repetition during other cycles of action learning and research to get the solution to the problem correct. Below is output from the field work of the appreciative interviews that was used to design new products and enhance existing financial products and services that were later offered to the target population in a test trial to 250 target clients:

Table 8: Summary of Response Results From 200 Participants (Actionable Knowledge); Q1-Q5 Actionable Knowledge on Current Thinking & Q6 Actionable Knowledge on Future Desires & Needs.

	Q1 How do you handle your finances?		**Q2 What are the positives / successes?**		**Q3 What pleased you in the process?**
1	Prepay expenses or rent – 56	**1**	Funding financial gaps - 103	**1**	Good relations - 58
2	Purchase stock or other assets -49	**2**	Low costs - 43	**2**	Convenience - 47
3	Keep money at home / shop – 47	**3**	Mutual respect and understanding - 38	**3**	Less stringent rules - 41
4	Participate in group saving schemes – 21	**4**	e-wallets good convenience, high reach, and access - 38	**4**	Financial liberation - 39
5	Save with mobile money or e-wallets - 16	**5**	Less fear of losing collateral - 28	**5**	Fast credit - 23
6	Save with family or friends -11	**6**	Safe and fast solution - 18	**6**	Security - 22
		7	Guaranteed financing - 11	**7**	Value for money - 2
		8	Avoid tedious process, paperwork and long queues - 9		
		9	Social contracts - 3		
		10	Low defaults for investments - 1		

	Q4 What went well in the process?		**Q5 What makes alternative financial services deliver positive experiences you mention great?**		**Q6 What are your financial dreams?**
1	Investment alternatives -50	**1**	Risk taking and opportunities to invest - 74	**1**	Access higher credit and longer tenures -95
2	Met commitments / obligations – 35	**2**	Quick and convenient process -65	**2**	working capital – 51
3	Creation of good financial environment - 28	**3**	Matching interests -42	**3**	To have access and convenience 24/7 to finances – 39
4	Fast feedback on credit – 25	**4**	Collective responsibility -32	**4**	low charges and fees - 32
5	Creating good relationships / networking -25	**5**	Flexibility - 27	**5**	Own a home -22
6	Social trust – 24	**6**	Genuine interest to help -13	**6**	Savings solution - 21
		7	Social contracts (informal agreements) -9	**7**	Simple and fast process - 19
		8	Transparency -7	**8**	Low collateral requirement -15
		9	Social Trust (collateral) -5	**9**	Solution for medical treatment or health - 8

Note: Some participants provided more than one answer per question

6.2 Design inputs

Question 1 outcomes speak of the way the target market handles its finances, the informal way. This research respects that current solutions will continue to remain in use and designing new more formal solutions that the target market can use will basically expand the options and choices for financial services and lead to a shift to banking services from the current alternative solutions below:

- Pre-paying expenses to store money.
- Purchasing stocks or cash-convertible assets to prevent financial mismanagement.
- Hoarding money to keep it safe.
- Participating in group saving schemes to save and raise credit.
- Mobile money or e-wallets to transfer funds and save money.
- Saving with family or friends and obtaining credit.

The new products take up the inputs from appreciative interviews with the sample population of 200 participants. The outcomes from interviews with the participants, where the "Discovery Stage" revealed what was *working* and the "Dream Stage" what is *desired* is now separated into designs for product features, product requirements, process requirements, client expectations and delivery channels.

6.3 New entry-level product categories

There are four categories of entry-level products that can be offered to low-income earners for a start by banks:

- Credit products
- Saving products
- Transaction products
- Transfers or withdrawals.

6.4 Product requirements

The product features described as currently working in the appreciative interviews that should form part of the new product designs as a baseline are listed below:

a) Funding financial gaps
b) Low cost
c) Safe and fast
d) Guaranteed finance
e) Social contracts
f) No tedious paperwork
g) Less fear of losing collateral
h) Low defaults for investments

i) Convenience
j) Flexibility

While the future product features desired by participants in the appreciative interviews are listed below:

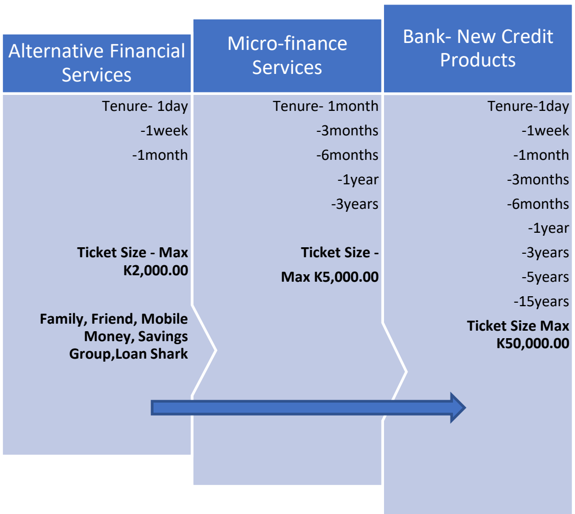
a) Access higher credit & longer tenures
b) Working capital
c) To have access & convenience 24/7 to finances
d) Low charges & fees
e) Own a home
f) Saving solutions
g) Low collateral requirement
h) Solutions for medical treatment or health
i) Simple & fast process

The author will utilise both the current and future desires of a credit product for low-income earners in the alternative financial services they are currently engaged to bring to light formal new credit products that banks should start moving to make access to financial services available to all.

6.5 New credit products

New credit products for low-income earners will have tenures 1-day, 1-week, 1-month, 3-months, 6-months, 1-year, 2-years, 3-years, 5-years and 15-years. The current alternative financial services are only offering 1-day, 1-week and 1-month tenures from mobile money, while micro-finance companies are extending credit up to 3 years. This satisfies the needs or wants for “access to higher credit and longer tenure”, it affords low-income earners “working capital”, the ability to “own a home” or acquire “business property” and the possibility to manage “funding financial gaps”. This is made possible through adjusting the short, medium-term, and long-term tenures for low-income earners to borrow or access credit, which means one can access low credit for small capital needs to get tools or higher credit to obtain property and repay over a longer period. The shift is depicted below:

Figure 4 – Shift in Credit Products from Alternative Financial Services to New Bank Credit Products for Low-income Earners



The new credit products can be extended at a rate between 10% - 15% per annum and banks can tap into the low-cost liquidity of the low-income earners that is not sensitive to interest costs (unusually at 0% cost). The cost of borrowing at this level will be satisfying the need for "low-cost" borrowing. Banks can also charge an administration fee for the borrowing of 0.5% - 1%.

The figures the author has provided are provisional to give an indication of what is being called for by the target market through the appreciative interviews. However, the commercial banks can reflect their real "cost price" that is market-reflective for the use of technology to service this high volume and value target market.

The low-income group are an efficient segment as they want "simple", "safe and fast services", "convenience", "no tedious processes" and a "low paperwork" environment. With the advent of fin-tech and technology-based banking solutions on mobile phones and Internet, for this programme to work, it must be a fully digitised and algorithm-driven system. Computing power can process large amounts of data, run complex checks and monitor credit scoring of clients in a micro-second to approve or decline a credit. The process can be made simple and those requiring reform and education can be helped through various support systems like what they enjoy in alternative financial services. The system and process must be designed with "Genuine Interest to Help Low-income Earners". The author's practice has developed an e-wallet with savings and transaction features. However, the complex credit scoring part is what is not available yet, but is under management implications for the author's practice to consider investing in to avoid a manual or automated process that cannot cope with the high volumes of this market. We capture the management implication under Chapter 8.

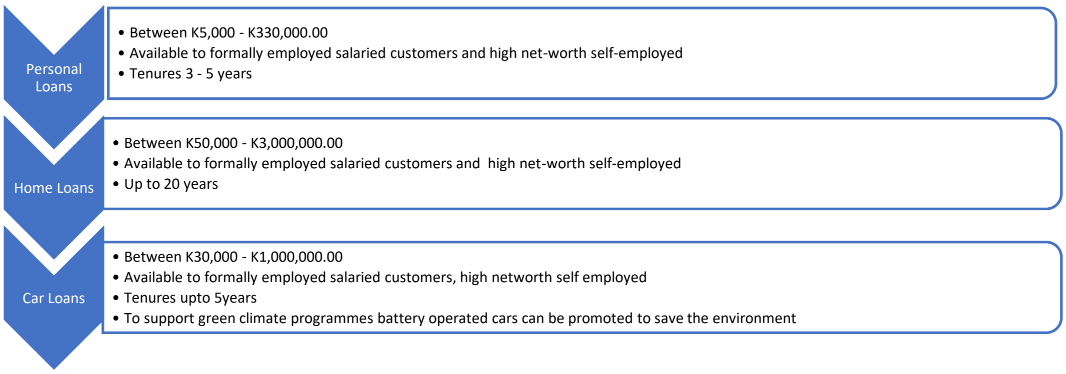
Fast computing power must be able to lead to "simple and fast" access to credit, should be able to assist those needing emergency financing requirements for "medical", "health", "funeral" or "education" support needs. Small business entrepreneurs should be able to "meet commitments or obligations" using digital credit origination although this requirement is a work in progress for credit origination system, as discussed later in Chapter 7 under management implications.

