Micro Finance
Product Development

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Agro Micro Finance
What are the Financial Products

- Credit
- Savings
- Insurance
- Remittances
- Leasing
Financial Product Characteristics

Credit
- Term-Frequency, length
- Interest Rate
- Interest-rate method
- Loan amount
- Collateral Type
- Collateral Amount
- Fees

Insurance
- Fees
- Premiums
- Use

Savings
- Fees
- Deposit Frequency
- Withdrawal frequency
- Minimum Balances
New & Refined Products

NEW = a product new to the MFI that is marketing it

Refined = an improvement or addition to an existing product

The end result is...

Products appear in some degree new & desirable to the consumer
What is a Product?

The Total Product and Components

Augmented

Actual

Core

Brand Name

Needs

Wants

Packaging

Guarantee

Ancillary Service

Style

Image

Features

Customer Service

Needs

Wants

Packaging

Guarantee

Ancillary Service

Style

Image

Features

Customer Service
Why we need to develop new product for MFI

- Client Demand
- Unpredictability of Existing products
- To increase client outreach and so on
- To decrease client dropout rate
Product Development PROCESS

The product development process is a systematic step-by-step approach to developing new, or refining existing, products:
Systematic Product Development Process

- Customer Needs
- Institutional Strengths
- Competitive Positioning
- Design
- Pilot Test
- Launch
- Evaluation & Preparation
- Market Research
1. Evaluation and Preparation

- Analyze the institutional capacity and "readiness" to undertake product development.

- Assemble the multidisciplinary product development team, including "product champion."
2. Market Research

- Define the research objective or issue.
- Extract and analyze secondary data.
- Analyze institution-based information, financial information/client results from consultative groups, feedback from frontline staff, competition analysis, and so on.
- Plan and undertake primary market research.
3. Concept/Prototype Design

- Define initial product concept.

- Map out operational logistics and functions.

- Undertake cost analysis and revenue projections to complete initial financial analysis of product.

- Verify legal and regulatory compliance.

- On the basis of the above plus client feedback sessions, refine the product concept into a product prototype in clear, concise, client language.

- Finalize prototype for final quantitative prototype testing or pilot testing, according to the risk/cost nature of the product.
4. Pilot Testing

- financial projections.

- Establish parameters of pilot test through the pilot test protocol, including sample size, location, duration, periodic evaluation dates, and so forth.

- Prepare for pilot test, in stall and test systems, draft procedures manuals, develop marketing materials, train staff, and the like.

- Monitor and evaluate pilot test results.

- Complete recommendation letter documenting the results of the pilot test, comparison with projections, lessons learned, finalized systems/procedures manual initial plans for the rollout, and so forth.
5. Product Launch and Rollout

- Manage transfer of product prototype into mainstream operations.
- Define objectives to be measured and monitored during rollout based on financial projections.
- Establish parameters of rollout through the rollout protocol including schedule, location, tracking, budget, and process.
- Prepare for rollout, install and test systems, finalize procedures manuals, develop marketing materials, train staff, and the like.
- Monitor and evaluate rollout process and results.
Thank You