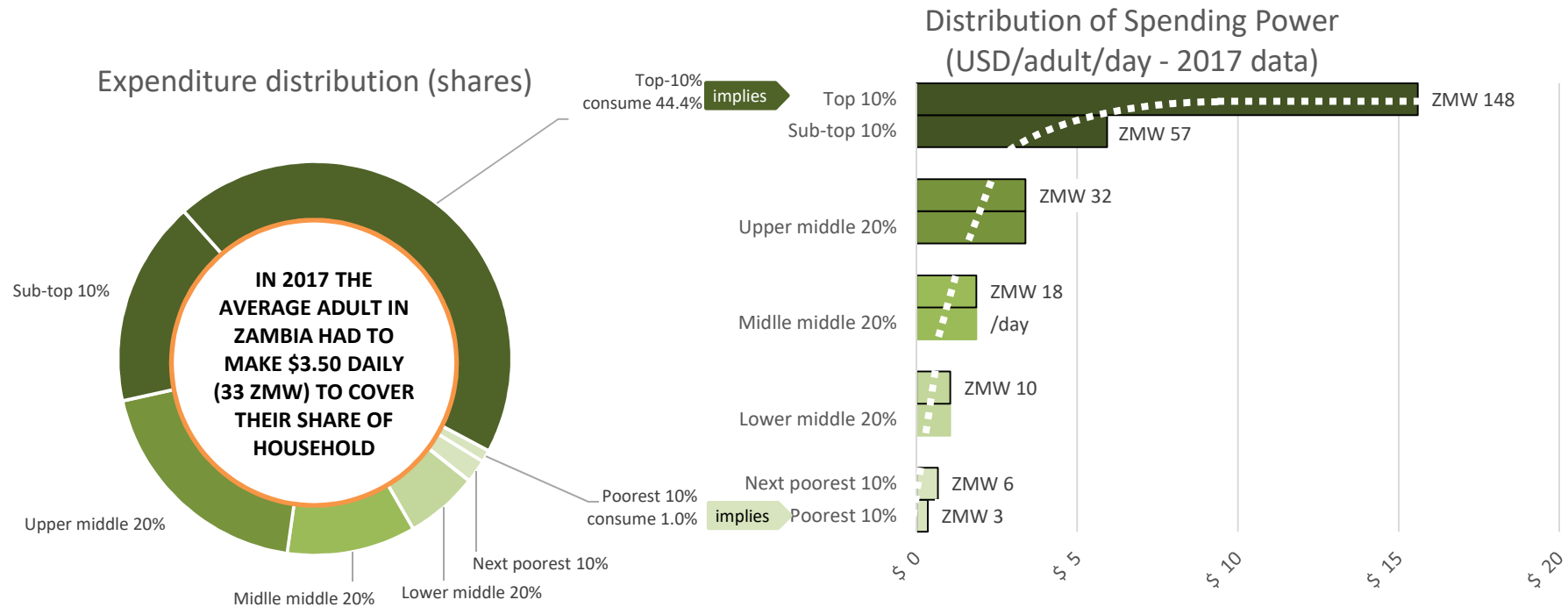


Example analytics 4 – putting a monetary value on potential new use

dmac
data management
and analytics
capabilities

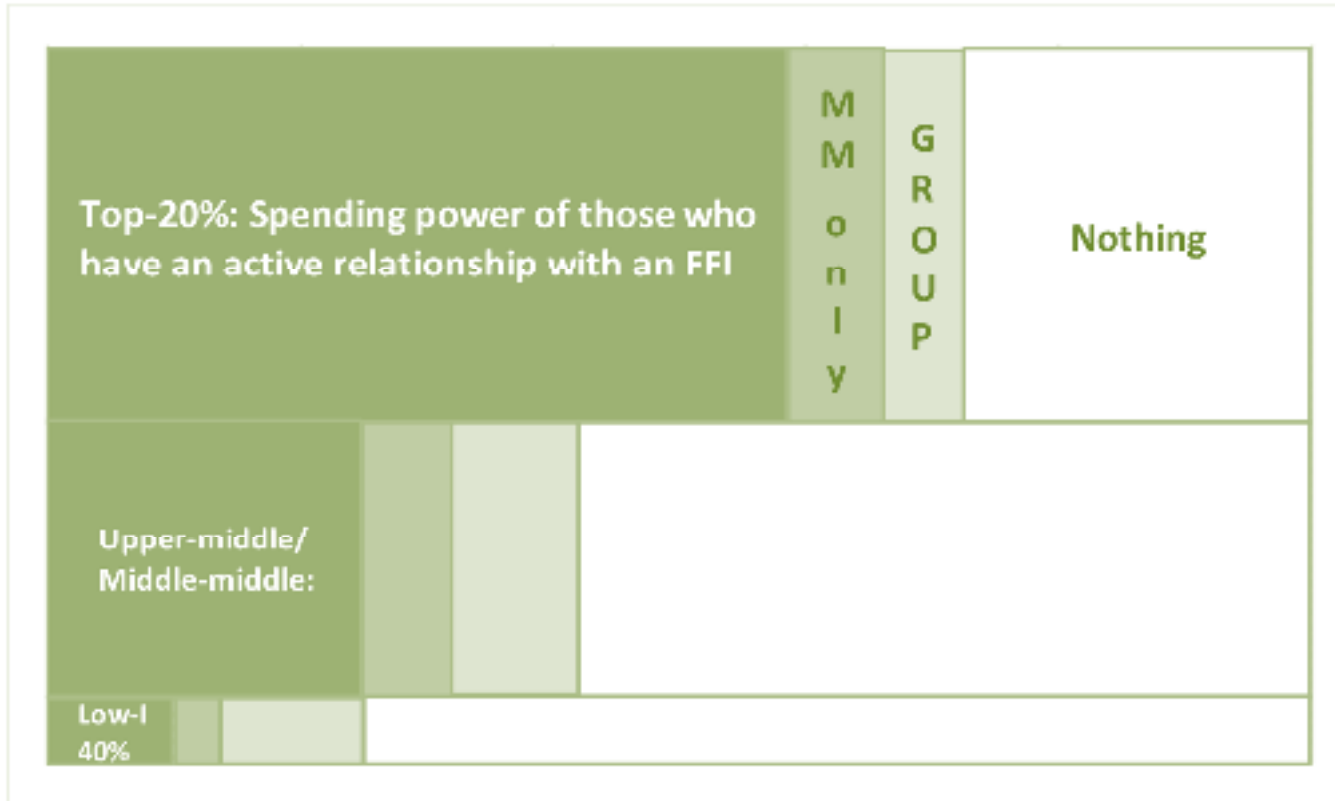


» World Bank WDI household consumption data and income distribution data can be used to characterise daily spending power at different levels of the income spectrum as well as help locate where big unserved money flows might be – in this presentation anywhere to right of the dotted line on the right-hand chart is money in the hands of non-users of formal finance



Example analytics 4 – *continued* a monetary value on potential new use

dmac
data management
and analytics
capabilities



➤ Combining the WDI spending power analysis by quintile/decile with FinScope's PPI wealth ranking allows the attachment of monetary value to served and unserved consumers, which then means the whole market for spending power can be divided up by wealth quintile and level of financial connectedness



Example analytics 4 – *summary*

Challenge addressed:

- identifying markets of a size and potential monetary value that FSPs had not previously seen
- helping FSPs anticipate potential reactions to product offer as they enter new markets;

Approach:

- take a freely available policy data set and reshape its presentation to answer commercial needs;
- take slow-moving intermittent data (income distribution shares) and merge with more timely data (consumption) to get reasonably current estimates of something that is otherwise only available at very great cost;
- benchmark product terms (fee rates, minimum opening balances, annual/monthly premiums, etc.) against daily spending power to see how many days living have to be forgone to meet product terms.

Limitations:

- weaknesses of averages (can break out urban/rural but strains credibility of estimates because of multiple non-contemporaneous sources)
- nothing on intra-family relativities such as who makes and who spends money).