"Low collateral requirements" and the fear of losing collateral were discussed by participants and the reasons are three-fold: i) In some cases, low-income earners do not have acceptable bank collateral in place, ii) Property in some cases is not well-titled where the low-income earners live or own business property; instead they have land records and banks do not accept this as a form of collateral (so land in many areas is considered dead capital that cannot be used for borrowing). The danger with land records is that they can easily be challenged, and the owner of the property may fail to substantiate their validity of ownership of the property. iii) The use of insurance cover and guarantees is not that widespread because of limitations in laws banks are required to comply with by the central bank. For instance, even if the bank has good credit cover against credit default for a portfolio in case of a default, the bank is required to charge the exposure to capital. Low collateral requirement is, therefore, not a matter that will be addressed in the "new credit product" but certain recommendations will be made to try to address this issue with regulators under management implications in Chapter 7 and recommendations in Chapter 8.

6.5.1Traditional credit products to high-income earners vs new credit to low-income earners

Traditionally in Zambia, the banking sector has never offered credit products to bottom-of-the-pyramid client segments who are low-income earners. The following products exist for average and high-net-worth clients:

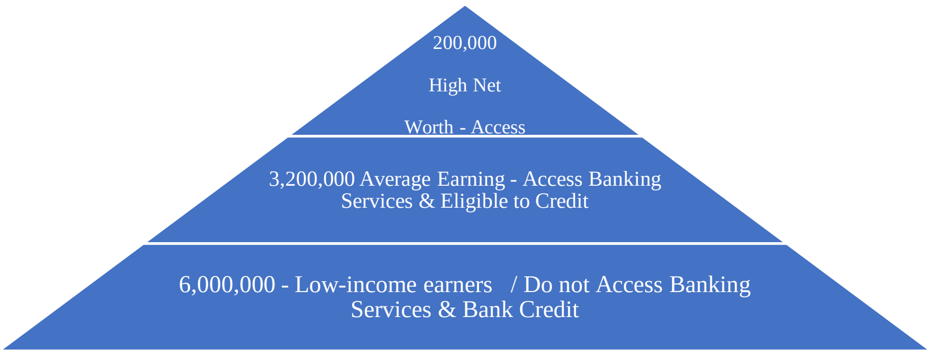
Figure 5 – New loan product features car, home & personal loans.



Higher net worth clients have access to working capital loans and can borrow between K50,000 and K5,000,000.00 from banks or micro-finance companies. Micro-finance companies have tended to service high net worth and formally employed individuals and so they have not done much to service the bottom-of-the-pyramid. The economy structure is in such a way that only 36.7% (3.48 million) of the working age population are enjoying banking services as the level of employment is low in the country and banks traditionally would focus on those in formal employment, while the majority are cut off from accessing financial services. Low-income earners, entrepreneurs, small businesses, small-scale farmers or apprenticeships are by far affected. Others are low-income earners working as domestic service workers (gardeners, maids or service workers e.tc.). Table A under section 1.2 suggests an estimate of 63.3% (six million people) of the working age population who lack access to financial services.

This paper suggests extending banking and credit services to unbanked low-income earners making up unbanked population with a full bouquet of entry-level financial products and services in the categories savings, credit, transactional accounts and transfers and withdrawals. Credit products can be extended with ticket sizes commensurate to their earning propensity and investment potentials. The pyramid depicts the current structure of the economy in terms of segments that can be exposed to banking and financial services:

Figure 6 – Depicting structure of Zambian economy (working age population)



Source: Triangulation of Bank of Zambia, Central Statistics Office and FSDZ Data.

Deducing from the current scenario, banks and micro-finance companies are more comfortable to lend to high-income earners and formally employed. Over the years, they have developed risk management skills to service this market, while mobile network operators and alternative informal financial services are utilised by low-income earners as the only sources available for accessing limited finance services. The challenge seen with this financial pattern is that low-income earners do not have access to adequate financial services. Further, in the past, there were no fin-tech and digital solutions to extend financial services at a low cost without the need for much physical infrastructure, which did not make sense to extend financial services to the low-income earners at the time due to high costs.

Otherwise, mobile network operators have taken the first step to provide credit to low-income earners. Even though the ticket sizes are low, this has helped many users of this financial product and banks, being the wealth smiths of financial services, now need to take this space up further. Banks need to tailor risk management systems and new controls that will enable them to penetrate this market with more meaningful impact than mobile network providers and the mobile money solution. The product has penetrated the market, but its application would benefit from the real credit products that banks have to offer - delivered on similar digital platforms at a low cost - and tap in to the bottom of the pyramid to uplift and financially liberate more people.

Once more people can tap into the financial system of the economy, access the right credit required to increase economic productivity and drive creative growth programmes, poverty will be alleviated and welfare of people uplifted. Hence banks must extend banking to the bottom of the pyramid and utilise the new credit products proposed with the features desired by the low-income segment through appreciative inquiry.

6.6 New savings and transaction products

Low-income earners using alternative financial services to save money utilise the following methods:

- Purchase assets
- Keep money at home or shop
- Save money with a family or a friend
- Save money in group schemes
- Keep money in mobile money

Currently, the above savings schemes are good in that their costs are low, they are affordable to the low-income earners, come with certain conveniences like instant access to their money when they need it, and provide direct control over their money to keep it safe. However, these methods have some disadvantages: For instance, if the asset, house or shop burnt down, they would be at a loss; if the stock of assets went obsolete, they would lose the value of the money invested in the assets. Saving in group schemes also offers a lot of convenience and an opportunity to access credit. However, if the schemes are poorly administered, members would lose their funds, too. The author, thus, proposes creating new flexible saving products and transaction products that have current and future feature requirements as provided by participants in the appreciative inquiry.

6.7 New save and transact products

The new savings product is designed in such a way that it allows the low-income earners to save without restrictions to amounts and allows them to aggregate small incomes they may be earning daily and accumulate them weekly, monthly, yearly and spend with frequency as they incur bills or plan for certain important expenses that could be in education or health for themselves or their offspring.

Table 9: New save and transact products

Frequency	Flexible / Preferred Minimum – Higher Unit	Cost - per month & per transaction	Interest Rate	Withdrawal
Hourly	K5.0 - Unlimited	K0.50 and K0.20	1% p.a. paid monthly	Preferred Weekly / But Flexible
Daily	K5,0 - Unlimited	K0.50 and K0.20	1% p.a. paid monthly	Preferred Weekly / But Flexible
Weekly	K5.0 - Unlimited	K0.50 and K0.20	1.5% p.a. paid monthly	Flexible
Monthly	K5.0 - Unlimited	K0.50 and K0.20	2% p.a. paid monthly	Flexible
Yearly	K5.0 - Unlimited	K0.50 and K0.20	2% p.a. paid monthly	Flexible

The new 'save and transact' product is designed with the customer requirements "saving solution", "convenience", "flexibility", "simple and fast", "low charges & fees" and to "have access to funds 24 hours / 7 days a week". The new save product can be operated on mobile gadget devices giving the low-income saver the benefit of convenience and access. The savings allow the saver to build hourly and daily cash-flows for traders so that their funds accumulate, and they can start to develop monthly cashflows that help them plan properly and allocate their funds better for their personal and business development needs. The benefit of the new save product is that it has the potential to consolidate cashflows of traders and low-income earners from cash-intensive operations to create a credit trail needed to access credit in times of cash-flow gaps as lenders can assess the earnings ability and repayment-ability of the low-income earners.

The new save product can be a powerful tool for low-income savers constantly seeking to attain financial liberation as access to credit grants an opportunity to invest in business, education or health that can help one live a better quality of life and enable them to realise their financial goals.

The author does not use the term "poor people" in his text as this is a term those better placed in society use to differentiate the level of wealth they have towards those that have less wealth. For the purposes of this study, those earning less or having less wealth have been referred to as low-income earners, and not the poor. They are proud of their status and what they have accomplished, they are not beggars, they live honest lives and go about doing their activities as worthy members of society. The author's observation is that if funds they hold as resources are brought into the mainstream financial system and they are allowed to participate in economic activities, fully saving and accessing credit, it can result in a multiplier effect in an organised manner that leads to realising their dreams, creating more opportunities through joining interlinks with those saving funds to those that need the funds to create more wealth and, in a multiplier effect, lead to connecting a part of the economy that can help enhance productivity and wealth creation so that the general standards of living can be improved for low-income earners in business, education, accommodation, health and other living standards through integrated savings, access to credit thereby enabling low-income earners realise their financial goals (all the economic activities low-income earners operate outside of the formal financial system of the country).

