



Keeping clients first
in microfinance

Client Voices: The Past, Present and Beyond

Strengthening the Client Voice around the
world

March 21st 2018



Agenda

- The Smart Campaign
- Client Voices Research
- *Audience Insight*
- Client Voices 2.0

The Smart Campaign...

- ...represents a global, industry-wide effort on client protection
- ...has an international steering committee
- ...collaborates with the Social Performance Task Force (SPTF), MIX Market Social Reporting, MF Rating Agencies, SEEP, MF *Transparency etc,*
- ...is housed at the Center for Financial Inclusion at Accion International

Healthy Client Protection Ecosystem

Regulation for client protection and supervision



Financial education and capability

Standards and codes of conduct for the industry

Client Protection Principles

1. Appropriate product design and delivery
2. Prevention of over-indebtedness
3. Transparency
4. Responsible pricing
5. Fair and respectful treatment of clients
6. Privacy of clients data
7. Mechanisms for complaint resolution

The Smart Campaign, with support from MasterCard Foundation will continue its work in the region with a focus on market level change in Uganda, Nigeria, Ghana, Rwanda, and Benin.

There are four primary activity areas:

Deepen regulatory know-how

Convenings: trainings, and workshops

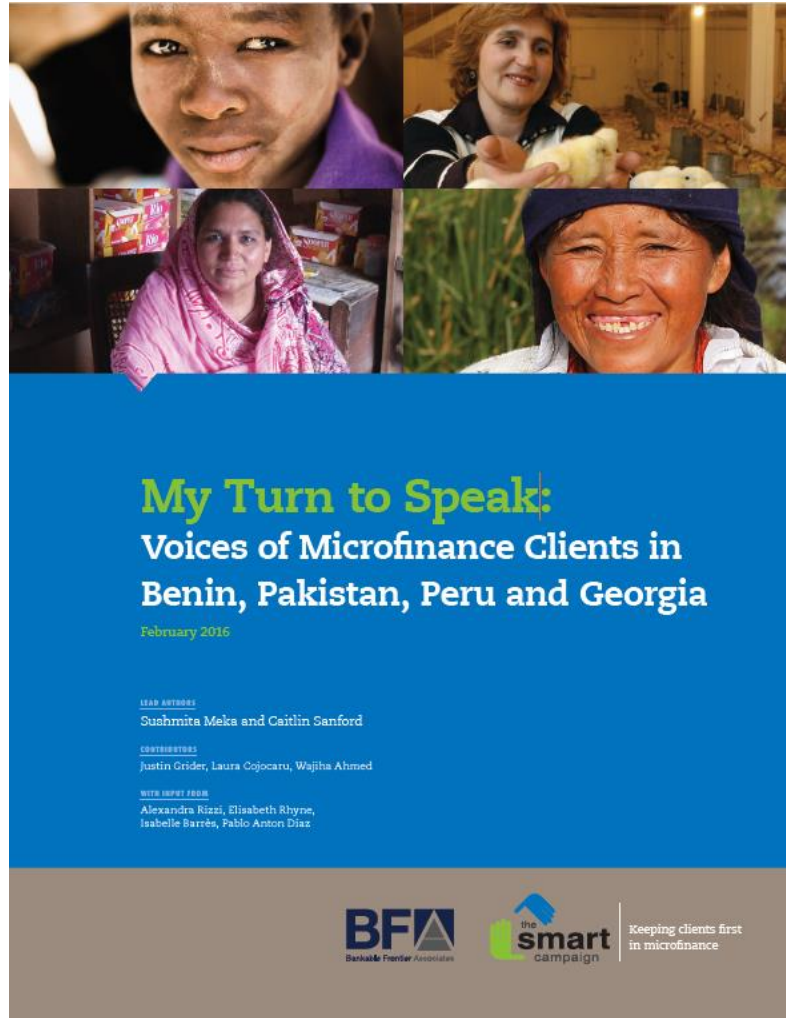
Research: digital financial services, agent banking

Elevate clients' voice

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- *Audience Insight*
- Client Voices Research 2.0

Client Voices Research (2015)

