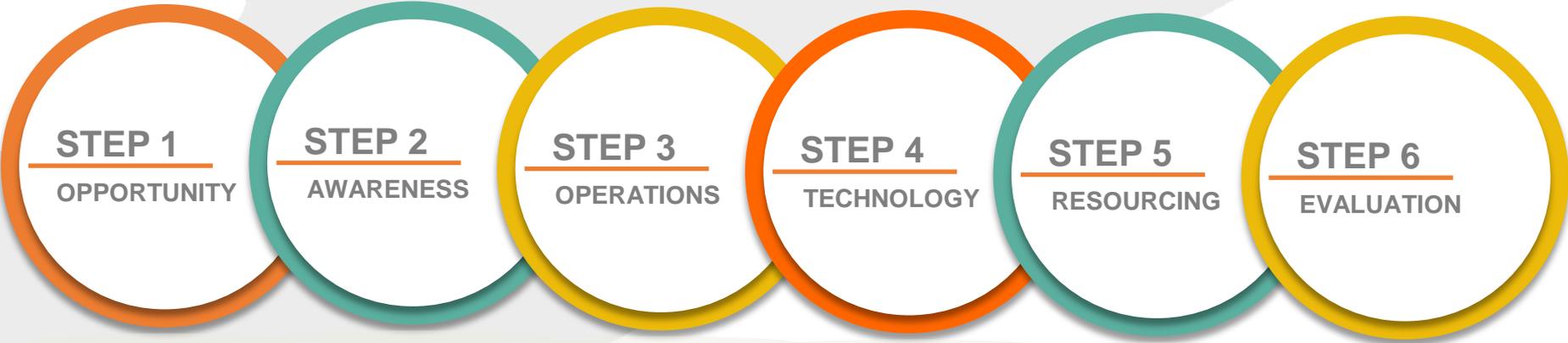# Channels Methodology: Channel diagnosis framework

Use this document as a guiding tool to facilitate assessment and diagnosis of existing channels

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Overview: Channel diagnosis

This document serves as a guiding tool to facilitate the diagnosis of existing DFS channels which are failing to produce an expected ROI. The diagnosis consists of 6 steps designed to identify shortcomings and risks within a number of key domains. Within each of the steps are key questions that must be addressed in order to determine where potential problems may exist within the current channels. The steps are identified as illustrated by the diagram below. An explanation of each step is given on slide 2.

STEP 1
OPPORTUNITY

STEP 2
AWARENESS

STEP 3
OPERATIONS

STEP 4
TECHNOLOGY

STEP 5
RESOURCING

STEP 6
EVALUATION

ACCION

Overview continued: Channel diagnosis

A short description of each step is outlined below. This document is designed to cover the key points of assessment and does not provide an exclusive representation of all points that may or may not be covered during the diagnosis of an underperforming DFS channel. Additional points of assessment should be included if and where necessary. As the value derived from this tool is proportionate to the quality of analysis it inspires, it is essential that diagnosis is carried out by a team that is experienced within the domain of DFS.

STEP 1: IS THE OPPORTUNITY STILL THERE?

− Review the business assumptions informing the design and operational strategy of the DFS channel

STEP 2: IS THERE SUFFICIENT AWARENESS?

− Review internal and external awareness of the service among consumers, staff and potential partners.

STEP 3: DO THE OPERATIONS SUPPORT THE SERVICE?

− Are the operational processes fit for purpose, well documented and monitored?

STEP 4: APPROPRIATE TOOLS AND TECHNOLOGIES?

− Are the tools and technologies utilized in the delivery of the channel fit for purpose?

STEP 5: APPROPRIATELY RESOURCED?

− Assess the existing human resources capacity (availability and know-how) as relevant to the DFS channel

STEP 6: EVALUATION?

− Summary of the key strengths and weaknesses opportunities and threats identified during steps 1-5.

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STEP 1: Is the opportunity still there?

It is crucial to establish that the assumptions that informed the design of the channel, during its development, are still valid. Changes in market dynamics have the potential to impact DFS channels significantly. A review of the business case using up to date information is recommended, validating assumptions with review of the current regulatory, competitive and technical environment.

OPPORTUNITY

REGULATORY ENVIRONMENT

• Have there been any regulatory changes or underestimations which have affected the opportunity for the channel? Was the original review sufficient?

COMPETITIVE ENVIRONMENT

• Are there new or historic competitive offerings which are affecting the opportunity for the channel? Was the original review sufficient?

SOCIAL ENVIRONMENT

• Have there been significant social or cultural changes which have affected the opportunity for the channel? Was the original review sufficient?

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STEP 2: Is there sufficient awareness?

It is important to determine whether there is sufficient awareness and understanding of the clear value proposition for the channel and related products, both internally within [MFI] and externally among target consumers and other potential stakeholders.

INTERNAL AWARENESS

EXISTING PARTNERS

- Do the third party organizations the channel is dependent on have sufficient awareness and knowledge of the service to be able to fulfill their contractual obligations?
- How quickly are they made aware of changes and how are these communicated?