The new save and transact product, a digital finance product, brings financial streams of low-income earners into mainstream banking, enables banks to deliver the save solution at a low cost and provides a simple fast solution that enables low-income earners to integrate with other users of finance in the economy. This way, the handling of cash and cost of moving it are reduced, such that an ecosystem of e-money is networked from purchase, deliver and supply of goods or services for people in the economic pyramid, so, essentially, payments are moving electronically between accounts on the financial network of banks, intermediary institutions participating in e-commerce, big and small companies, and the low-income earners of the economy.

A beneficiary who is a low-income earner can access one or multiple accounts to separate pure saving from operational transactions since control and tracking of funds are important and easier, and as these are low-cost products, beneficiaries will afford multiple services and can use them to suit their finances, operations, purposes, and objectives.

6.8 New transfers and withdrawals

Low-income earners are always seeking efficient ways in resourcing for their operations and income-generation activities, making them naturally price-sensitive to methods and resources they deploy in their financing arrangements. New transfers and withdrawals are designed in such a way that they provide low-income earners an efficient way of performing transfers or making withdrawals of cash that is "simple", "fast", "convenient" and at "low fees and charges". Below are charge scales compared to traditional banking and mobile wallet methods:

Table10: New Transfers and Withdrawals

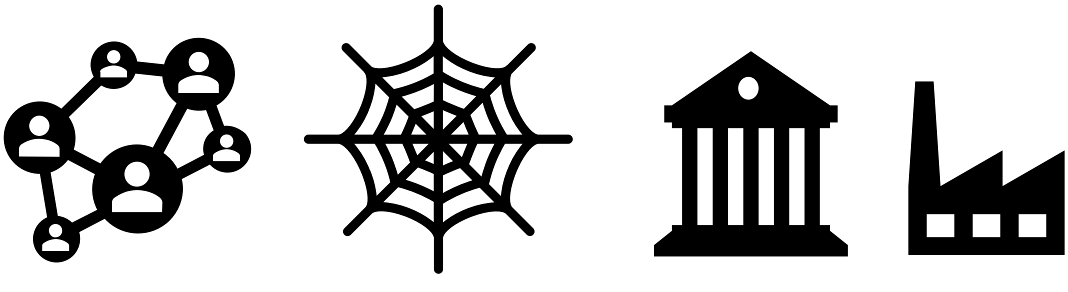
Traditional Banking Transfers / Withdrawals	Mobile Money Transfer/ Withdrawals	"New Transfers" & "Withdrawals" for Low-income Earners
Transfers: K25.00- K50.00	Transfers: Free within network.	Transfers: Free within network.
Withdrawals: K5.00 – K15.00	Withdrawals: K5 – K30.00	Withdrawals: K1 – K1.5
Deposits: Free	Deposits: Free	Deposits: Free

Low-income earners will benefit in the following ways:

I. They will be able to transfer funds at low costs.
II. Make payments to schools, hospitals, utility companies, pay for goods and services (make transfers to people and institutions).
III. Make transfers to friends, family, or colleagues (make transfers from people to people).
IV. Receive transfers from institutions to people.

The idea is to link multiple payment systems and reach as many people as possible so that the new transfers and withdrawals product basically captures the entire clientele of the economy pyramid resulting in all the national payments by individuals, companies, corporations, banks, other financial intermediaries and government corporations being done through this medium or payment platform, thereby creating a financial network and web where low-income earners can participate at a higher economic level through this platform that is linked to their new credit products, new savings and transaction products.

Figure 7 – Creating secure links and networks between people, entrepreneurs, business houses, banks and institutions.



People Linked To ●Secure Payment Network● People ● Entrepreneurs ●Businesses Houses● Banks& Institutions (PLSPNEBBI).

For the financial network PLSPNEBBI (Figure7) to work, the bank must integrate its platform with others so that payment capabilities and reach are vast through-out the economy pyramid with an impact that can reach at least 90% of the country's population and businesses (urban and rural). There are two broad arguments that must be considered and decided upon by businesses operating in the bottom-of-the-pyramid segment: (i) Premium pricing for the few highly placed on the economy pyramid or structure (the default position by many businesses and banks in the country), chiefly those that can afford to carry the cost of technology and provide returns for the investment. (ii) Low prices to cater for larger masses and to spread each unit of cost across the population. This research supports the second argument of building a network for the masses where lower unit costs will be spread over masses and the unit price can be lower for the masses to afford and be connected in commerce to other levels of the economic pyramid.

6.9 Service experiences

Below are service features to be embedded in service experiences for target clients. Some of these may be automated through artificial intelligence service software and others may be delivered by trained personnel:

a) Mutual respect and understanding
b) Good relations
c) Fast credit
d) Collective responsibility
e) Value for money
f) Matching interests
g) Social contracts (informal agreements)
h) Genuine interest to help
i) Social trust

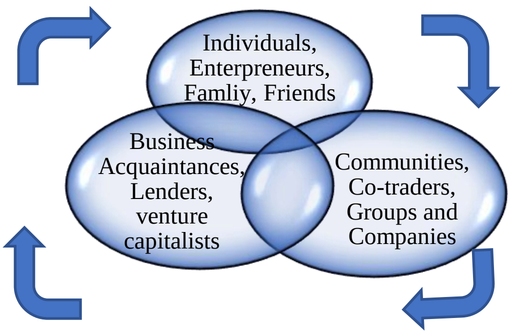
6.10 New services to BOP

New service to low-income earners would have to change in a couple of ways from the way traditional banking is currently delivered. The first is "mutual respect and understanding", which can be inculcated in such a way the low-income earners are made to feel as worthy customers or equal to those officers delivering the service. Sometimes low-income earners may feel intimidated to deal with officers who earn higher than they do or may develop inferiority complexes that make them feel their money is too little and it is not worth banking. As much as 70-85% of the interactions will be through digital means, the 30-25% requires delicate service orientations or approaches to dealing with low-income earners by officers of banks.

Officers must be carefully recruited, trained, and have the right attitude and skills to provide services to low-income earners. Low-income earners deserve respect and prefer to do business with those who they feel provide the mutual respect and understanding. This point is important, among others, as it can affect the level of success (segment penetration) and strides banks make to grow the low-income earning segment.

The author deciphered something about service that he could not explain in proper context to do with a loose informal structure that users of alternative financial services (low-income earners) receive from the interconnection of their families, friendships, clans, communities which forms a physical framework of units of financial support that are bounded by moral rules, integrity, identities of belonging that create internal cohesion, psychological behaviour and understanding of the need to help, and be helped, respectfully with confidentiality based on cultural setting practices and beliefs. Below is a picture depicting interconnections between low-income earners providing each other financial services within their spheres of influence.

Figure 8 – Flow of Finances



Some practices are based on traditional values and some beliefs on religion. For instance, Zambia is a Christian nation, so empathy, helping those vulnerable and treating them with honesty in dealings are aspects of service frames. Respecting elders and extending hospitality to colleagues are key aspects of alternative financial services that need to be co-opted in the new services to be offered by banks to low-income earners.

Low-income earners expect to develop 'good working relationships' with service providers over time, so sales managers, front office staff and other staff members of the banks that will start focusing on growing this segment will need to understand these 'soft practices' and reciprocate. Businesses need to think about how best to incorporate loose social relationships or 'soft practices' into the culture of their operating models, and one way of doing this is to assign an officer to each portfolio as relationship stewards that facilitate the experience of the bank's services by the clients. This officer will be the point of contact with the customers, beyond the self-service technology, and will operate within the region of the customer portfolio. Artificial intelligence and machine learning are future areas of study that can be considered to standardise the ‘soft practices’ and lower the cost of human support to this industry. The whole idea is to bring in that feeling and connection that alternative financial service users generate when they are operating with friends, family, co-traders, or close financial confidants, and this is a key feature for the target market.

This new service will “match the interests” of the low-income services to officers fitting their profile either by age, background, religion or where value systems are similar with the target clients as a way of enhancing the connections. The banks will need to generate new customers, grow their portfolio of the segment, and create value for their customers through good customer service. This is equivalent to bringing a family-touch-like service to formal banking services and breaking the customer service traditions to a new approach as demonstrated by participants.

“Social contracts”, “trust” and “genuine interest to help” will be embedded in the new services to low-income earners so that they can shift to banking services still maintaining the “kind ways” of services enjoyed by low-income earners as they take out alternative financial services. Social contract is where no tedious paperwork or trails would have to be exchanged and signed to transact low value borrowings and savings. This could be substituted with digital submissions where the low-income earners apply for various financial services and credit without the need to fill in physical forms, and service can be provided instantly via mobile gadgets. Meanwhile, where higher value products or services are being accessed by low-income earners such as credit for a home or capital equipment for a business, physical contracts can be minted for the benefit of both parties and this, too, happens where low-income earners are selling or buying a property.

