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REGULATION FOR INNOVATION IN MICROFINANCE

Client Protection and Innovation –

Hearing from the “Voice of the Client” in India

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As concerns about excess commercialization and other serious crises in the microfinance sector have emerged, a consensus has been building about the importance of client protection. Stakeholders – from microfinance institutions (MFIs), to their investors and donors, to associations and non-governmental organizations – agree that client protection is necessary to the social mission of microfinance and that microfinance institutions should treat clients fairly and respectfully while avoiding harmful practices.

Much progress has been made through the establishment of standards, like the Smart Campaign’s Client Protection Principles (CPPs).[1] The primary goal of such standards is to focus attention on important areas that put the microfinance sector’s mission at risk, as well as to create a common language that facilitates commitment and action among practitioners. Furthermore, a secondary benefit is that these standards are not only good for clients, but also for MFIs and investors, operating on the assumption that client protection is good for business, increasing customer loyalty and retention while reducing operational risk. Indeed, a European Microfinance Platform study has found a positive relationship between client protection principles and financial returns.[2]

As part of the movement towards stronger client protection in the microfinance industry, standards such as the CPPs are the right place to start; they can and should be upheld no matter the country, borrower profile, and provider type. The principles are universal and aspirational, and therefore, flexible about how each principle should be implemented and how success is defined and measured. The result, however, is that because MFIs lack client-level data, it has proven difficult to apply and measure success against the very principles established to protect them.

The Financial Inclusion 2020 Client Protection Working Group, gathered by Accion’s Center for Financial Inclusion, noted a number of barriers to client protection, including: providers often see client protection as a regulatory responsibility thus only needing to follow a “do no harm” commitment or fulfilling the letter of the law; regulations in establishing protection standards and enforcement are inadequate; and clients’ voices are missing because they are rarely organized or represented in a way to allow their collective voice to be heard.[3]

1 Many other principles and standards related to client protection have been developed. In the UN Principles for Investors in Inclusive Finance, investors pledge to “treat […] their investees fairly, with clear and balanced contracts, and dispute resolution procedures”. The microfinance industry created and agreed on the Consultative Group to Assist the Poor (“CGAP”) Guide to Regulation and Supervision of Microfinance which include client protection. TrueLift is a global initiative to push for accountability in pro-poor development. MFTransparency is an NGO that promotes transparent pricing in the microfinance world by collecting interest rate data and publishing educational information about how interest rates work.

2 The study “Does good client protection impact financial performance?” demonstrated that most of the CPPs show a positive relationship either with return on assets (RoA) or return on equity (RoE). Two relevant findings to highlight are: good practices in transparency, collection practices, ethical staff behavior, complaints resolution, and privacy all coincide with better financial returns; and ethical staff behavior and collection practices are linked to higher financial returns, which means that treating clients respectfully may be good for an institution’s profitability. Further information under http://www.e-mfp.eu/sites/default/files/resources/2014/05/Brief_No_4_2014_web.pdf.

3 From the Working Group’s report on “Protecting New and Vulnerable Clients as Financial Inclusion Proceeds” in September 2013. Further information under http://www.centerforfinancialinclusion.org/fi2020/roadmap-to-inclusion/client-protection.

At the provider level, microfinance institutions particularly struggle to find ways to collect opinions and feedback from clients to assess their progress against the CPPs as well as other social performance management standards in a meaningful, timely, and effective way.[4]

To fill this gap, Hivos, MIX and Good World Solutions, together with its partners and sponsors, launched the Voice of the Client (VoC) pilot for direct client monitoring, using mobile technology in Uttar Pradesh in India.[5] The objective of the pilot was testing mobile technology to proactively reach clients, offering them a channel to share their opinions on client protection principles related to MFI products, services, and customer service. The scalability and cost effectiveness of mobile technology has been applied to a number of financial services in developing countries, including payments, remittances, and mobile banking. Yet, we saw an untapped potential for mobile technology to enhance transparency and accountability in microfinance in support of the client protection principles. The pilot collected nearly 6,000 surveys using three survey modes – an interactive voice response ("IVR") platform, a live agent via a call center ("call center"), and in-person surveys administered by enumerators using smartphones ("in-person").

This article aims to share information with the microfinance sector and development practitioners on how to use innovation to enhance current outreach to clients. The first part briefly reviews the key factors and drivers behind our pilot activity, including regulatory challenges in client protection concerning over-indebtedness, transparency, fair and respectful treatment of clients, and grievance mechanisms, as well as current practices, limitations, and opportunities in collecting and analyzing data at the client level. In the second part, we share key findings based on survey data collected during the pilot and operational lessons learned that will be applied to future field research.