INTERNAL STAFF

- Do the staff of the MFI have adequate knowledge appropriate to their role in supporting the MFI?
- Is there sufficient awareness and buy in from the senior management of the MFI?

EXTERNAL AWARENESS

POTENTIAL PARTNER ORGANIZATIONS

- Are potential partner organizations aware of the service?
- Do they have visibility of the potential benefits of participating within the MFI channel ecosystem?

CONSUMERS

- Are consumers aware of the channel type? i.e.: If utilizing mobile banking services, are consumers aware of and familiar with the concept of mobile banking?
- Are consumers aware of the MFI channel specifically? i.e.: have they heard of the specific MFI channel before?

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STEP 3: Do the operations support the service?

Identifying and understanding potential pitfalls in an MFI's ability to support a DFS channel is an essential step in diagnosing any shortcomings. Consideration of whether the MFI is sufficiently supporting the service should be inclusive of but not limited to the items listed below.

SPECIFICATION AND COMMUNICATION OF OPERATIONAL PROCESSES?

– Are there any maps or flow charts for the business processes? How often are maps/flow charts updated? Which department or business areas are in charge of updating processes? Are the relevant processes communicated and monitored appropriately?

CAPACITY OF OPERATIONAL TEAM?

– Is the performance of each area within the operational team monitored? Do staff receive adequate training?

SUPPORT FROM THE WIDER BUSINESS?

– Is the channel receiving adequate support where it is dependent on other areas of the business to complete certain process tasks?

FIT FOR PURPOSE OPERATIONAL AND BUSINESS PROCESSES?

– As defined, are the operational processes that support the channel fit for purpose from a security, efficiency, cost and usability point of view?

TOOLS AND ACCESS?

– Does the operational team have sufficient access to tools and information to be able to execute on their responsibilities?

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STEP 4: Appropriate tools and technologies?

Are the tools and technologies used to deliver the service well suited and fit for purpose? Is the associated infrastructure reliable and accessible? It is necessary to evaluate the current IT infrastructure and associated technology supporting the DFS channel. This is to determine if [MFI] has sufficient capacity to operate the channel and identify whether additional IT investments are necessary.

FUNCTIONALITY AND USABILITY

- Do the current tools used by the MFI to manage the channel have the appropriate functionality to enable MFI staff to execute their responsibilities efficiently?
- Where there is a consumer facing digital interface: Does the UI of the channel provide a convenient means of accessing useful functions for the consumer?
- Can the systems used be easily integrated into third party platforms? E.g.: Integration with a 3rd party agent network system may be required - to manage agent activity, commission payments and reporting, fees, etc.

INFRASTRUCTURE

- Is the current server infrastructure in a position to support the channel volume? If not, what additional investments in servers will be necessary?
- Does the core banking system supporting the channel have the capacity to take the additional transactional volume resulting from the DFS channel (now and in the future)?

SECURITY

- Have the systems used to support the channel been security tested? Have there been many security breaches?
- What are the potential vulnerabilities and are the risks adequately mitigated?

ACCESS AND AVAILABILITY

- Do the systems used support appropriate business continuity processes in the event of disasters?
- What is the current availability of the communications and other 3rd party networks? Does the current network infrastructure provide adequate connectivity to support the channel? Does the channel requires 24/7 network availability?
- What consumer devices (if any) are required to access the channel? What is the penetration of those devices?

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STEP 5: Is the channel appropriately resourced?

Step 5 focuses on the assessment of [MFI's] current human resources capacity to determine whether the channel has access to the manpower and expertise required to operate the service effectively. The assessment should cover all aspects of the channel from IT to business operations and management.

IT DEPARTMENT

– Do the current IT staff have the relevant skills and expertise to support the channel effectively?

– Is there an established and capable leadership within the IT department to provide guidance?

OUTSOURCING

– Where responsibilities are outsourced, do the contracted 3rd parties have the necessary skills, expertise, knowledge, manpower and tools to be able to execute on their responsibilities?

BUSINESS DEPARTMENT

– Does the current business team (operations, commerce, marketing, HR, legal, etc.) have the skills and expertise required to support the channel effectively?

– Is there an established and capable management within the business team to provide leadership?

PROJECT MANAGEMENT DEPARTMENT

– Does the channel have an allocated and committed steering committee to provide strategic direction and top level leadership?

– Do the resources allocated with channel-associated responsibilities have the capacity to fulfill their duties effectively or are they spread across too many projects?

– Is there appropriate, frequent and accurate communication and reporting between departments (including 3rd parties) sufficient to the requirements of an effectively managed and supported channel?

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STEP 6: Evaluation

Based on the assessment carried out in steps 1-5 perform a SWOT analysis summary of the findings. This should be inclusive of an indication towards future budget requirements in consideration of the assessment and [MFI] capacity to support these. Once the diagnosis of the channel is complete, work can begin on addressing the weaknesses identified.

STRENGTHS	WEAKNESSES
OPPORTUNITIES	THREATS

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