“Genuine interest to help” is a behavioural culture informed by a couple of values or traits that must be embedded in the service delivery from staff of banks as they support low-income earners. Typical are empathy, proactivity, goal orientation, persistence, respect, reliability, and other values that inform staff to behave in a way that is consistent with encouraging them to go the extra mile to deliver the service or products well and one doing their level best to ensure the process is a success.

6.11 Process requirements

The new processes for product and service features will need to be quick, transparent, secure, convenient and with less stringent rules so that customers can carry on enjoying the similar services they enjoy from alternative financial services as listed below:

a) Avoid tedious processes, paperwork, or long queues
b) Quick and convenient process
c) Transparency
d) Security

e) Less stringent rules

6.12 Client expectations

Clients expect the following qualities, characteristics, or results from financial products banks will provide as deduced from the appreciative interviews:

a) Safe and fast solution
b) Convenience
c) Financial liberation
d) Investment alternatives
e) Meeting commitments / obligations
f) Creating good relationships / networking
g) Creation of good financial environment
h) Fast feedback on credit
i) Risk taking and opportunities to invest

6.13 Conclusion

The new products and banking services were taken for a test by selling to 250 potential customers and the feedback evaluation is provided in Chapter 7, which follows. Further, management implications and action interventions taken are presented in Chapter 8.

CHAPTER 7 – DELIVERY STAGE

7.0 Introduction

Delivery stage is the fifth and last stage of Appreciative Inquiry of the 5 D model of this action research. During this stage, we plan the intervention and perform the action of delivering the new solutions (new banking products and service) to the target market. Practice can ask itself how the insights into how unbanked individuals currently handle their finances have effectively informed the design of products and how they will be accessed, marketed, and used? At this stage of the action research cycle, we have generated actionable knowledge summarised on table 8 (section 6.1) providing insights of how the target market currently handles its finances and its future needs, this was sorted into product features (section 6.4) and service experience factors (section 6.9) that were infused into four categories of basic-entry products and services (sections 6.3,6.5 to 6.8). Section 6.10 proposes the future study and incorporation of "soft practices" of the target market alternative informal financial solutions into service delivery for the target market. Section 7.1.4 (table 13) discusses how the new products and service can be delivered and accessed by the unbanked based on lessons from the literature review.

The use of these products will not change by the target market as aim is merely to facilitate their transition to formal effective and reliable means by using banking technology that should enhance their financial effectiveness and lead to empowerment. However, deducing from the common threads on table 8, many would like to use financial services to cover short-term financial gaps on their personal lives and working capital needs for their business experiences, while others require solutions to meet health needs or to own a home. We can learn from this at this moment that the target market seems to be demanding for life-cycle solutions for their personal lives and business needs and perhaps a future study would do more justice to learn how life-cycle elements can be infused into banking of the target market to further enhance their uptake of formal financial services as this research is limited to the development of basic, general entry-level products. This was applied in the author's practice, where no products existed for the target market as a first step to start the process of banking the target market.

Leading to this, a test roll-out of products was conducted on 250 target clients (soft sales) and 181 successful sales were made and an evaluation of this suggested a 72% success.

For clarity, this chapter discusses and reviews:

i) Delivery of financial products and services to the unbanked in an economy, and
ii) A marketing research and sales programme (to locate the six million target clients)
iii) Test roll-out of new products to 250 potential target clients
iv) Management implications and actions emanating for this action research

7.1 Delivery of financial products and services to the unbanked in an economy

7.1.1 Market complexity

Complexity of the market must be understood from multiple factors that can affect product and service acceptance, such as market maturity, market size, demographics and distribution of customers, economic activities of customers, regulations, number of direct and indirect competitors (among banks and non-banks), intensity of competition, strength of fin-techs and their level of advancements, mobile network operators, micro-finance companies, culture of target clients, Government's plans for the economy and the target segment among many others. The whole idea is to understand how the above will affect the ability of the firm to roll out its products and services in the most economical way to maximise its returns. A SWOT analysis helps with all the aspects mentioned above.

However, this should lead to a point where the financial opportunity can be sized and, in our case, the findings under the desk top literature review were sufficient (section 2.3.7). Management practice seeking to venture into banking the unbanked can size or scale the opportunity according to their country, region, city, or area depending on the appetite and level of capitalisation of their firms. Data published by the central bank, central statistic or development organisation can be used to derive an understanding of the size and scale of the opportunity.

7.1.2 Market opportunity size

Table11: Sizing up the market demand

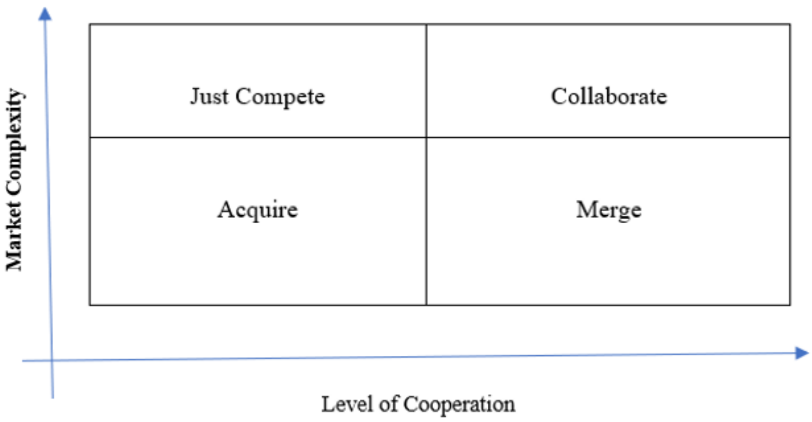
Scale	Bankable Population Size	Average Income per Month (p.m.)	Target Banking Value (A)	Target Bank Income p.m @ (5%) of A.
National /Country	6,000,000	900	ZMW5,850 million	ZMW292.5 m
Lusaka Province	1,200,000	1,100	ZMW880 million	ZMW44 m
Kamwala Area	150,000	1,100	ZMW165 million	ZMW8.25 m

Note: Source of average income per month CSOZ.

The table above gives an indication to one research question inquiring on the possible monthly value of the unbanked market and, going by the estimates of the average income by province of the working age population estimated by CSOZ at a national level, the size of this market is ZMW5.8bn. Further, understanding market maturity, level of competition and industry players is important as the company may want to know the various other market options that may exist:

7.1.3 Market options

Table12: Market options of entry strategies into unbanked market (Banknometer).



'Just Compete' is where the firm utilises its own resources to enter a market and deliver its products and services through its own means, capacity, capabilities, and expertise. This process is capital-intensive, and it is important to note that banking is a long-term strategy play as customers often have to take a while to accept the company's products and services, and the business is such that it grows with the volume and value of its customer base that may be affected by various economic, market or demographic changes.

'Collaborate' is where the company forms alliances or symbiotic relationships with competitors (direct or indirect) to do business in a manner that adds value and increases chances of success for both firms at realising market opportunities. In this case, resources can be shared by companies on a general approach to the market or specifically targeted approach.

A company can enter a market through a 'merger' with smaller or similar-size players to quickly generate a portfolio as well as establish itself in the market of the targeted acquisition. The assets of the companies combined become the assets of the combined entity. A company can 'acquire' another company to grow its customer base, asset portfolio and networks; this would enable it to enter the market fast.

With respect to the author's practice, the company has gone with a 'national scale' opportunity of targeting the unbanked market and this has informed our 'Market Mixed Option' of 'just competing and collaborating' general and specific market approaches. This gives an understanding on the delivery networks and choices of channels discussed next.

7.1.4 Mode of delivery of new products, networks, and channels

During the literature review stage, we learnt the following delivery networks and channels:

Table 13: Delivery networks and channels to support the target market.

Delivery Networks / Channels	Key Products & Services	Comment on Method / Level of Product & Service Delivery
Branches (Build or Rent). (Coetzee, 2005; Federal Reserve Bank of St Louis)	• Account Opening • Relationship Management • Network Operations Management (command centre, cash, security, people & other resources required to run other support channels or networks) • Physical sales & After Sales Service • Access Credit • Make Deposits (cash - in) • Access Transfers (cash - out) • Access various "New Credit" for low-income earners. • Access "New Save" • Access low-value "New Mortgage" & "New Property loans" for low-income earners • Access Equipment Loan • Access Education or Health Financing • KYC & Physical Records	Traditional Method: Can deliver 95% of products and services of the company. Costly option with limited capability of servicing and reaching 4,000 to 20,000 clients depending on size of branch and number of service staff)
Agents (Lotto, 2016; Muoria and Moronge, 2018)	• Access Transfers • Make Deposits • Make Withdrawals • Online Bill Payments • Online Statutory & Tax Payments • Balance Enquiries • Account Statements	Contemporary: 20% of products & services. Broader reach /access for low-income earners at lower operational costs. 500 – 1,000 clients a month per agent. 500 agents can reach approximately 500,000 clients.

