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PODCAST TRANSCRIPT
EPISODE FOUR
LESSONS FROM THE INNOVATION FUND

Interviewer
Rosie Afia, Market Engagement Manager at GSMA
Guest
Francois Petousis, Head of Product and Director of Humanitarian Projects at Lumkani

Intro	*You're listening to the GSMA Mobile for Humanitarian Innovation programme's podcast.*
Rosie	Welcome to the GSMA Mobile for Humanitarian Innovation podcast. I'm Rosie Afia. If you've been listening so far, welcome back! If you are new to this podcast, we're looking at how humanitarian assistance can be accelerated by digital technology.

In this podcast we're looking at mobile enabled financial services in the humanitarian space.

I'm here in the Western Cape of South Africa joined here by Francois, one of the original founders and Director of Humanitarian Programmes at Lumkani. Welcome Francois. |
| Francois | Thanks Rosie. So good to be here. |
| Rosie | Can you tell us a little about yourself and tell our listeners about your journey with Lumkani so far? |
| Francois | Sure thing, as you said one of the founders of Lumkani, and we've been working with the GSMA since 2017. Lumkani really exists to try and tackle some of the great challenges that people face in some of the more vulnerable communities of South Africa.

We're really trying to create resilience in environments which traditionally have none. So one of the main areas we work on is fire. That's how Lumkani began trying to deal with the challenge of shack fires, 'slum fires' as they're known probably elsewhere in the world.

I mean that affects about 250000 people in the last decade of South African history. And what we tried to do is combine mobile technology sensors to create early warning to fire with financial services in a way that people can simultaneously reduce the risk of the event of fire and at the same time actually be able to rebuild in the event the fires do happen. |

How we do this is through our fire detection system. We develop these networked fire detectors where when installed and a whole community when one fire detector goes off all the neighbouring fire detectors will ring in about a 60-metre radius, and with that a whole community gets alerted as soon as a fire happens.

At the same time we send text messages out to people's phones so even if they're at work or elsewhere they know immediately that there's a fire inside their area and they can actually respond to that event. And we've seen from years of having the system out in the field amazing success of people actually being able to limit the spread of fires if they know about early on.

At the same time we realised that we wanted to create further protection, and with that we developed a low cost fire cover so that people could insure their informal home against fires which is something that didn't exist in South Africa and as far as we can see it doesn't exist in any other slum in the world.

Rosie   **Great so you have rolled out, I think it's 20000 fire detection devices now which is an amazing number. There's a fire in your home and you plus your friends, family and neighbours get an SMS onto your mobile phone once there's a fire and you've done that across all of these homes - 20000 homes.**

Tell us how you got to this point along this journey?

Francois   It's been an incredible journey with the GSMA, we've really scaled up something which began many years ago.

It first began actually in 2013. I'd actually just finished doing a thesis developing a low cost sensor to deal with the challenge of fires and there was a fire in an informal settlement in Cape Town called Khayelitsha, where we'll actually be going later on today, and 6000 people lost their homes to fire that day.

It was one of the most devastating fires in South African history at the time and it really affected a group of people - myself and certain friends – and we banded together to try and develop this innovation together to try and reach the challenge in our country.

What we've seen since then from the early stages when we were trying to tackle the challenge in a very small way is that we actually had to create a whole ecosystem behind this.

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I mentioned already that we've now created you know financial services, we track fires through our mobile enabled centralised gateways, which essentially manage our entire system automatically on the ground, and we're bringing really high level technology to an environment that traditionally has no access to it. And it's a really interesting way in which we can provide what we think we're experts at is providing low cost products using really amazing technology which is being released in the world, all this new mobile technology which is able to create such powerful impacts to an environment that normally just doesn't see any of it.

Rosie   So we know in South Africa's informal settlements there's kind of a void in terms of financial services and it's a bit of a market that's not really served very well. And we also see this in in refugee contexts all over the world whether you're in Uganda or in Bangladesh. There's kind of a lack of access to financial services for refugees and people living in in these types of homes.

     What is it about your product that is different? Why is this home insurance so good?

Francois   I guess you kind of have to understand the context.

     And it's true in South Africa and in most of the slums we've engaged with around the world is that first of all you're you don't really own the land that you're living on, and traditionally you most likely don't have an address either. And with that you basically are completely excluded from a lot of financial services.

     In South Africa there is no short-term insurance of any form for a shack or a living in a slum context. In those homes you don't have access to that form of insurance. So fundamentally people don't really want to work in that environment. There's huge risks. People don't trust that people will pay. You know large companies just see it as an environment where either there is no money there is no income, or there's no real reason to engage in that space because of that.

