

Digital Experiments Grant Program

*Karandaaz DFS Private Sector Engagements*

*Applications are invited for the round starting in Nov 2021*

# Proposal Application Template

Note: All applications will be submitted online. The following template is provided as an illustration of the information that will be gathered.

## Cover Page

|  |  |
| --- | --- |
| Hypothesis for digital experiment | *Proposed Hypothesis:*  |
| Thematic Focus Area***\*Refer to Annex 1 for details*** |   |
| Date of Experiment application |  |
| **Primary applicant** |   |
| Organization Name |   |
| Department |   |
| Registered office Address |   |
| Postal Address |   |
| **Authorized Signatures** |   |

## ***\*Check your eligibility to apply (Refer to Annexure 2)***

**Please fill out** the following headings with as **much information** as you can.

## Hypothesis Summary

*The purpose of testing is to focus on a specific concept and/or product,* ***NOT*** *on an overall strategy or general market understanding. The below examples are to give a general understanding of the construction of a Hypothesis.*

Examples of **invalid** hypothesis

**Invalid Hypothesis 1**: What value proposition will boost female registration of mobile wallets, since we see a lot of potential and women tend to be active savers?

**Invalid Hypothesis 2:** What level of incentive provision will push potential users to adopt the technology of wallets and to utilize it independently?

Examples of **valid** hypothesis

**Valid Hypothesis 1:** Based on our internal usage numbers, majority of transactions for sending money are done via the USSD code. For this purpose, does English or Roman Urdu work better for end users?

**Valid Hypothesis 2:** Based on feedback, users find the existing charges for IBFT are too high. We want to test whether revised pricing will lead to an increase in the number of transactions.

**Valid Hypothesis 3:** Retailer outlets that exist in high end shopping malls are more likely to adapt digital payments as compared to wholesalers and dispersed local markets

**Valid Hypothesis 4:** Increased digital engagement improves client payment, recurrence, and interaction outcomes

**Valid Hypothesis 5:** Handing out POS devices for FREE to retailers will lead to more acceptance of digital transactions.

## Hypothesis for the Digital Experiment

*<Insert your hypothesis here>*

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

## Problem Identification

## *This section should cover the rationale of the hypothesis and identification of the gap that will be addressed through this experiment. Please answer all 5 questions below*

*The following questions are to gauge how the applicant arrived at the hypothesis to be tested. Feel free to share any studies, data & analysis- be it internal or from a 3rd party to validate the claims.*

1. What market knowledge leads you to believe that this is the hypothesis to be tested? Present a rationale for the hypothesis by stating out the problem statement, market gap and its link to the hypothesis.
2. What is the target audience of this experiment- be as specific as possible here? Why was this segment chosen for the experiment?
3. Has the product’s value proposition been mapped extensively with the target audience’s routine, needs and expectations?
4. Does the target audience comprehend the product existing design? Through what channels do they interact with the product/service?
5. Have you tested the usability of your product before? Are the design elements in line with the requirements of end user?

## Experiment Design

## *This section should cover details under the following headings explaining the experiment design in detail*

* Objective of the experiment
* Work Methodology
* Proposed Outcome/ Results
* Impact creation – Number of beneficiaries this experiment is expected to impact.
* Risks and challenges in this experiment and mitigation strategies of the risks identified

## Cost Template

## *This section should cover details of the costs that will be incurred in the execution of the experiment and details of the grant funds required*

* Total cost of experiment *(Grant Amount Capped at PKR 8 Million)*
* Grant requested
* Breakdown of activities and corresponding grant

## Undertaking

* Use data coming out from the experiment and run analytics on it
* Share data arising out of the experiment with Karandaaz
* Share meaningful insights and analytics with Karandaaz on a regular basis
* Share any other data related to experiments when requested by Karandaaz
* If the entity lacks in-house capability, it should be willing to work with a 3rd party to achieve the same

*Annexure 1:* ***Thematic Areas***

**Which Theme is the application for?**

* **Barriers to uptake and active usage of digital financial services**

Given the early stage of Pakistan’s digital financial inclusion market and the strong rivalry between competitors, there is inadequate understanding of the **pricing** and **communication** of digital financial products and services.

**OR**

* **Digital Financial Services (DFS) for women**

The uptake and usage of digital financial products and services among women remains dismal. As the SIMs are not always registered in women’s names, businesses lack data and remain ignorant of the lucrativeness of women segment. Therefore, they do not target them with their marketing efforts. Applications are invited to explore ways to improve uptake of DFS among women. This includes but is not limited to:

* Incentives to be offered – pricing and discounting
* Channels to be deployed for communication, marketing or sales

 **Description of the Two Themes:**

|  |  |
| --- | --- |
| **Barriers to uptake and active usage of digital accounts** | **Digital Financial Services for women** |
| Conduct A/B tests to identify the optimal communications and agent incentive structures for boosting account adoption and usage * Test of price elasticity on payment transactions by end users;
* Channels to be deployed for communication, marketing or sales
 | Conduct iterative A/B tests to identify appropriate options among the following for boosting mobile account adoption, retention and usage among women: * Incentives to be offered- pricing and discounting
* Channels to be deployed for communication, marketing or sales
 |

*Annexure 2:* ***Application Eligibility Criterion***

**Who Can Apply?**

|  |  |
| --- | --- |
| **Type of Firms Eligible to Apply:** | Banks, Branchless Banking Players, PSO/PSPs, EMIs, NBFI, MFIs, Fintechs, E-commerce platforms with a fintech play etc. |
| **Number of Years of Experience Required:** | The applying firm should have an established customer base or minimum experience of 2 years in the market |

*\*Should be registered with the relevant regulator (if applicable)*

*\*Should have the required licenses (if applicable)*