Automated Teller Machine (ATM). IFC, 2017;	• Access Transfers • Make Deposits (cash - in) • Make Withdrawals (cash – out) • Balance Enquiries • Account Mini-Statements	Traditional: 5 % of products & services. Limited reach and service capacity (7,500 -15,000 transactions per month)
Internet Banking - **Digital Banking** (Parker and Sachdev, 2014; Tobbin, 2012)	• Online Account Opening • Online Bill Payments • Online Statutory & Tax Payments • Online Access Credit • Online Access Transfers • Online Access Savings • Online Access Mortgage Application • Online Access Equipment Application Loan • Online Access Education or Health Financing • Online - Balance Enquiries • Online - Account Mini-Statements • Online KYC & e-records • Forex Switching	Traditional: Can deliver 60% of banking products and services. Reach is unlimited. Reach dependent on widespread use of Internet and data costs. Zambians do not widely use Internet to perform financial activities as homes do not have internet nor computers as these are not affordable by the low-income earners. An uneducated guess in absence of statistics at the central statistics office household ratio of those with computers and Internet connectivity Vs those with none would be 1:20 in the low-income earner communities. This method may not be effective to reach low-income earners. Can reach many
Mobile Banking (USSD & SMART Phone) or **Digital Banking** (Parker and Sachdev, 2014, Tobbin, 2012; De Angoitia and Ramirez, 2009)	• Online Account Opening • Online Access Credit • Online Access Transfers • Online Bill payments • Online Statutory & Tax Payments • Online Access Savings • Online Access Mortgage Application • Online Access Equipment Application Loan • Online Access Education or Health Financing • KYC & e-records	Contemporary: 60% of banking products can be provided through this channel. Before, the mobile portals were used for low-value credit products, but higher value credit products will be delivered through this channel. Can reach many to the extent of those registered on mobile network.

'Convenience Booths' (Lotto, 2016; Muoria and Moronge, 2018)	• Online Account Opening • Access Transfers • Make Deposits • Make Withdrawals • Online Bill Payments • Online Statutory & Tax Payments • Balance Enquiries • Account Statements	Contemporary – Limited to cash-ins and outs. 30% of services can be delivered through this channel.
Out-Reaching **Visitations and training programmes** Ansari et al 2012, Martin and Hill (2012), London and Hart (2005), Prahalad and Ramaswamy (2002), Callen et al. 2015.	• Training on how to serve the BOP, Staff, Partners, and Key Stakeholders • Financial Literacy for Target Clients • Financial Management Training for Entrepreneurs • Financial Advisory (Social, Empowerment, Research on New Products) • Account Sales • On-Spot Account Opening • Community Contact After Sales Service & Reviews • Economic Impact Assessment of Banking Services to the Newly Banked Low-Income Earners	Contemporary – New, limited to sales, financial literacy education and financial counselling.

Banks seeking to serve the mass unbanked market must come up with a business model that rationally proposes what channels they will use to deliver their services based on the size of opportunities targeted, capital, technology, and people capabilities at the disposal of the organisation. The business model projects the level of sales and income that will be generated in a period and weighs this against the operation costs that will be incurred corresponding or matching with the income to project break-even, profitability and project payback.

As for those seeking to draw up a business model, it must be sufficiently detailed as to discuss the numbers and combination of the sub-components of the overall delivery channel and describe how operational activities will be conducted and decisions will have to be made which products will be distributed through the various networks and channels, observing appropriate controls to avoid various risks (credit default, legal, reputation, liquidity, fraud, financial losses, tax risk, technology risks, operation risks, compliance and other forms of risks).

The business model must also propose new ways of assessing performance and progress for the implementation of the strategy to sustainably bank the unbanked. Traditional profitability measures must not be the main indicators alone as banking this segment is a long-term strategic play as opposed to a short-term play (Parker and Sachdev, 2014).

7.2 Market Segmentation

A market segmentation exercise helps us understand the profile of customers so that we can segment them according to their groups, ages, characteristics such as profession or trade and or any other defining criteria that can enable us to focus on them in sections or portfolios with regards to delivering our products and services in the best way possible. Generally, we will be providing financial services to a mass unbanked market (low-income earners), so the products that we will deliver to this market will be for all low-income earners at the bottom of the pyramid in one big segment to take up our designed offerings (Products & Services).

However, because the market is big, an understanding of the different profiles of customers becomes important so that we can understand the behaviours and characteristics of various sub-segments and know how best to address their needs and requirements to best position our products and services. This knowledge of the sub-segments further becomes important as we place our products and services in the market, monitor their uptake and track their performance to drive profitability.

Individuals, entrepreneurs and small businesses who were low-income earners were being profiled by the author as follows:

- Aged between 18 and 70 years, male and female (This age range suggests implementing a sort of life cycle managed banking services and the biggest wonder why micro-financial services have not taken this route and could be the biggest reason for failure in the past for financial services to be taken up by the unbanked market; however, not a focus of this research but a key observation).
- Government: teachers, nurses, police, soldiers, prison warders, public service officers etc.
- Mining-related: miners, contractors and suppliers etc.
- Markets: carpenters/furniture traders, restaurant owners, vegetable, tomato, fish, grain, charcoal traders, tailors, shoe/ cloth traders, shoe repairers, salon owners and hair-dressers, shop owners, ice block /ice-cream sellers etc.
- Hardware & Stores: shop assistants, employees, street vendors.

- Transport and communication: truckers, taxi drivers, bus drivers, talk time vendors, cell phone repair services, airtime and data bundle traders, taxi services, mini-bus and bus operators, car washers, garage owners, Internet café etc.
- Agriculture: millers, maize, cotton, groundnuts, cassava, wheat, soybeans farmers and workers.
- Education: GRZ Schools, private schools, tuition centres, colleges, universities, teachers, tutors, lecturers, students / pupils, school boarding houses etc.
- Engineering/technology: metal fabricators, plumbers, builders / brick-layers, technicians / electronics repair (TV, watch, radio, computer, phone repairers), brick-making companies, construction companies, mechanics etc.
- Security firms: guards/officers
- Councils/council employees
- Churches, landlords and estate agents
- Co-operatives
- Domestic and services employees, maids, gardeners, chefs, waiters, house-keepers etc.
- Shop-keepers, car dealers, other dealers and vending businesses.

7.3 Evaluation of test roll-out of products to 250 potential target clients

By the time of this report, 250 potential customers were targeted with test products and 181 successful sales (soft sales) had been done at Intercity Bus Terminus and Town Centre under **Region 1** representing 72% success. This programme will be an on-going and long-term play to bank the unbanked masses in the country to support the growth of the author's firm, drive economic growth, foster more participation and empowerment of the low-income earners. Soft sales are preliminary explorative engagements between target market and sales personnel prior to a full product launch. Clients provide non-committal feedback about the products, which are promises to take up financial solutions of a firm and non-binding applications and term sheets are completed by prospective clients that are later made concrete once contracts are signed.

7.3.1 More about soft sales test (teasing of new products to target market prior to roll-out)

This preliminary engagement phase is important as it provides either a positive or negative result of a test roll-out of products, while in our case this revealed 72% success. The products, savings accounts, transaction accounts and transfer products were extended mobile apps and USSD technology to the Inter-city bus terminus and town centre areas. Customers targeted were low-income earners who were in either formal employment or self-employed. The author erected a booth at the two locations introducing the new test products to the customers on two separate days in the high-density location of low-income earners and allowed the natural process of target clients enquiring and giving the decision to open accounts and leaving non-binding expressions of interest or term sheets (non-binding contracts to borrow). Unfortunately, borrowing was limited to formally employed as by the time of this research risk mitigated products had not been approved by the author's practice for self-employed target low-income clients. This resulted in 181 successful sales from 250 enquiries over two days at the two premises (Inter-City Bus Terminus and Lusaka Town Centre MSarket).

7.3.2 Progress made to date

In the wake of the successful test roll-out, a branch was opened at the Intercity Bus Terminus, and within the first month of operations, over 4,000 accounts were opened by the community of low-income earners and small-scale entrepreneurs. Further, the board of the bank granted an approval for a new credit product (the first of its kind in the market), which was extend to marketeers and small-scale self-employed traders of the low-income earning bracket. The uptake was above 80% but performance in terms of debt repayment was at 78% (22% of the pilot sample struggled to make repayments successfully and this was attributed to various reasons that were investigated, and rectified). Further, risk mitigants were introduced and small refinements were amended to the credit product before the product was fully launched.

After addressing the teething challenges and making refinements the credit product was fully rolled out to the market and so far, performance is around above 90% (this is better than industry's traditional segments that are performing at 88%).

Further, the author has consulted on programmes with financial technology companies with interest to participate in wire transfers and lending transactions in delivery of financial services to low-income earners.