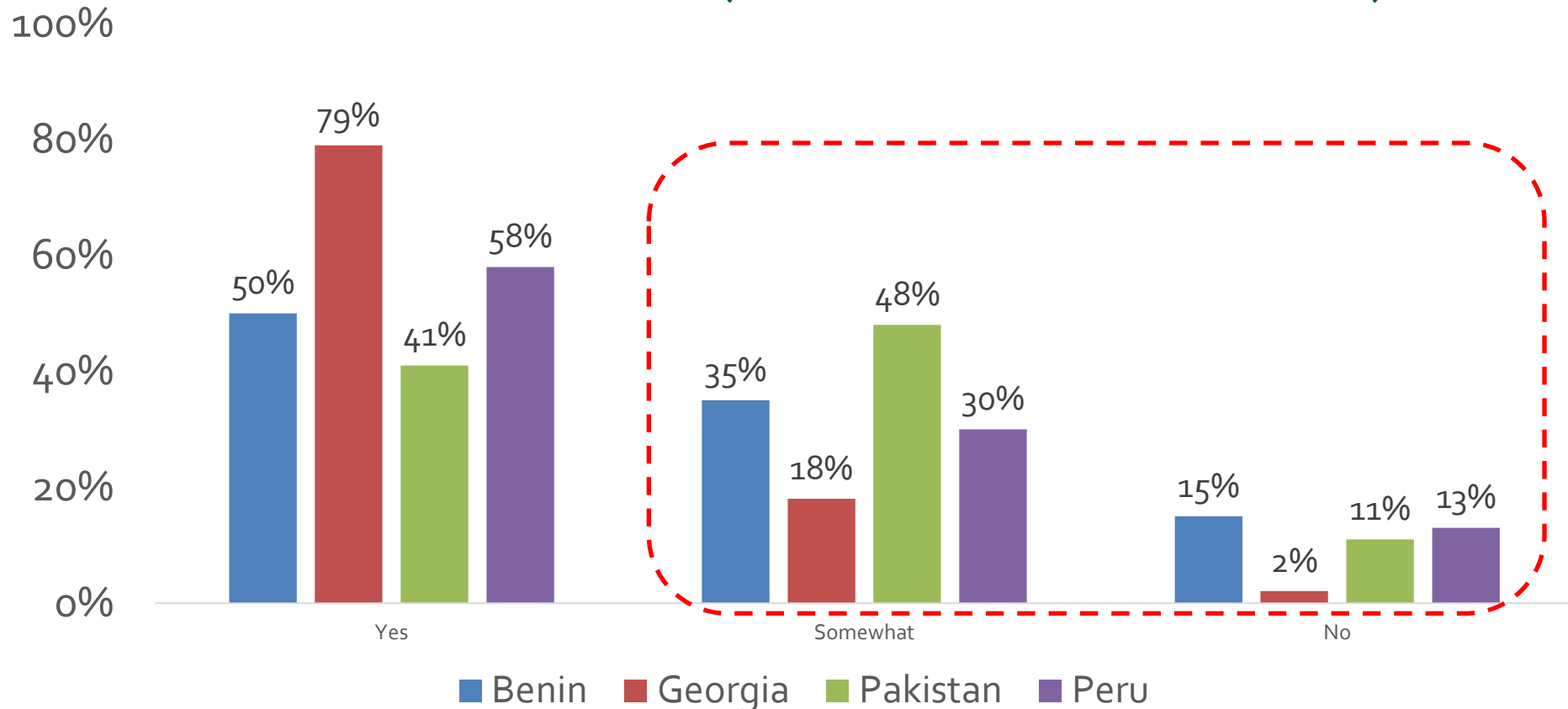


Key Findings from Client Voices 1.0

1. Clients have a voice and want to express their opinion
2. Clients face different issues in developed markets vs. developing markets
3. **There is a need for authentic transparency**
4. Shaming of clients causes lasting pain and suffering
5. **Credit bureaus, important but misunderstood**
6. **Clients don't know about (or believe in) recourse mechanisms**

#3 Need for Authentic Transparency

When you took out the loan, did you understand the terms and conditions? (all current and former clients)



Appendix I: KEY FACTS STATEMENTS (KFS) FOR CONSUMER CREDIT

THIS IS NOT A CONTRACT

(Your final loan may vary because of your personal financial position or due to interest rate or fee changes if this KFS is provided before you receive a formal loan offer)

LENDER'S NAME:

BORROWER'S NAME:

DATE PREPARED:

| LOAN FEATURES | HOW DOES THIS LOAN COMPARE? |
|---|---|
| <p>Loan Amount:</p> <p>Loan Term:</p> <p>Interest Type: FIXED/VARIABLE</p> <p>Interest calculation method: FLAT/DECLINING</p> <p>Collateral: NO / YES - [Describe]</p> | <p>Nominal Interest Rate: ___% yearly. You may have to pay fees and charges as well as interest.</p> <p>The total cost of credit including both interest and all known fees and charges is: ANNUAL PERCENTAGE RATE (APR) ___% yearly <i>You can use the APR to compare this loan with loans of the same amount, term and repayments.</i></p> |

| Amount you will receive (after paying all upfront fees) | Total interest | Total fees and charges (see below for list) | TOTAL AMOUNT YOU HAVE TO REPAY |
|---|----------------|---|---|
| RWF_ _____ | RWF _____ | RWF _____ | <p>RWF _____</p> <p><i>This means you will pay back RWF _____ for every 1000 RWFs you receive</i></p> |

