



## Terms of Reference

### Call for Applications to Participate in CGAP MFI Digitization Community of Practice: Building Customer and Business Value with Digital Channels and Products

#### About the Project

CGAP is inviting applications from microfinance providers who want to join a closed-group, moderated exchange on how companies are building customer and business value with digital products and channels. The objective of the project is to identify the keys to building value with digital implementations, based on an evidence-based examination of current practice.

CGAP is now 8 months into a project with the first cohort of 6 microfinance providers that are automating their loan renewal approvals and building dashboards to track changes in customer behavior.

With this call for expressions of interest, CGAP will add up to 20 more microfinance providers in a second cohort that focuses on measuring the ways customers change their behavior as they adopt digital channels and products. The second cohort of microfinance providers will join the first cohort on a CGAP Community of Practice (CoP) platform where participants will exchange their experience and participate in collaborative problem solving. The second cohort will get access to the full suite of documents and guidelines generated in the first cohort. This includes a set of *dashboards* that offer a 360o view of customer behavior (see the annex for the technical specifications of the dashboards) and will inform the strategic discussion sessions during the CoP. Each participating financial institution will generate these dashboards during their participation in the CoP. CGAP will run a "boot camp" session to guide participating financial institutions through the data extraction, warehousing, analytics, and visualization.

Information on impact, results, main challenges, key success factors and lessons learned will be documented by CGAP and published across CGAP channels (reaching 500,000 unique users every year) to stimulate demand and help guide future innovation efforts in the sector. CGAP will not disclose any information without the consent of the participants and will not publish or disclose sensitive competitive information.

#### Benefits of Participation

The CoP will deliver two sets of benefits for participating microfinance providers. Participants will gain insights from analyzing real world cases of customer adoption of digital channels and products and get a better understanding of what they need to do to improve their digitalization efforts so that it creates value for their customers and their organization. And the exercise of generating the dashboards will build knowledge and skills on how to build a data analytics practice that focuses on customer behavior.

The CoP will provide resources to guide all participating microfinance providers through the process of data extraction, warehousing, analysis, and visualization to produce dashboards that measure changes in customer behavior as customers adopt digital channels and services.



Cohort members will participate in the following activities:

- ***Production of customer behavior dashboards***  
CoP discussions and group analysis will anchor on 5 dashboards that measure customer behavior change over time (see a description of the 5 dashboards in the annex). CGAP will run a boot camp session in the first weeks of the CoP to guide each participant through the process of generating the five dashboards.
- ***Sharing the dashboards in anonymized form***  
Each participant will share their 5 dashboards with CGAP in anonymized form. CGAP will then assemble the dashboards around the core thematic discussions that will take place on the CoP platform. This will protect commercially sensitive information while providing the CoP with a rich data set for collective discussion.
- ***Participation in CoP discussion events***  
CGAP will curate organized discussion events that focus on specific types of digital implementations (e.g., automated loan decisioning, agent networks, remote onboarding) and customer behaviors. Participants will be clustered based on their business development needs and interests.
- ***Participation in CoP chat boards***  
Participants will also be able to exchange views spontaneously in the CoP chatrooms.

This call for applications explains the rationale and application process to interested microfinance providers. We invite applicants interested in the above and meeting the eligibility criteria below to submit their application (the application form and annex are attached separately). **The latest deadline for applications is October 28, 2022.**

### **Selection Criteria and Eligibility Requirements**

Cohort 2 microfinance providers will be selected based on the following criteria:

- ***Maturity of digital Implementation*** - Participants will be at least 12 months into an implementation of a digital channel or product, and able to warehouse the customer behavior data required for the dashboards.
- ***Measures of value creation*** - Participants will have clearly defined objectives for creating business and customer value with their digital implementation and will have basic indicators to measure progress.
- ***Data, technology, and operational readiness*** – Participants will have an existing data analytics practice, with staff capable of data extraction, warehousing, validation, analytics, and visualization. The first exercise in the CoP will be to generate the dashboards (according to the specifications in the annex). The CGAP team will run a "boot camp" on the CoP platform that will guide the participants through the extraction of data from their core banking system, warehousing the data in a data mart, and using data visualization tools to generate the dashboards. Applicants will describe their current data warehouse infrastructure and their reporting practice. This will include the scope of data in their data warehouse, the data analysis/visualization tools used to generate performance graphs, and the key indicators they track to measure changes in customer behavior associated with their digital implementation.
- ***Organization commitment*** – Participants will grant consent to CGAP to publish insights and lessons learned during the project implementation on an anonymized basis (unless agreed otherwise). Participants commit to actively engage in peer-learning and information exchange. The engagement in the CoP will approximately involve joining bi-weekly online sessions with



the rest of the cohort until March 2023 and developing the dashboards or analyzing the data between the sessions.

Applicants should include the supporting information, as indicated in the Application Form:

- Example of performance reports used to measure changes in customer behavior and business value associated with your digital implementations.
- Sample extraction from the CBS.

### Process to Apply

- **Phase I:** Submit the application by October 28, 2022.
- **Phase II:** An expert panel comprising of members from CGAP's LiFi MSE project team will review the applications and select the final candidates and may request additional information to finalize the selection process. Final partner selection is expected to be made by November 7, 2022. The CoP Cohort 2 is expected to start in November 2022.

### About CGAP

The Consultative Group to Assist the Poor (CGAP) is a global partnership of more than 30 leading development organizations, investors and funders that works to advance the lives of poor people through financial inclusion. Using action-oriented research, we test, learn, and share knowledge intended to help build inclusive and responsible financial systems that move people out of poverty, protect their economic gains, and advance broader development goals. We research and experiment to achieve proof of concept and extract lessons that can be built to scale by our partners, who apply our insights in the marketplace.

Enabling poor people, especially women, to capture opportunities and build resilience is core to our work. We identify barriers and emerging solutions that have the greatest potential to deliver responsible financial services that meet the needs of poor people at scale. We view digital technologies as one of the critical means for reaching large numbers of poor people in cost-effective ways, and we focus on the special challenges for financial inclusion faced by women. In delivering on our mission of empowering poor people to use financial services relevant to their needs, we focus on three areas: income generation, essential services, and protecting basic standards of living.

To learn more about CGAP, visit [www.cgap.org](http://www.cgap.org).