7.3.3 Planned next steps

The following are the next steps:

a) To get full approval for lending products and risk mitigation embedded in the credit process from origination, disbursement, management, and full repayment of the credit offerings.
b) Distribution of products and services with high impact and access by low-income earners through organising capital, distribution infrastructure, strategic alliances and strategic stakeholder engagements.
c) Focus on regional market expansion – The author devised four regions by splitting his country in four parts where sales should be targeted. This will ensure targeting of the unbanked low-income earners throughout his country with systematic and optimised market engagement.

7.4 Management implications of research findings

The following are the management implications of the research findings:

a) Traditional banks looking at expanding their banking to the unbanked will find it costly to utilise old methods such as brick and mortar branches to reach the high volumes of masses as this model is not cost-effective. Instead, less costly methods using technology like Internet and mobile banking platforms (USSD and APPs) are far more cost-effective and it is possible to reach more unbanked people with digital capabilities (De Angoitia and Ramirez, 2009).

b) The implications of using technology mean priming as many products and services being delivered through these digital channels as possible findings of this research show that the target market requires convenience, access to credit, savings products and longer-term funding and financing requirements. Therefore, digital platforms must be robust, reliable, easy to use, simple, convenient, and enhance access, impact and deepen the use of formal financial services by low-income earners.

c) There are many delivery channels available to new entrants to banking this target market, and banks can mix and match the use of these channels to enhance reach and banking capacity for numbers. Practice must avoid a monolithic channel approach as technology and strategic partnerships promise more features and benefits for the target market (e.g. machine banking, agency cost efficiency, and asset pooling relationships to optimise capabilities).

d) Banks willing to tackle the problem of this market must identify short-term opportunities and apply urgency at realising financial benefits; however, because of literacy issues, information asymmetrical and other issues that may take a long time to unfold the strategy must be executed as a long-term strategy play. This means measures and matrices must be well balanced to support penetration and growth over the short, medium, and long terms.

e) The organisational structures must be well-thought out to support this new market strategy and various business modelling tools can be used such as the Mickensy 7S, Porters Value Chain Analysis or Excellence Business Model. This is important as value creation and cost-efficiency can highly affect the sustainability of this business of serving the BOP. This speaks to the need for firms to create a competitive advantage through how they organise and innovate.

f) The author is from a developing country and regulation is under-developed when it comes to serving this market. The management implications of this are that the organisation must observe regulatory gaps that may challenge performance under this industry and lobby reforms in a progressive manner to the clientele, organisation, and economy.

g) The author has observed that mobile telecommunications companies may also be peaking at this market through offering transfer services or micro-credit at this market, and hence banks entering this market must strive to collaborate and form partnerships as opposed to competing, which could result in wasteful expenditure as the market is very large and under-served.

h) Developing and marketing through community networks can be an effective way of reaching target clients and rolling out products through already established networks and channels London and Hart (2005), Thakur 2015, Simansi and Hart (2009), Prahalad and Ramaswamy (2002).

i) Management practices must mix and match the right system capabilities and digitise products and services that can be delivered electronically to a wider mass market using USSD mobile phones and smart mobile phones that allow remote banking and wider reach to clients cost-effectively and efficiently (Etzo & Collender, 2010; Lien et al 2015; Oluuwatayo, 2013; Aker & Mbiti, 2010).

j) Strategic partnerships (Calton et al. 2013) are highly recommended with financial technology companies, mobile network providers and agents to be able to deliver banking products and services in a manner that is versatile and adaptive to support the delivery of an array of much needed solutions to various markets including the unbanked masses.

k) Dead Capital – There is a problem of dead capital specific to Zambia, the author's country, where some low-income earners do not have title deeds for their land, which they have been occupying for many years, and in some instances, this was family property passed down from many generations so that when unlocked, it could be used as collateral and can be developed for the benefit of the target market.

CHAPTER 8 – RECOMMENDATIONS

8.1 A sustainable strategy for firms to follow to bank the unbanked in an economy

This section frames key aspects of a generic sustainable strategy that management practices seeking to bank low-income earners in a mass unbanked market must adopt. This shows some of the key aspects that must be present to develop a formidable strategy to bank low-income earners. The nature of the problem is complex and may have paradoxes depending on the structure of the economy. The following are the key elements of a generic sustainable strategy to bank the unbanked in an economy:

i) **Problem identification and definition:** The problem must be identified and defined, the market opportunity of financial inclusion and the benefits of banking the low-income earners in society (Financial, Quantitative & Qualitative) must be brainstormed.

- Potential financial benefits that can accrue to management practice or banking organisation.
- Quantitative benefits of uplifting this client segment in the area, region, or the economy
- Qualitative benefits with respect to quality of life, access to credit or financial services, increase in employment and impact on economy.

ii) **Environmental analysis:** The environment must be scanned to understand the following:

a. Demand: This must examine country-specific data to understand the demographics and behaviours, unbanked working age population in the nation, region or area targeted to bank the unbanked. The structure of the community, area, region, or nation must be known with the help of primary or secondary data collection depending on the circumstances of the country. Some countries have good data repositories reliably collected and stored for retrieval by users, business houses and investment prospectors. This exercise must also seek to understand what alternative financial services low-income earners are exposed to (formal & non-formal), where we want to drive a shift to the use of banking services. See section 2.3.

   Good insights on how other advanced countries and developing countries are making possible the extension of financial services or banking of low-income earners provide good guides on migration of best practices, so this stage can incorporate knowledge migration.

b. Supply: The supply side must look at the different banking solutions available to deliver banking services to the unbanked (delivery channels and networks). This section must also look at the level of market maturity, the number of banking and non-banking firms existing, and providing financial services to the population of the country. The exercise can examine what is missing in form of technology responsible for the high level of the unbanked population in the country, region, area or community that can be incorporated into the strategy implementation. The traditional challenges include identification of technology solutions that can reduce cost of providing financial services whereas mobile technology is currently the best proxy solution to reaching and banking more low-income earners as most have access to a mobile phone. However, planners must still ensure they identify the best technology and deliver low-cost affordable products and services to the target market with clear benefits. See section 2.4.

c. Regulatory: Under this section, management practices must understand the level of regulation of banking and other financial services prevailing in the market, and identify laws that could be hindering the development of banking the unbanked and lobbying reforms to address regulatory gaps. See section 2.5.

d. SWOT analysis: The organisation must do an assessment of its **Strengths**, **Weaknesses**, **Opportunities**, and **Threats**. Further, management practice can use various business tools at its disposal that evaluate or guide the evolution of the business and its capabilities.

iii) **Appreciative interviews:** A series of short questions with a target sample of the population of low-income earners. A sample of target customers must be appropriately selected across the area, region, or nation to get an understanding of their financial needs. The appreciative interview should seek to understand what is working well, what can be improved, the current and future financial dreams of the respondents. Ethical considerations and care must be taken at this stage not to infringe on privacy, avoiding derogatory or embarrassing conversations with participants nor jeopardising their financial, legal, or physical security. Consents and necessary permission from participants and relevant authorities must be obtained. Low-income earners may have low confidence, low self-esteem, low knowledge around financial services and hence vulnerable, so they must not be exploited but protected.

iv) **Design of products and services:** Organisations entering this target market can re-purpose existing products and services adjusted for customer needs or circumstances based on the appreciative interviews, while the phase must also support the development of new products based on needs and desires expressed by participants representing the larger population. This approach ensures banks and financial institutions develop products customers want to buy, need or desire for their future (market orientation).

v) **Market segmentation:** The following must be understood with clarity:

a. Market opportunity – The size, location of customers and the different income scales of the area, region, and province.
b. Business model – A business model must be developed showing how resources of the company will be combined to sell these financial solutions and generate returns for the owners and other stakeholders of the business. The business model must address the marketing 4Ps (product, price, place, promotion). Financial projections: income statement, revenues, costs, profit, or loss, break-even analysis. Balance sheet volumes, growth, capital, and resources of the business.
c. Sales programmes – These must be designed according to the size of the business, targeted market, and geographic spread of customers. Product and service marketing, advertising, and the types of sales schemes appropriate to the geographical area, sophistication of buyers and the market must be considered.

vi) **Capital and resources:** The resources base of the company must be examined to ensure there are adequate systems, capabilities, skills, and liquid capital. The company must also have a capital buffer to support contingencies and development programmes.

vii) **Aims and objectives:** Strategy aims and objectives must be developed, financial and non-financial goals articulated. However, aims and objectives must embed the following orientations:

- Customer orientation
- Empathy to promote and empower low-income earners
- Sustainability goals (financial and non-financial goals)
- Long-term goals (growth ambitions)
- Adequate capital to support credit

8.2 Legal environment (regulatory provisioning rules revised)

The author recommends a review of provisioning rules that were developed in 1995 that cause banks to take stiff provisions on weak clients and small and medium enterprises in the country regardless of whether loans are secured or not. This discussion is with respect to Statutory Instrument 142 of 1996, which requires banks to take stiff provisions beyond the exposure level of a bank to credit for weaker borrowing clients and this causes banks to make huge provisions against weakly structured credit.