Client Protection and Regulation

We focus on the regulation of client protection themes concerning over-indebtedness, transparency, fair and respectful treatment of clients, and grievance mechanisms, and particularly highlight the current regulatory situation in India as it relates to our pilot and to collecting data at the client level. We chose to specifically look at the Smart Campaign's CPPs since they are universally accepted client protection principles.

The legal and regulatory landscape concerning client protection in developing countries is weak and underdeveloped; according to a survey conducted by Ernst & Young and the Platform for Inclusive Finance, only half of the countries in its research scope are implementing some kind of microfinance law, and not all include provisions on client protection.[6] Furthermore, where regulation does exist, enforcement remains a major challenge. Two general types of enforcement exist: government agency enforcement enacted through state and central legislation; or, industry self-regulation where institutions agree to a voluntary code of conduct (also referred to as a code of ethics or a code of practice), surveillance and monitoring, and enforcement of such code.

Each approach has its advantages and disadvantages, which have been widely debated.[7] State enforcement has the tendency to become cumbersome, for example, India's regulation on consumer protection varies across the wide array of classification for providers (see Table 1). Effective enforcement is oftentimes not possible because of information gaps; currently, most available information on client protection is self-reported by MFIs who face various constraints in measuring their performance in these areas or are evaluated by third-party, external assessors who tend to have the time, access, or funds to collect direct client feedback.

Preventing over-indebtedness among microfinance clients is critical, both as it relates to the pro-poor mission of the sector and the sustainability of individual MFIs; over-indebtedness can result in loan delinquency, and have income effects that adversely impact health, nutrition and education. The Smart Campaign's principle on the prevention of over-indebtedness states that, "[p]roviders will take adequate care in

Table 1: India's Regulatory Landscape. Information collected from CGAP

Microfinance Provider	Regulator
Commercial banks providing microfinance loans	Regulated by the Reserve Bank of India (RBI) and supervised by the National Bank for Agriculture and Rural Development (NABARD)
Regional rural banks (RRB)	Regulated by the Reserve Bank of India (RBI) and supervised by the National Bank for Agriculture and Rural Development (NABARD)
Self-help groups (SHG)	Regulated by the NABARD
Cooperative Societies	Regulated by the state-appointed Registrar of Cooperative Societies (RCS) and state government (with NABARD conducting supervision and inspections)
Microfinance NGO (registered as societies, trusts or Section 25 companies)	Self-regulatory organizations including Sa-Dhan and the Micro Finance India Network (MFIN)
Non-bank financial companies (NBFCs)	Regulated by the Reserve Bank of India (RBI)

4 We have found this to be the case in our work with MFI partners in India, Peru, and Colombia.

5 The partners and sponsors of the project include: The Smart Campaign, Michael & Susan Dell Foundation, Appui au Développement Autonome (ADA) (www.ada-microfinance.org), Triple Jump, and Deutsche Bank. Hivos (www.hivos.org) and MIX (www.themix.org) selected Good World Solutions (www.goodworldsolutions.org), a nonprofit social enterprise, as the technical partner responsible for client data collection with use of innovative ICT. Good World Solutions' Laborlink is a mobile solution that translates worker voices into actionable analytics. This enables companies to make data-driven decisions that improve worker well-being within their supply chains. Since 2010, Laborlink has reached more than 300,000 workers in the supply chains of major apparel and electronics companies in 16 countries. Transparency, fair treatment, and access to grievance mechanisms are all principles we work to uphold, so it was a natural fit to extend our mobile technology tools beyond factory walls to assess whether these same principles are being upheld in microfinance.

6 Ernst & Young's 2015 report on "Client protection in microfinance: the current state of law and regulation" is accessible at http://www.inclusivefinanceplatform.nl/documents/2014%20report%20microfinance%20client%20protection_final.pdf

7 Further information under http://www.microsave.net/files/pdf/Principles_and_Practice_Myths_of_Regulation_and_Supervision.pdf. See also Porteous, David and Brigit Helms, CGAP Focus Note, No. 27, "Protecting Microfinance Borrowers." May 2005.

all phases of their credit process to determine that clients have the capacity to repay without becoming over-indebted. In addition, providers will implement and monitor internal systems that support prevention of over indebtedness and will foster efforts to improve market level credit risk management (such as credit information sharing)."

In India, over-indebtedness is a major concern. Several high profile cases, including suicides linked to debt in Andhra Pradesh province, emerged in recent years, impacting public awareness and regulatory action. Some MFIs did not act as responsible lenders, not conducting proper due diligence, and multiple borrowing from MFIs or money lenders was a complicating factor.[8] Regulatory actions were taken in response, for example, the 2013 Non-Banking Financial Company ("NBFC")–Micro Finance Institutions Act sets a limit to the total indebtedness level for microfinance clients. Other non-prudential initiatives are being pursued in multiple areas like the wider use of credit bureau information, even stronger borrower screening, or expanded financial literacy training.[9] Other avenues to prevent over-indebtedness may be through information sharing among MFIs or using client reported data on behavior like multiple borrowing.