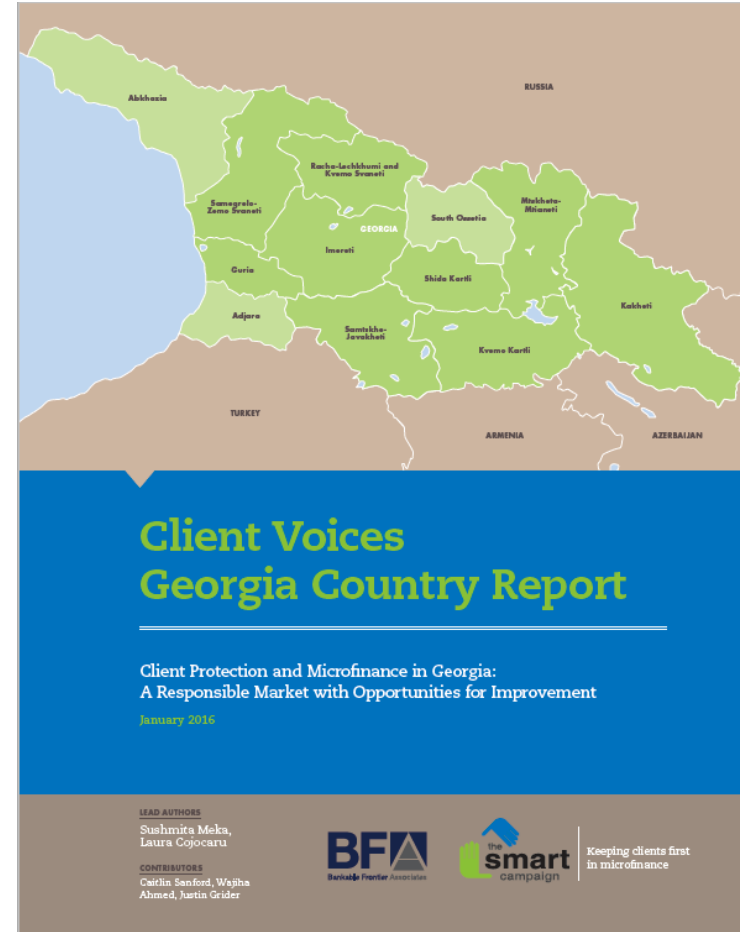
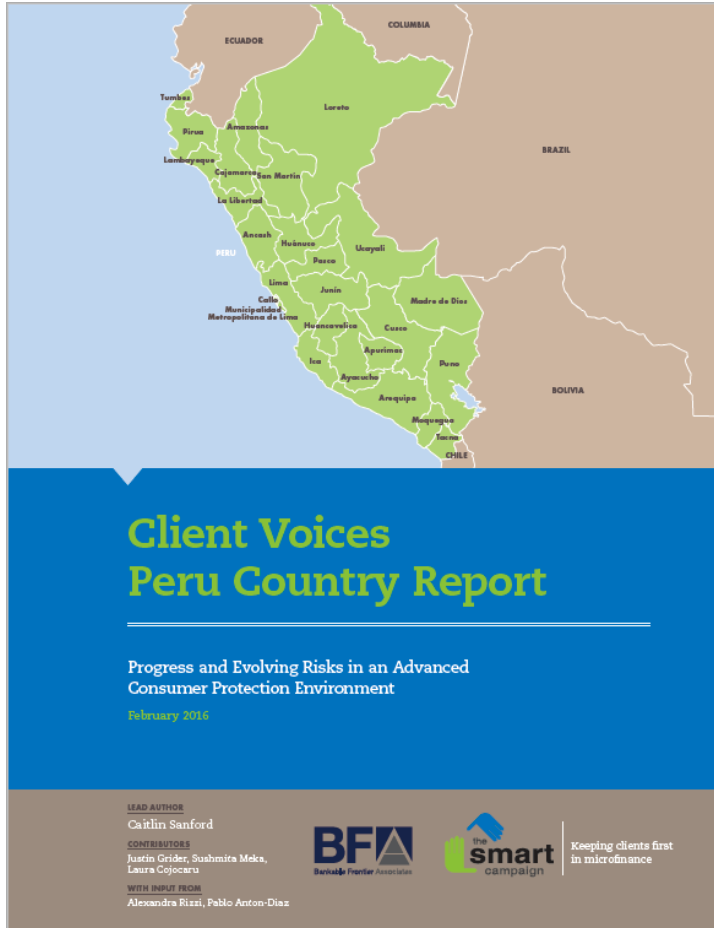
REPAYMENTS

| | |
|--|--|
| Repayment Amount <i>(includes all costs)</i> | RWF _____ per week / month |
| Date First Repayment Due | ___/___/___ / [Describe: e.g. one month after loan provided] |
| Number of Repayments | _____ |

FEEES AND CHARGES

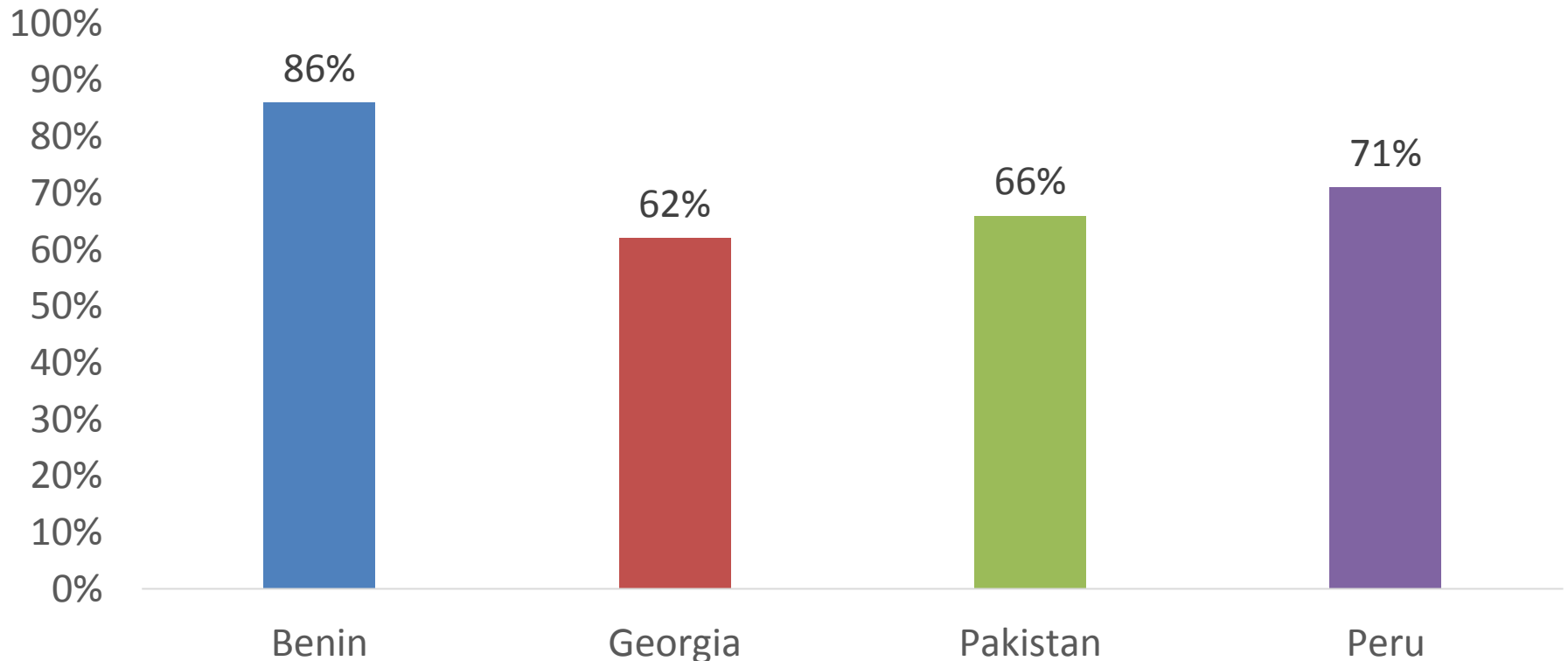
| | |
|--|------------------|
| Application Fee | RWF _____ |
| Total of Monthly Service Charges | RWF _____ |
| Total Mandatory Insurance Charges <i>(if applicable)</i> | RWF _____ |
| Other Charges applicable to this loan type: | |
| ----- | RWF _____ |
| ----- | RWF _____ |
| ----- | RWF _____ |
| TOTAL FEES AND CHARGES | RWF _____ |