This legal instrument results in apathy of banks to lend to small businesses and low-income earners as usually they are the ones that stand the higher probability to default in times when economic conditions are tough, so banks do four things to counteract this statutory instrument that skews the posture of lending away from risky low-income-earning clients to well-established businesses and foreign multi-nationals, thereby negatively resulting in low access to credit and high interest rates to low-income earners and entrepreneurs:

a) High borrowing standards as barriers

Banks in Zambia have developed high lending standards that reduce the possibility for low-income earners and small businesses to qualify as borrowing customers. They place many demands on collateral, conveyance, strict pre-borrowing conditions and unfriendly covenants. This hinders market development and the use of banking services by low-income earners and small businesses. The results are a stunted economy, high unemployment and low welfare conditions for low-income earners, who have less participation in economic activities.

b) 'Risk-based pricing' for low-income earners and small businesses

Banks in Zambia have pricing that is exceptionally high for low-income earners and small businesses due to their lack of bargaining power. This is a counter-reaction to turn them away as many low-income earners and small businesses cannot afford the borrowing at the highest interest rate brackets in the economy. Consequently, many do not qualify on these stringent rates; instead, foreign multi-nationals and high net-worth individuals are preferred and yet given low favourable interest rates because of their higher bargaining power. The 'risk-based pricing' silently becomes predatory lending to the few low-income earners and small businesses taking up these products, who in some cases end up defaulting. This triggers a psychological barrier in the minds of the low-income earners and small businesses so that they now must fear losing their welfare, businesses and collateral; therefore, rather than face such horror, they choose to remain unbanked with a negative perception about banking.

c) Defocusing segments (de-risking)

Some banks defocus low-income earners and small businesses because these portfolios are the most vulnerable to default and to trigger heavy provisioning requirements of the laws (SI 142, 1996).

d) Lack of bank penetration in the economy

There are many reasons provided by banks as to why penetration into the rural and urban areas is low. Cost of technology, developing or renting branches, lack of certain services required for bank operations such as security and network connectivity are among the long list of requirements to set up banking. However, the key reason is the low appetite and lack of long-term view of developing the market or supporting opportunities that would lead to market development. This is still linked to low attractiveness of small farmers, low-income earners and small businesses compared to large-scale farmers, more affluent segments and companies in cities and larger towns that are not present in small towns and rural areas.

The author is strongly convinced Statutory Instrument 142 of 1996 must be revised to consider more modern ways of provisioning that are on a net exposure basis. Further, there are lots of developments in the market that result in some of these risks being transferred to guarantors and insurers underwriting credit risk and these need to be considered in new provisioning rules and standards. The author will take this action up with private members of Parliament to consider floating a motion to revise or change this statutory instrument as it has for a long time hindered market development of the low-income earners and small businesses. As at the date of this report, Bank of Zambia coincidentally requested comments from commercial banks in Zambia on 26th November 2019 regarding the repeal of Statutory Instrument 142 and proposed substituting it for another instrument on credit provisioning. The author, an insider researcher, contributed his observations and recommendations for the proposals on a new law on credit provisioning that would not stifle market development of extending financial services to the under-served. Submissions were made on 16th December 2019. The author is confident that his presentations will be considered in the reforms as the spirit of the communication from the regulator admitted some problems in the old statutory instrument and hence was seeking recommendations from stakeholders.

8.3 "Dead capital"

The author calls "dead capital" the plenty property in the urban and rural areas that is untitled belonging to individuals, low-income earners and small businesses. These are large tracts of land on village cultivated and uncultivated farming land whereby, if it were in the United Kingdom, for example, a farmer would use the property as collateral to draw a bank loan to take out working capital and long-term finance for capital expenditure. However, in Zambia, because these tracts of land which low-income earners own are not on title, banks cannot utilise the property to lend to farmers and small businesses despite them having good cash-flows to repay their loans.

Further, in the urban areas, untitled land exists where low-income earners have no land records for the property they own where slums are built, or where they got the property passed on from generation to generation. Low-income earners go about acquiring this property without the help of the banks through mortgages or property loans. To cut the long story short, because of the absence of titled property, there is a limited opportunity for low-income earners and small businesses to provide collateral which they require to participate in accessing credit. This inability to access credit disempowers them from growth opportunities for themselves and their families. It is a problem that can be addressed by the Ministry of

Lands as a structural problem when it comes to providing access to credit for low-income earners and small businesses. The Ministry of Lands will do well to title all this land to enable those low-income earners with ambitions for growth and entrepreneurial spirits to participate in accessing credit and seize economic opportunities with their talents and potentials.

The country in most cases requires aid from foreign donors to support low-income earners and small businesses, but the use of title deeds made available to them is another way low-income earners can access their own funding by borrowing on the back of their assets. Land or property is an important factor of production, and this group has it at their disposal so they can use it as currency to further their trades and occupations that lack funding support and save the exploitation of well-meaning foreign donors.

8.4 Capital and portfolio bifurcation

Usually, banks, as national assets, would have a multi-segment focus in developing countries. Where this is the case, the author proposes bifurcation of the mass market business and ring-fencing it from the rest of the businesses as the risks of the business are not fully known and the market is just being introduced to the use of banking services to change their lives. This is to enable the new segment to get the right focus and much needed management attention in monitoring, and nurturing, which can enable banks to manage their risks and exposures to this market better whilst pursuing growth and financial success.

8.5 Promoting documentation of business activities of low-Income earners

There are many financial literacy programmes being conducted by the central bank and other stakeholders with interest in financial inclusion and banking the unbanked masses. One area that can make a difference and which policymakers and development stakeholders can focus on is creating a deliberate programme aimed at helping target clients document their activities in simple contract form. There are many bankable financial transactions going on in this market segment to point out a few sale transactions for properties, equipment, stocks, verbal agreements to rent properties for domestic or business purposes, trade and craftmanship contracts, activities of sales, activities of lending, buying or paying for goods in instalments, agreements for labour contracts, short / long-term employment, various contracts for agencies and every other financial transaction that can be put on a simple form or record to support cash-flow activities and transactions that financial institutions can use to assess credit eligibility and for target customers to start creating credit history that can be used to justify various financing and funding support requirements. This can help financing houses (banks) understand the requirements, needs and debt repayment capabilities or requirements for financial solutions and enhance participation by both banks and low-income earners. The next section is a conclusion that summarises and concludes this action research thesis.

CHAPTER 9 – CONCLUSION

9.1 Conclusion

The main purpose of the study was to develop a strategy framework that can sustainably result in banking the unbanked in a developing economy like Zambia with over six million unbanked bankable working age population, and 200 participants representing the unbanked target market were interviewed in the central business district of Lusaka, the capital city of Zambia, by way of Appreciative Inquiry.

Six short appreciative interviews were done with the participants, of which the first four were similar, probing the participants to describe and explain how they operated their finances and relive their experiences of what goes well with the way they handled their finances, while questions five and six asked about what they appreciated in the financial service, and what their future dreams and desires in financial solutions were, respectively.

The field data enabled the author to "discover" what went well in the way the participants handled their finances, which he termed as alternative financial services (non-banking services) and the author learnt the financial "dreams" of the participants, unlocking what the unbanked mass markets desire in financial products and the behaviours they appreciated that were used to "design" new banking products and services, and make decisions around the choice of "delivery" for these banking services. The findings of the interviews formed the actionable knowledge for developing new products and services demanded by low-income earners:

i. Funding financial gaps
ii. Low cost
iii. Safe and fast
iv. Guaranteed finance
v. Social contracts
vi. No tedious paperwork
vii. Less fear of losing collateral
viii. Low defaults for investments
ix. Convenience
x. Flexibility

While the following were the future needs discussed by the unbanked participants generated as actionable knowledge for the infusion in product and service designs:

i. Access higher credit and longer tenures
ii. Working capital
iii. To have access and convenience 24/7 to finances
iv. low charges and fees

v. Own a home / property
vi. Savings solution
vii. Low collateral requirement
viii. Solution for medical treatment or health
ix. Simple and fast process

These characteristics of the current and future needs were interpreted and embedded into new banking products and services designed for the mass unbanked market of four key types of offerings with varying benefits and features to suit the market: credit products, saving products, transaction products and transfers or withdrawals accessible in branches, at agents and using mobile phones.

By the time of this report, 250 potential customers were targeted with test products and 181 successful sales were closed at Intercity Bus Terminus and Town Centre**,** representing 72% test success. This programme will be an on-going and long-term play to the author's practice of banking the unbanked masses in the country to support the growth of the author's firm, contribute to economic growth, empower masses to participate in more economic activities and create employment.