Linked with avoiding over-indebtedness, transparency refers to disclosure requirements that offer clients accurate and understandable information about pricing and terms. Smart Campaign's principle states: "Providers will communicate clear, sufficient and timely information in a manner and language clients can understand so that clients can make informed decisions. The need for transparent information on pricing, terms and conditions of products is highlighted."

Many countries are in regulatory compliance with disclosure or "truth in lending" laws, requiring lenders to clearly state interest rate and loan terms in contracts and other publicly accessible documents. For instance, Ernst & Young reports that transparency laws and regulations, requiring financial institutions to provide information on pricing of products and additional costs and expenses to microfinance clients, are the most well-developed among all the principles. Transparent information on pricing, terms, and conditions of products is relatively easy to track and measure. Through the Transparent Pricing Initiative in India, MFTransparency has published standardized pricing data from 82 microfinance providers, representing loans given to over 27 million active borrowers.[10]

NBFC-MFIs are required to provide a client a copy of the standard loan agreement form with loan terms and conditions and a summary loan card with the "effective rate of interest charged" at the conclusion of the loan and to display the effective interest rate is charges in its offices and official literature.[11]

The CPP on fair and respectful treatment of clients states that "financial service providers and their agents will treat their clients fairly and respectfully. They will not discriminate. Providers will ensure adequate safeguards to detect and correct corruption as well as aggressive or abusive treatment by their staff and agents, particularly during the loan sales and debt collection processes." The CPP on grievance mechanisms, in turn, states: "Providers will have in place timely and responsive mechanisms for complaints and problem resolution for their clients and will use these mechanisms both to resolve individual problems and to improve their products and services." These two principles share a connection in that the underlying concept is that clients are offered some internal or external grievance mechanism.[12]

All consumers in India have various recourse channels set up by regulators via a Banking Ombudsman, Insurance Ombudsman, the Reserve Bank of India (RBI), or the Insurance Regulatory and Development Authority (IRDA). Microfinance clients have other options like customer care representatives at their MFI or recourse mechanisms through self-regulatory organizations like the Microfinance Institutions Network (MFIN) or Sa-Dhan. For these mechanisms to be effective, consumer awareness, accessibility, and complaint-handling methods should also be in place.[13]

8 Kline, Kenny and Santadarshan Sadhu, "Consumer Protection Regulation: Microfinance Needs and Initiatives in India.", The Microfinance Review, Journal of the Centre for Microfinance Research, Vol. III, No. 2, July-December 2011.

9 Further information under the Microfinance CEO Working Group's "Over-Indebtedness: A Risk Management Approach" at http://microfinanceceoworkinggroup.org/wp-content/uploads/2014/05/Over-Indebtedness-A-Risk-Management-Approach.pdf.

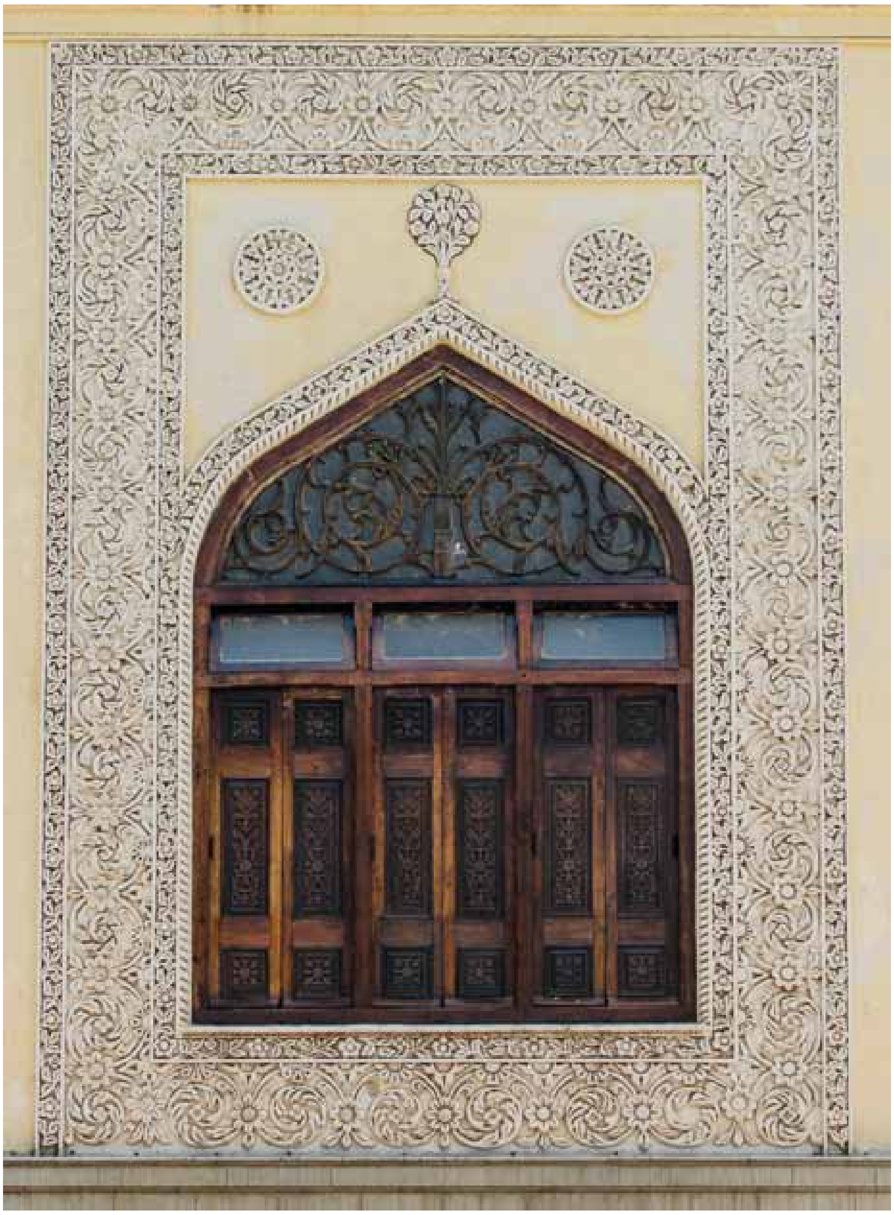
10 See pricing data at http://www.mftransparency.org/microfinance-pricing/india/ and more information here at http://www.mftransparency.org/pricing-transparency-in-the-indian-microfinance-industry/.

