THEORY OF CHANGE FOR DIGITAL FINANCIAL SERVICES

NGFS PARTNER ACTIVITIES

TALENT AND CULTURE DEVELOPMENT
1. Increase in trained DFS management and technical professional and active DFS professional networks/associations

FINANCIAL CAPITAL
2. Institutions have increased financial resources and deepen their investment in DFS

CLIENT AND MARKET INSIGHTS
3. Institutions generate and use relevant client/market insights to design DFS based on clients needs

INNOVATIVE PRODUCT, SERVICE & INFRASTRUCTURE DEVELOPMENT
4. Institutions are supported to demonstrate new and diverse DFS approaches and DFS innovators are supported to accelerate DFS products

MARKET COORDINATION
5. Business relationships are developed between institutions and adjacent markets for the provision of DFS products and infrastructure

INFLUENCING AND INCENTIVISING CHANGE IN THE INNOVATION ECOSYSTEM OUTPUTS

Institutions demonstrate DFS approaches which are accessible, affordable and relevant to clients

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SEE INSTITUTIONAL CHANGE

7. Through testing and demonstration to the ecosystem other FSPs/Fintechs respond to the learning and further replicate and innovate

SYSTEMIC CHANGE OUTCOMES

8. Policies are shifting through increasing awareness of market needs to create a supportive business environment for DFS innovation, competition and client protection

9. Clients trial and adopt the services through an intricate adoption process
SEE CLIENT ADOPTION PROCESS

10. DFS becomes more attractive as the number of users increases through network effects

11. Stakeholders from a variety of sectors see social and business value in and continue to address systemic constraints to smooth progress for innovators through pilot to scale stages, driving sustainable large-scale client uptake

12. Low income clients can begin to save more, pay less for services (including time savings) and participate in healthy borrowing

13. Clients are empowered through greater privacy, monitoring and control of their resources

14. Low income clients can smooth consumption and improve resilience to shocks

15. Low-income clients can invest in income generating pursuits and asset building

16. Low-income clients increase income and improve their quality of life

FINANCIAL INCLUSION AND CLIENT IMPACT

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SEE INSTITUTIONAL CHANGE

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THEORY OF CHANGE FOR DIGITAL FINANCIAL SERVICES

**INSTITUTIONAL CHANGE**

- **A1** DFS Product / services / channel indicating viability in the market
- **A2** Institutions demonstrate DFS approaches which are accessible, affordable and relevant to clients
- **A3** Products, processes and policies keep clients at the centre and are offered in a responsible manner
- **A4** Intermediate and service provision institutions offer a variety of innovative DFS products designed to address the financial needs of clients
- **A5** Institutions offer core and supporting DFS infrastructure through a variety of delivery channels
- **A6** Supportive business regulatory environment for DFS institutions that support innovation, encourages competition and protect clients
- **A7** Availability of DFS talent and innovation culture and supports
- **A8** Availability of financial capital and culture for investment
- **A9** Potential for business relationships between institutions and other markets and sectors
- **A10** Availability of supporting and core DFS infrastructure

**ECOSYSTEM CHANGE**

**CLIENTCHANGE**

**CLIENT ADOPTION PROCESS**

- **B1** Clients are aware of the DFS on offer
- **B2** Clients understand and trust DFS
- **B3** Clients know how to use the DFS
- **B4** Clients trial and have a positive experience with DFS
- **B5** Clients inform networks about DFS and DFS becomes more attractive as the number of users increases
- **B6** Clients continue to use DFS

**INSTITUTIONAL RESILIENCE**

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