#5 Inadequate understanding of credit bureaus



6 Clients don't know about (or believe in) recourse mechanisms

Respondents that replied 'no' to question: "Did MFP inform you where to complain?"





*“It is so expensive to complain,
then sometimes it has no use.” –*

Woman, Telavi, Georgia

*“If you go to complain to [the MFP]
office, or elsewhere, you won’t
get another loan.”*

– Man, Parakou, Benin

OTHER KEY INFORMATION YOU SHOULD KNOW

YOUR RIGHTS AND RESPONSIBILITIES

Any questions or complaints? Call the lender: [TELEPHONE], email [EMAIL ADDRESS], or write to [MAILING ADDRESS] to contact us regarding your question or complaint.

Want to repay all or part of your loan early? You may have to pay a fee to do this.

If Applicable: The prepayment fee is: RWF.....OR The prepayment fee is calculated as follows:.....

If you pay late:

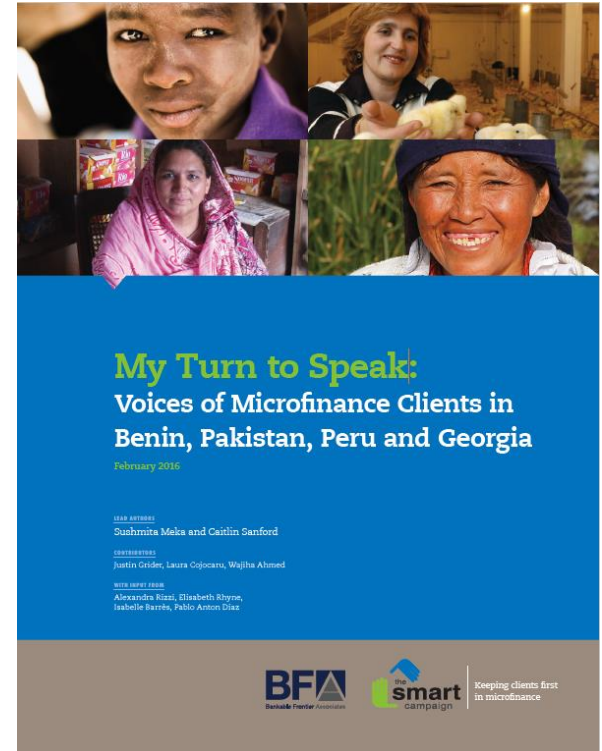
- You may have to pay additional fees
- The late payment may be reported to a credit reference bureau
- Your ability to re-borrow may be affected
- You may lose your collateral.

If this KFS relates to a fixed rate credit contract: Your repayments will not change during the applicable fixed rate period. If the fixed rate does not apply for the full term of the loan, after the fixed rate period, a variable interest rate may apply. In that case, if the variable interest rate was to increase by 1% per annum, from the current variable interest rate of [variable interest rate], your weekly /monthly repayment would increase by around [change in repayment].

If this KFS relates to a variable rate credit contract: This is a variable rate loan. If your interest rate was to increase by 1% per annum, your weekly / monthly repayment would increase by around [change in repayment]. The factors that may justify the application of the variable interest rate are: *(Describe the factors here)*

What happened next?

- Peru: Regulators in Peru launched a credit bureau awareness Campaign
- Pakistan Microfinance Network worked closely with members on identified issues and conducted further research
- Parliamentary hearings and industry discussions in Georgia
- The Benin National Microfinance Authority integrates Client Protection Principles into its supervision inspections



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How to listen to clients

Collect/ Analyze/ Generate insights:

- Qualitative and quantitative research
- Focus groups
- Surveys
- Client Visits
- Interactive Voice Response (IVR)

Audience Insight

How are you currently listening to clients?