     And what we saw, and because we were working in that environment was that there was a huge need obviously. These are the most vulnerable people in the country the need for something like insurance which rich people have to prevent themselves from being affected by large shocks in their lives, is so necessary in the space. When one fire happens people actually lose everything they have. I don't think anybody can really grasp how terrifying that is.

     When I'd been working for a while in this space and I actually knew somebody who lost everything they had in a single fire and they were left with nothing, it was so devastating. And that's really where we see that we can really serve this market in a way that no other company does.

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And so we developed a means of getting addresses for people. We used a mobile phone, we created an app, took G.P.S. coordinates, personal information and basic photos, to create an address which with we went to one of the largest insurers in South Africa, Hollard, and we said we have addresses for people. We have this technology which at the time we had years of data showing we could reduce risk of fire, and together with that we asked them Is there a way we can create an affordable product that people can actually insure their informal home against fire. And that's what they agreed to do.

So as a basis that use of mobile technology and our sensing technology was what allowed us to create an affordable product that people could actually insure their informal home which previously they wouldn't have been able to.

Rosie   I love that, the kind of mobile technology SIM card giving people an address that they wouldn't otherwise have so they can get access to insurance.

Francois   It's so interesting, I think that like the space of how mobile tech opens up such traditionally stuck bureaucratic systems. We're living in 2019 now, we no longer *need* physical addresses, the postal service doesn't need to come to your home to prove this. We have other means of proving that people live in spaces - that's the beginning of our innovation.

You asked the question of like how does this differ from other home insurances? And that's a lot of what we focus on because we're really close to our customers, we have agents who work in communities who we hire from the communities we work in, and that way people actually live and work in the same space. And because of that we engage a lot with our customers.

And one of the things we realised early on was that people don't have regular income streams like you do in a wealthy market. So a foundational difference of our product to a normal home insurance is that we have really flexible payment plans. People don't have to pay every single month, and we've proven over years that what makes a good client, like a good customer for us, and whether or not people go regularly out of their payment there's no relationship between it. So people who regularly miss payments are actually good clients for us. They don't actually miss over a time but people don't have regular income streams, so allowing that level of flexibility is one example of the ways in which we've really differed from traditional insurers, and Hollard who we work with has said that we have incredible attrition rates - like drops in customers - compared to the normal industry because of these aspects and other ways in which we really engage very closely with our customers and clients to find out what the needs on how we can offer different services to what traditionally people do.

Rosie	I think that's really important. We often get asked on the Innovation Fund team at GSMA: how can you work in humanitarian contexts and make sure that you're looking out for the most vulnerable, doing no harm, respecting humanitarian principles, but also innovating and testing and trying new things and pivoting and delivering, you know, good services for the most vulnerable people?
	And I really like that you guys are doing that so well and really ensuring that you are leaving no one behind, but having this grace period and adapting your model. And you told me a little bit about the referral system as well, I thought that was really cool, maybe you could speak a little bit about that?
Francois	Totally. So I guess one of the contexts that fits into that is that we work in your community, in your home.
	People that live in this context and why they love Lumkani in one way is that you can sign up for insurance inside your own home. You don't have to go to a centralised store, you don't have to take two taxis in like South Africa's horrible transport systems to get to like a localised location.
	So a whole business exists in the community and with that we leverage the nature of the community. So in the same way that you can sign-up on your home you can also suggest to anybody else in your community "would you like to sign-up? I'm having a good experience with this."
	I've seen, you know, people pay-out with cover etc and with that you can actually get free months of cover towards your own insurance if you help us find other people in your community who also might be interested in the service. Especially with a new product that people don't know anything about, you know, short term insurance like I said, it didn't exist in informal settlements so people are I guess naturally and appropriately they're suspicious they want to know what's going on. And having a community behind it being the people that we hire, are working there, and that your neighbours are able to actually you know talk about their own experiences and share with you, is a way in which we really gain traction and gain, I guess, understanding within a community.
Rosie	So when you started this project we set some really ambitious targets for getting people to sign-up to your home insurance and product.
	What would you say is a secret for this high adoption? Is it education? Is it the challenge that people don't necessarily get insurance? Is it you know payment plan? Is it pricing structure? You know, what can you share with our listeners?