The author also foresees the reverse process or lowering trend in unemployment and poverty to low-income earners due to an improvement in conditions for citizens in the country. Further, the banking landscape will change with those banks focusing more on this population growing their footprint and market share and those not remaining behind in their market share. The social dynamics of the country would be more positive as banks start to support the masses, and entrepreneurs would have more capital to finance their ideas, and this would result in a further multiplier effect of growth in the economy and reduction in unemployment. Banks banking this market segment will eventually be the winners, provided they manage and balance their risks prudently.

Further, political dynamics between banks supporting the unbanked low-income earners who eventually start getting banked would be good since the interest of the central bank and Government of Zambia is in increasing financial inclusion of the unbanked (this would lead to lower unemployment and higher tax collections). Pensions and commercial houses would benefit from shares of growing disposable incomes saved for future retirement and a growth in spending power. The economic situation would also start to improve as previously under-resourced areas would start to see entrepreneurs and SMEs participating to boost commerce and trade. Finance can follow innovation, and this could lead to breakthroughs in various fields and sectors of society such as health, agriculture, education and manufacturing.

9.2 The author's development as a scholar practitioner

Personal reflections of the author are that this research has opened doors to Positivist Hypothesis Testing or Case Study on "Actionable Knowledge" from Appreciative Inquiry to best understand how its usefulness and market acceptance as embedded in the newly designed products and services can be tested in other cycles of critical action learning for the sake of advancing disciplinary knowledge route or actionable knowledge in later action research cycles to improve mass banking practice for low-income earners. New products must go through a refinement process to get right the new customer needs or wants as customer preferences may shift due to changing times or circumstances, so evaluations of future outcomes for past interventions must always be accommodated. Critical action learning cycles must be performed, which are best suited to drive constant transformation of knowledge to solve financial problems and give a relevant solution to stakeholders.

The author will continue to further his knowledge at each plethora of an action research cycle, continuing to identify new problems and performing critical action learning to address those problems, milestone after milestone until the goal of banking the unbanked sustainably with impact is achieved. The author has employed critical reflection at executive management meetings as a powerful and valuable tool to question the status quo and thrive to evolve his practice to a higher position of success in the market.

There have been some tensions and contradictions during this research that have demanded patience, resolution of conflict and shifting of professional hats. Further, the wheels moved slowly during the field work when conducting appreciative interviews, recording responses, and sorting out the data coding for 200 interviews. The author had to spend long hours drafting write-ups for the thesis while continuing to work on other challenging projects at work, so the demands at work and study had to be harmonised. However, the strong urge of wanting to know and construct a solution for a problem in the work practice, industry and economy kept the author going, and now it is a good feeling of relief to reach the end of this action research project. The author did many mini-projects with the use of critical action learning and critical reflection; identifying problems, conducting literature review, conducting various action learning (quantitative and qualitative) all aimed at addressing work-place-based issues that contributed to the author's readiness on the DBA thesis. The author also conducted various short action research practice-based projects during the various stages of the DBA programme and learnt various disciplines and good practices in conducting advanced research deeper than his experience on his MBA programme at Manchester University. The author's development has stemmed from the nine DBA taught courses: Doctor Practitioner, Ethics Sustainability and Social Impact, Leadership, Knowledge Creation, Action Learning, Change and Crisis Management, Complex Adaptive Systems, Decision Making and Risk and Management Research Methods (Qualitative and Quantitative).

The author's growth in his doctoral practice has been through the development of an attitude of inquiry over what goes on around him, his organisation and environment. In the Doctoral Practitioner course, the concept of the rich picture of the author being at the centre of various interactions and demands arises from his work practice, career, organisation, and environment resulting in various problems, some simple, others complex and needing various depths of understanding or inquiry. This has influenced the author as a leader to play a pivotal role of supporting problem identification and resolution. This thesis is one of the problems that the author has adopted to resolve a market issue problem for his organisation through being aware of the opportunity to his organisation and the target market. The author has gained knowledge on ethics, sustainability, and contributions to the social setting of his environment through the ethics course. As doctor practitioners, we need to understand that our actions impact others and so we should be mindful of our inquiry, solutions, and the impact they have on others.

Science should create knowledge for the sake of knowledge, the benefit of humankind and preservation of the planet learnt from the knowledge creation course. Knowledge is a resource and asset that can be traced from its traditions to the current times, and it evolves through resolution of current problems and future needs. Tracing knowledge from its tradition can yield understanding of past problems and solutions implemented, and those that contributed to the development of knowledge. Knowledge can be created and managed for the sake of furthering knowledge, solving mankind problems and past knowledge can be at times re-purposed to solve different problems. The author, as a doctor practitioner, has been able to tackle organisational problems through learning from others' past situations and has been able to apply solutions applied by others to his organisation in similar situations. The action learning course has enabled the author to solve problems through learning and practice, by identifying and defining a problem in a situation, organising learning set structure with others at the work practice or in a special community if the problem affects multiple stakeholders, drawing on each other's experiences and interests, conducting critical literature review and applying knowledge and inquiry to a problem to produce a practical solution, implementing the solution and evaluating the results (this is an action learning cycle). If the results are satisfactory and the goal is achieved, the research ends; however, if more work can be done, the researcher triggers another action learning cycle, and learning can go on until the best outcome is achieved.

A good example here was a practice problem where two functions had a challenge of poor turnaround time in extending credit to clients. The author intervened by organising the functions identifying the possible causes of the problem, drawing knowledge from various sources and benchmarking with the team to produce a revised process for creating and extending credit. During the end of the exercise, we were able to collectively re-organise processes and change application procedures, strengthen risk and controls and achieve streamlined handling of credit applications of clients. We were able to reduce turnaround time from four weeks on corporate credit to seven days and this made the internal functions happy, we improved customer satisfaction in December 2017 and grew revenue as no business was lost compared to the old process when some clients left out of frustration. This further improved the culture of collaboration and creating learning sets to identify and solve problems in harmony together in the practice and saved us a lot of time between problem identification and resolution for the customer.

Further, the author has utilised learning from the DBA to conduct Management and Board Strategy review sessions optimally through drawing on the nine taught modules that have various skills and knowledge. In November 2021, the author received recognition for organising and handling the sessions so well where the programme contents of information, the discussions and arguments were well aided with critical review of information and questioning the status quo. The management and board of the bank were able to craft a corporate strategy that was clear with revised mission, vision, and values. The board chairman, in his own words, said, "We now understand our organisation more and how exactly we create value for our customer and wealth for our shareholders." He went on to thank management for a very well conducted strategy review session. The author is responsible for facilitation of strategy formulation and implementation at his practice and the personal developments through the DBA have provided him not only technical training in advanced research but also multiple life skills such as conference and consultancy handling, bringing out the best from stakeholders and people, being aware of various ethical issues from multiple perspectives such as gender, inequality, the disadvantaged and in various other areas of the environment around him.

The learned skills from the DBA programme gave the author the confidence of selecting this thesis "Developing a Sustainable Strategy to Bank the Unbanked in the Zambian Economy: An Action Research Inquiry" and this has enabled him to practise many skills such as ethical considerations in the design of the field work programme working in the sensitive area of confidential information in financial matters of subjects, conducting action learning by enacting the various stages of this research (see section 3.2.6), conducting the various stages of the action learning inquiry cycle; problem identification and definition, conducting a literature review, developing a research methodology, conducting a field study (interviews of 200 participants sampled from target market), collecting data and handling it, analysing data, designing new products and services for the new market, testing the new products and services and evaluating the results, drawing up implications for practice and recommendations, and making a conclusion.

Lastly, the DBA studies have provided the author the opportunity to be conscious of continuously developing one's mastery of structuring work to enhance communication with others and academic writing styles such as descriptive, analytical, and reflective - reflective writing being a very powerful communication tool that can lead to progressive thinking for all; further, appreciating the work and contributions of others and building from where they left off to contribute to further knowledge creation and development of science. Ethical behaviour requires us to reference the work of others, which we adopt in our studies for the purpose of learning and taking care not to be involved or be perceived to be involved in plagiarism.

9.3 Future research

There is a research gap on risk management and interventions to deliver higher credit access to the unbanked. Banks in Zambia stand to lose capital while target clients stand a potential risk of becoming 'unbankable' if good risk responses are not researched in the agenda of banking the unbanked. Further, this research proposes a generic strategy to bank the unbanked sustainably and entry-level products and services for the target market. Further research needs to be invested in to understand the performance of the new products and services, their use by the target market and learning how these can further be refined or perfected in subsequent action research cycles to evolve banking to the unbanked for the benefit of customers, the practice, and the regulatory framework. Without pre-empting further, the success of banking the unbanked in Zambia will depend on how well products and services are accepted by the target market and how effective, economical, and efficient these new products and services are for the target customers. Therefore, research must address iterations to products and services until they perfectly meet the desires and dreams of the target customers.

48,927 words (excluding references)

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