Agenda

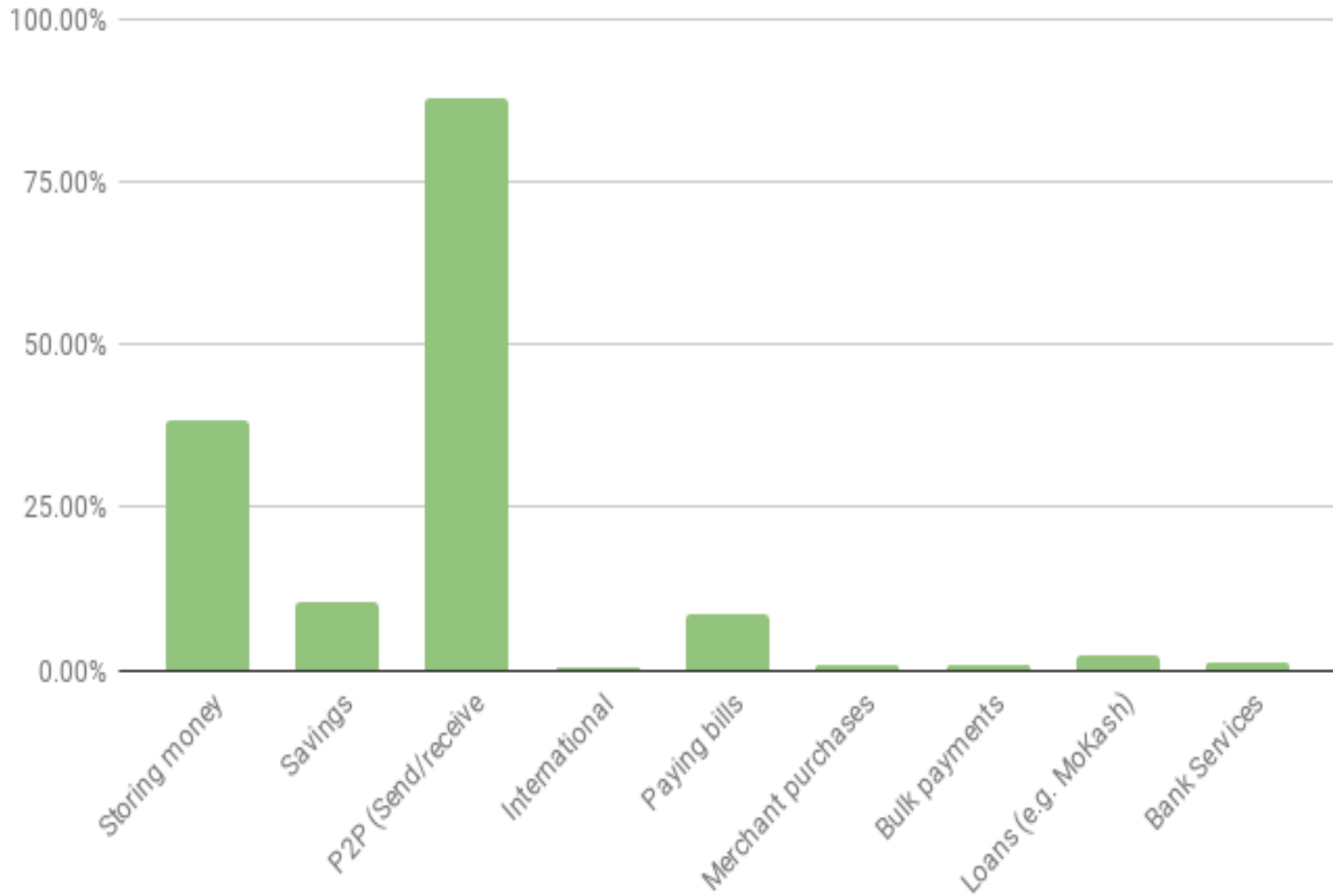
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Client Voices 2.0