Francois	I think it's actually something really different.
	When we began we probably, like you know, like you're developing a product that's the stuff you focus on. You do a focus group and you want to find out like, what's the right price, what's the thing that really is gunna make this fly off the shelves? And people are going to really see the value behind this.
	And the biggest thing that we've learned after years of being in this environment is that actually it's about trust. And that's something which I just really can't underplay. What we've seen is that it took us really long at the beginning to develop that level of trust. First of all, it's a new product. People have especially in like low-income and like poor environments have been treated really badly by formal sectors in the past, and informal sectors.
	And so there's like such an issue of trust, like is this real? Will I really be paid out? Will you be around for a long time or is this something that will fly-by-night and like I'll pay money this year and next year it won't be around? You know, so it takes it takes this thing of like how do you build trust in the community and there's so many interesting ways in which you do it that we've learned over time. One factor is just time. And that's something really interesting.
	Another thing is just like see, you know, seeing a claim happen. Seeing somebody lose something in a fire and be able to rebuild is definitely like the biggest market, the spike in sales after it actually happens, like people are living in such a state of fear, I guess very limited financial resources and so there is a question of I must choose very wisely.
	And I think that is something really interesting, we probably have some of the most picky customers in the world and that means that we have to provide the most incredible service and that's really what we focus on doing - is how can we be, like I said you know, you can sign up for insurance in your home in 15 minutes on a cell-phone, that you can't do that in formal realities, you know, in other contexts in the world.
	Every time there's a fire you receive an SMS. You know that you're gunna get a text message saying there's a fire, we'll follow up afterwards. That's part of like our commitment, we always follow up to find out what happens after a fire and these types of things show a community as a whole that Lumkani isn't an organisation that's just there to extract value for itself. We're actually there and we care about the reality and community and that's something which I think large organisations struggle to do and what we really focus on as an organisation.
Rosie	So the trust piece is really key for you?

Francois	Hugely, yeah, yeah, massive.
Rosie	I remember meeting one of your Lumkani customers who was talking to a sales agent, and they were really pleased because they could see on the app that you had a record of all of the payments they'd made for their insurance. Do you feel that the mobile technology is helping you build trust with your customers?
Francois	Oh yeah totally. Agents would say "what people want to see is, they want to see… they don't trust that a payment has gone through until I can show them on the app. And then when I can show them on the app they believe OK cool. You've got my money. You know, I know that that's with the company and that I'm covered", and that's such an amazing thing. When we first started out because of like, I guess, people used to old school systems we used to have to we invested in our agents carrying around like a little like slip machine so that people could actually have pieces of paper which said "You've paid. You are covered" and, you know, "this is your balance towards your insurance" and we obviously had to do a lot of work to get people more comfortable with the fact that like digital proof is just as good a type of proof, but with time we saw the people really trust that as a system. It really was hard for us having to have a slip machine walking around all the time and so mobile tech is making a life a lot easier in that way and is creating trust in the community that otherwise, you know, where do you have proof you know, how do you know this is real? And something about an app and a system and a physical fire detector and all that goes to going together is something that is working.
Rosie	Speaking of other environments, we've seen very similar challenges and opportunities in refugee settlements and camps all over the world. Do you have any plans to roll-out this product and service in refugee or humanitarian contexts in other locations across Africa or globally?
Francois	Definitely. I think, especially because of where our heart sits with this challenge like we've always for the last five years we've constantly been looking at where are massive fires happening around the world? And where are people like living in very vulnerable environments? And refugee camps is obviously one of the ones that always come up.

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We've already rolled-out, and are working in Bangladesh at the moment, because last year while we were there, there was a fire, whilst we were rolling out in one community in a neighbouring area and 18000 homes burnt down and one fire. The level of devastation is like really terrifying and wherever these things happen, we really, we want to really reach those environments and I mean we've been speaking with organisations in Iraq where they have huge fire problems and we really believe that the service we offer and the technology we've developed can really be applicable in so many other contexts and we'd love to be able to do that in other places around the world - our long term goals are definitely to reach all the highest fire risk areas in the world.

Rosie   So would you say that that's the next step in the Lumkani journey?

Francois   At the moment we're definitely focussing on building a strong base in South Africa, and at the same time we're looking for partners all over the world to try and test and grow this technology and the services we offer in different environments.

We're hopefully about to begin that in Kenya, we're growing what we're doing in Bangladesh, and we're looking for you know more environments so we can we can bring a technology that after years and after this giant project now with the GSMA has truly proven to us the ability to create impact in a challenge that not many other people are able to deal with.

Rosie   Thanks so much for sharing Francois.

That's all from us. We're heading to Taiwan, not to be mistaken with the country, a community based here in South Africa.

We're going to meet with some of the users of the Lumkani system. Thank you for joining us, if you want to know more about Lumkani you can go to their website www.lumkani.com and if you want to know more about GSMA mobile for humanitarian innovation you can find us on the GSMA website.

Francois   Cheers, thanks.