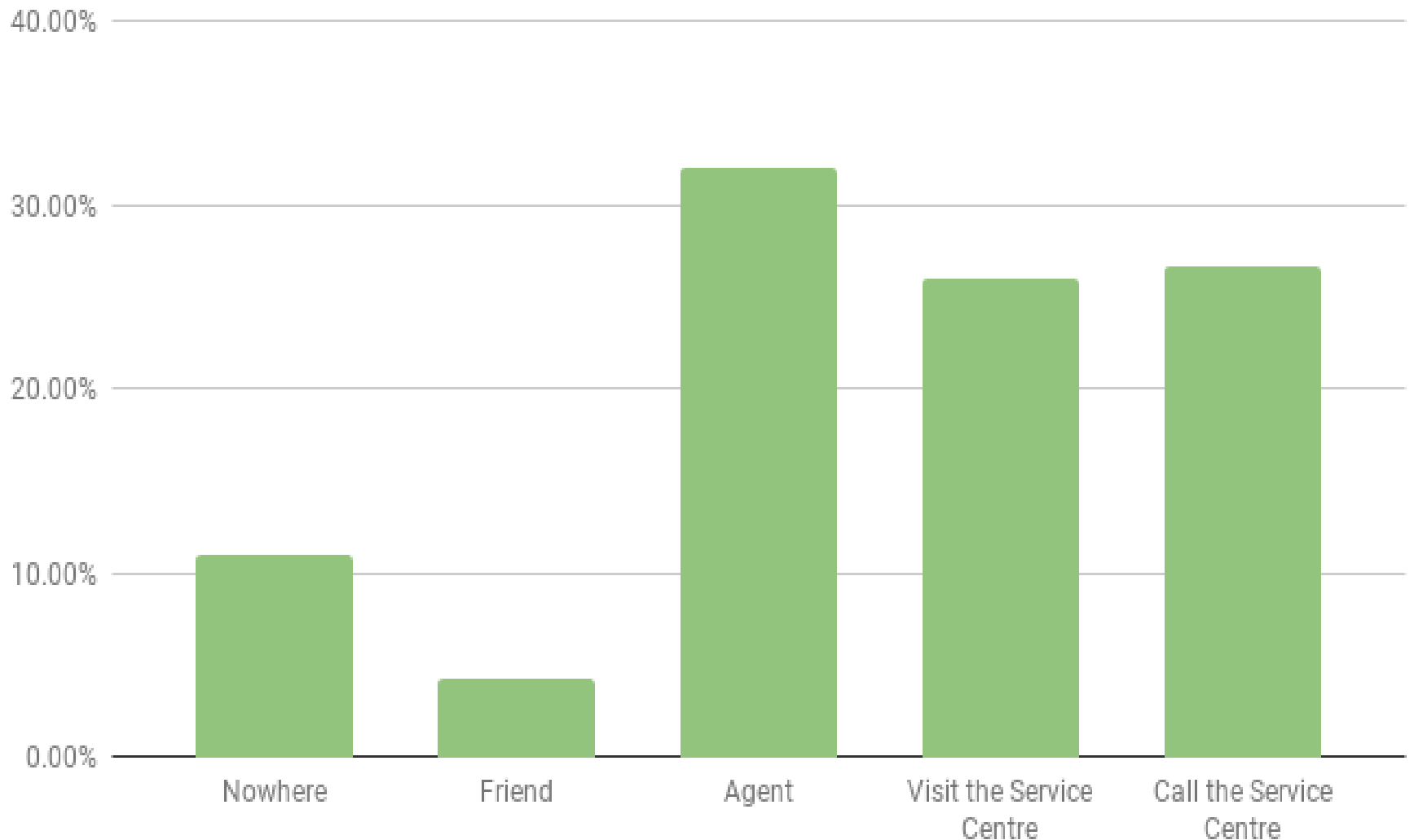
Key Research Questions

- What do clients view as their most important worries and most negative experiences in dealing with DFS providers?
- How common are experiences of consumer protection problems within digital financial service?
- What attributes are most important to DFS clients in determining a positive customer experience?
- How do these priorities compare to assumptions the industry has made about what clients want, and what they should be protected from?

Uses of Mobile Money

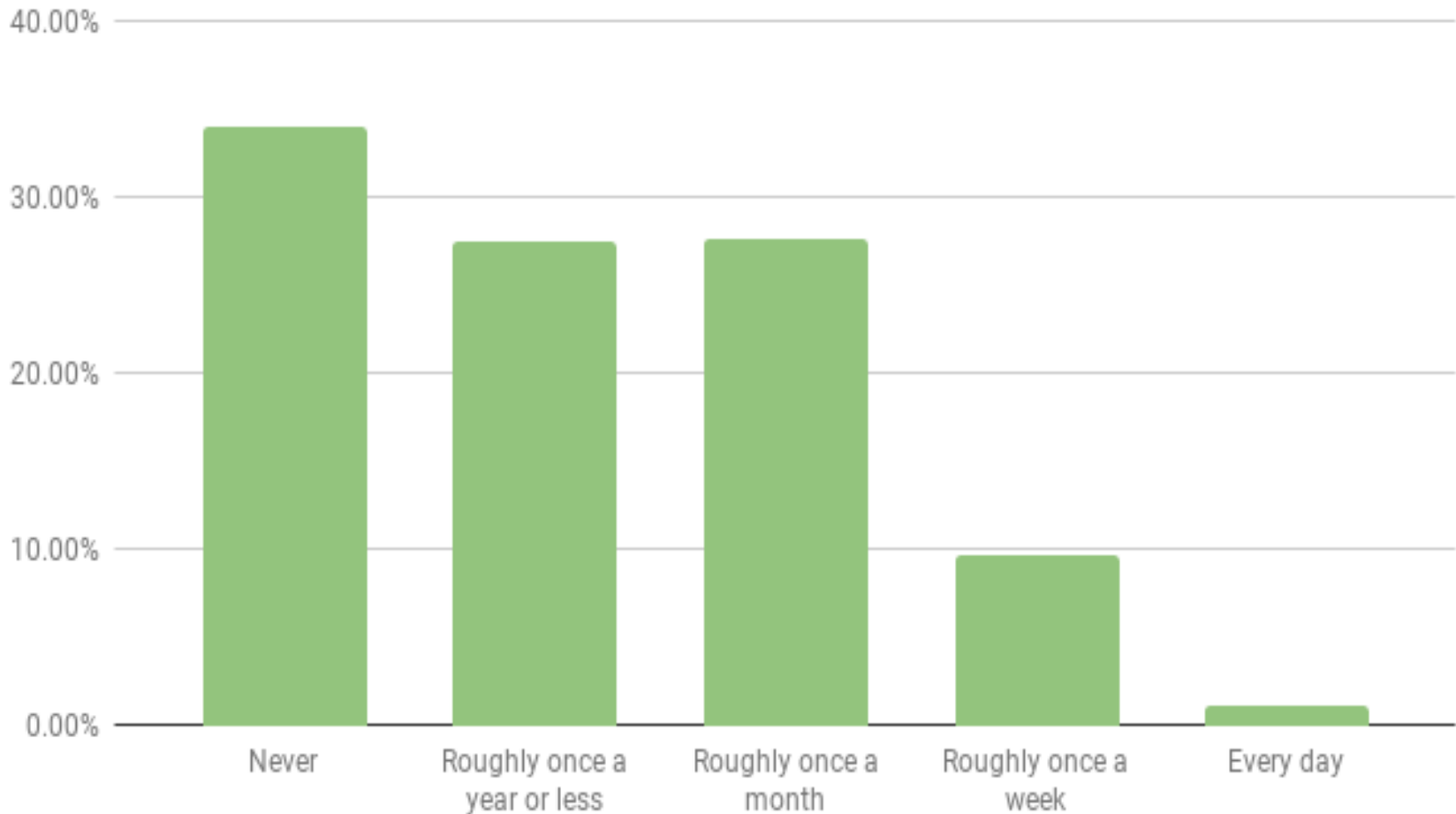


Directing Complaints



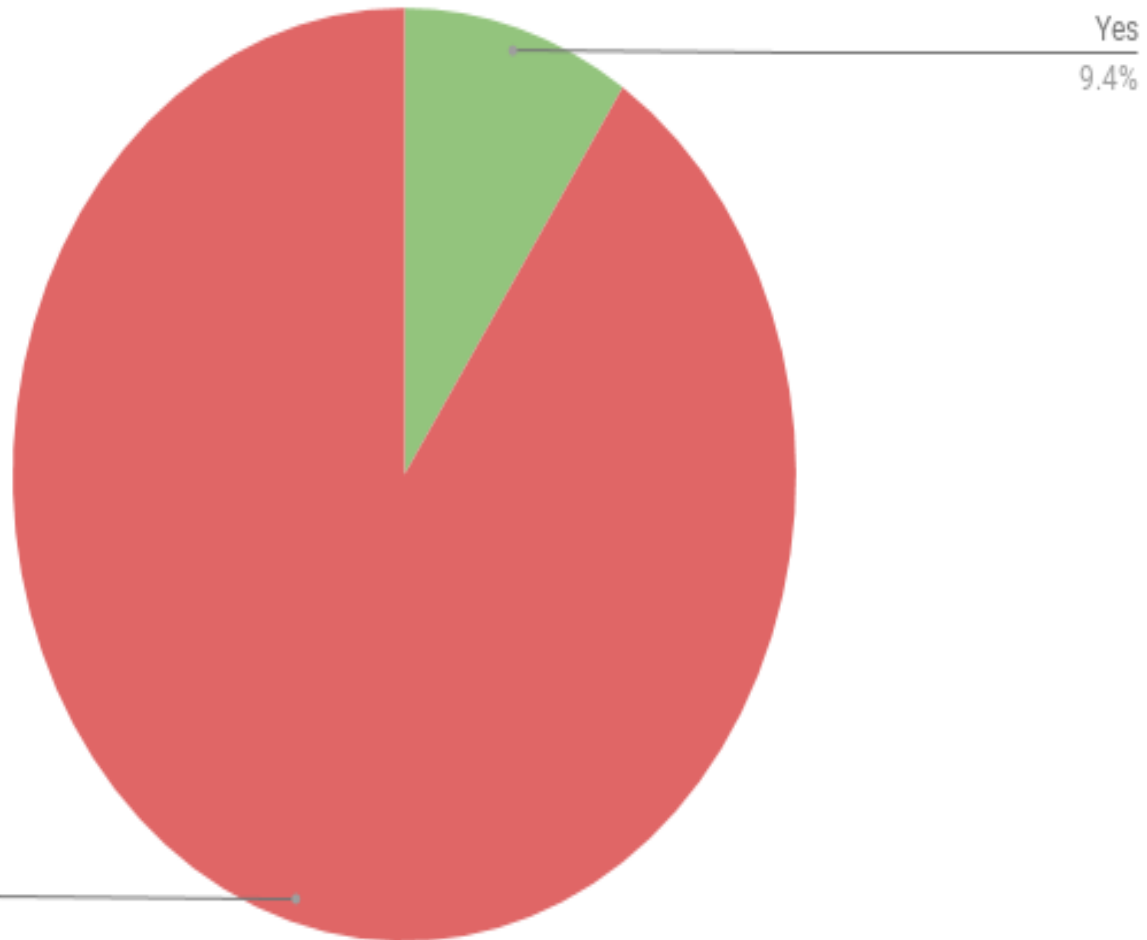
Network Reliability

How often do you have issues with the network or service being unavailable right when you are transacting over Mobile Money or when you would like to do so?



Agent Interaction

Has an agent ever treated you unfairly or disrespectfully?

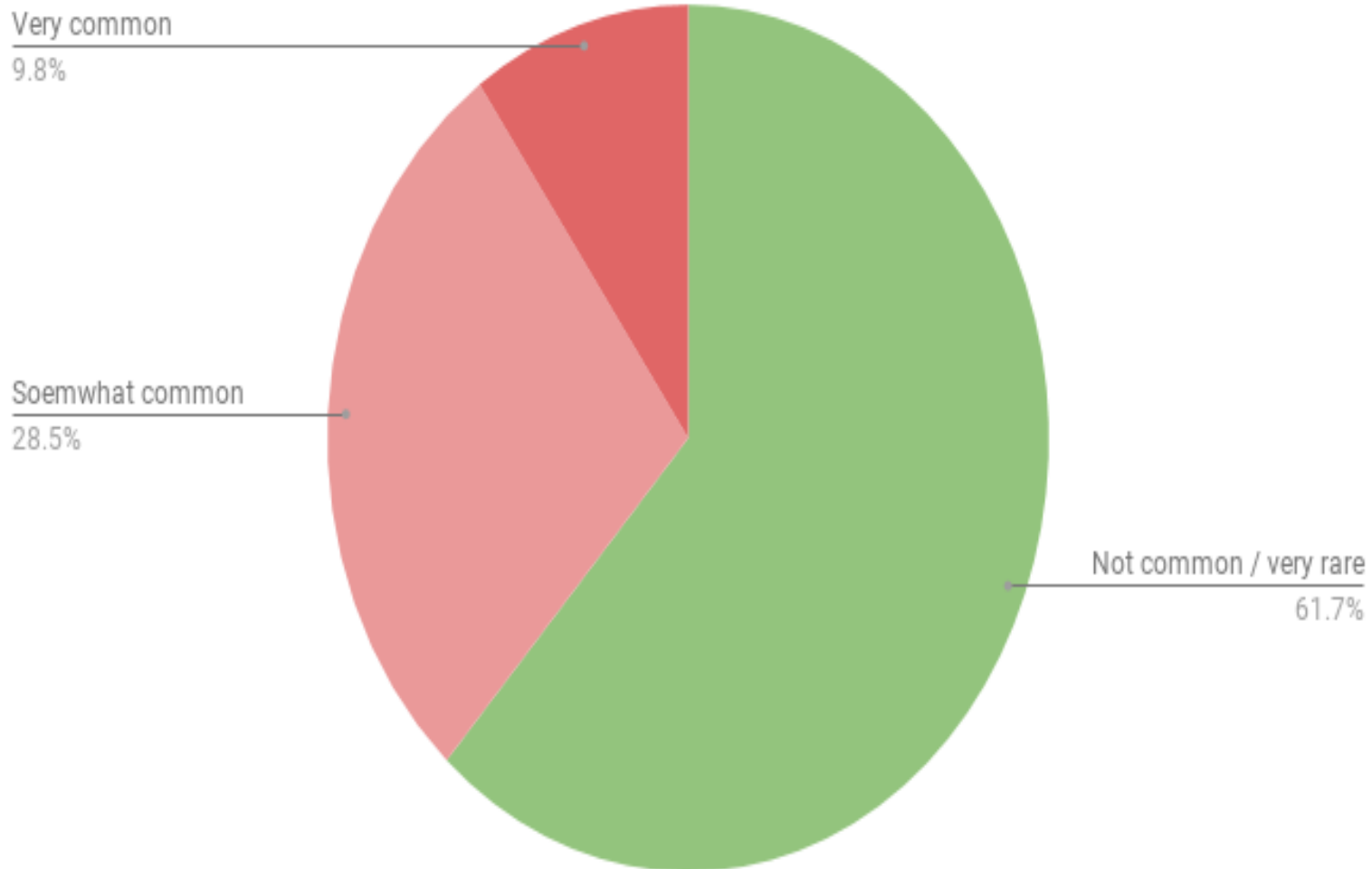


No
90.6%

Yes
9.4%

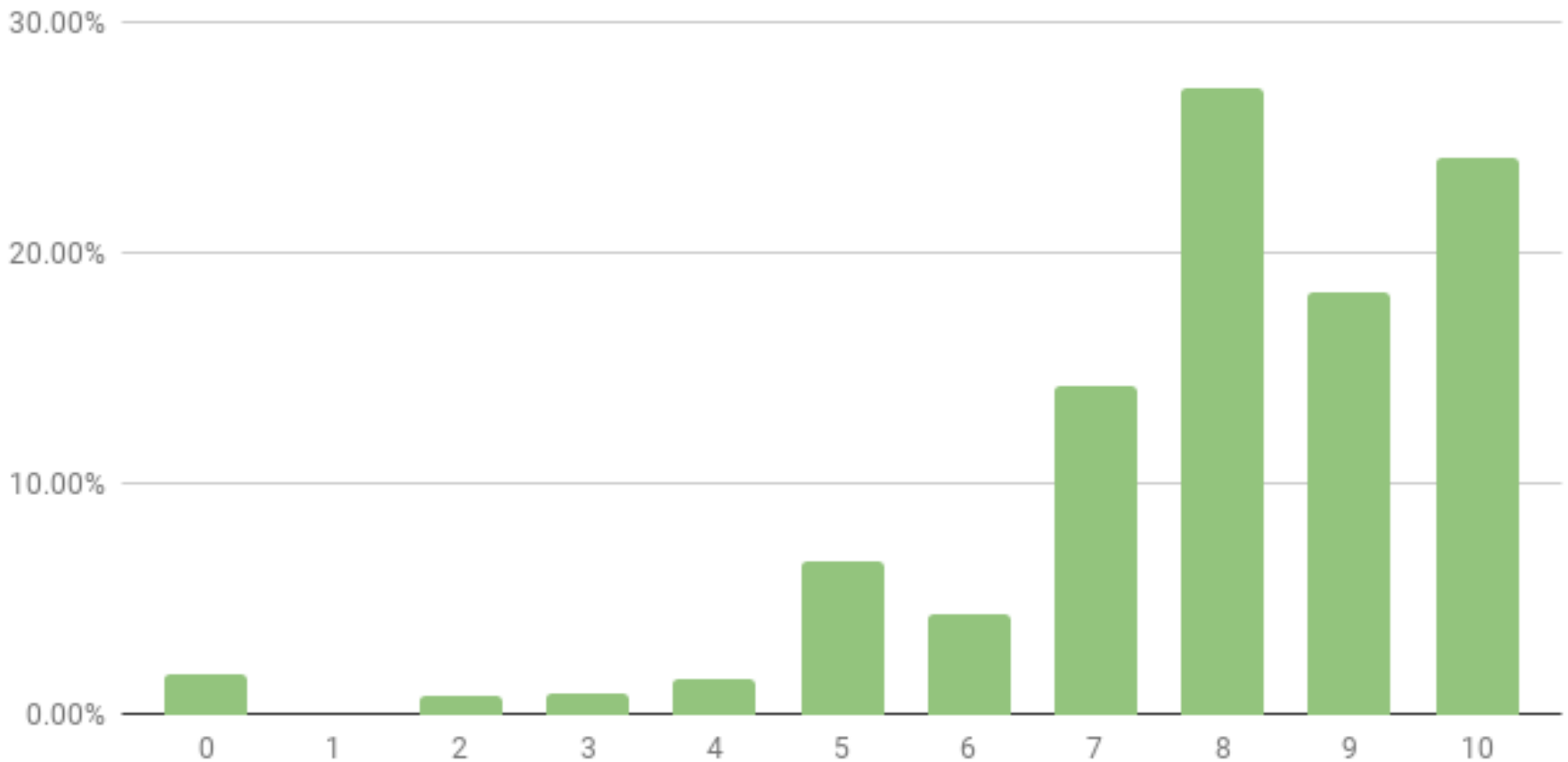
Mobile Money Fraud

Do you think fraud in mobile money is common?



Trust in Mobile Money

How much do you trust mobile money on a scale from 0 (no trust) to 10 (absolute trust)?



Thank you!
Murakoze!

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Panel Discussion



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