11 Further information under http://www.mftransparency.org/pricing-regulation/india/.

12 At a minimum, the provider should set up an internal grievance mechanism that is "(1) overseen and actively monitored by senior management, (2) focused on resolving Client concerns and correcting problems, (3) fair and proportionate, (4) sensitive to the Client's needs, (5) affordable, (6) clear and straightforward, (7) easily understood and (8) readily accessible" from page 42 of the Microfinance CEO Working Group on "Client Protection Principles: Model Law and Commentary for Financial Consumer Protection."

13 Chapman, Megan and Rafael Mazer, CGAP Focus Note, No. 90, "Making Recourse Work for Base-of-the-Pyramid Financial Consumers," December 2013.

Collecting Data at the Client Level – Current Practices, Limitations, and Opportunities



Even though there is a demand to collect data at the client level, client voice has been largely missing from the discussion on consumer protection to date.[14] Client outreach means gathering qualitative and/or quantitative data through face-to-face interviews, focus group discussions, or pen-and-paper questionnaires. Current practices are focused on self-assessment or on evaluations conducted by external actors like technical assistance providers or ratings agencies. Or, MFIs collect client level data through grievance mechanisms like complaint boxes, toll-free call centers, help desks, or in-house service quality departments.

We consider these current practices to have several limitations:

First, self-reported data from MFIs or data from external assessors is not comparable and – in some cases – may be unreliable or of low data quality. MFIs oftentimes report on client protection in different ways, so it is impossible to measure progress or benchmark information.[15] MFIs may be trying to provide objective reporting on the CPPs, but are relying on incomplete or outdated information to do so.

Second, current practices in data collection are extremely time consuming. When MFIs do run their own surveys or collect information via internal recourse mechanisms, it may take an extensive period of time to collect information and then even longer to interpret the data.

Finally, collecting client data is expensive, so few clients are ever actively approached or reached. MFIs need to collect a robust data set – not just from clients from one branch, but from multiple branches – to see where they stand across locations and where to prioritize improvement.

We see a number of reasons to use technology to collect large-scale client feedback. At a client level, we believe that giving a larger number of clients the chance to share their feedback is empowering. It will show clients that their voices are important and that their opinions are valued. This may make them feel more inclined to share suggestions with the MFI going forward. For MFIs, client level data will enable improvements in customer service and product offerings, enhance external reporting, and measure progress on certain client protection indicators over time. For the industry, providing greater and standardized data access and analysis on client level data to investors, networks, and regulators will result in better business analysis, investment decisions, and due diligence.

Methodology

Our analysis is based on information collected in 2014 through a survey created by Good World Solutions in collaboration with MIX. Surveys were administered to nearly 6,000 microfinance clients in Uttar Pradesh in northern India as part of the VoC pilot. The main goal of the pilot for Good World Solutions was to test three

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14 TrueLift's principle 2 is a call for "robust systems for quality assurance monitoring of services to poor clients and for client protection and retention, with special attention to client and field officer feedback and experience, generate good quality data with appropriate analysis." Further information under https://sealofexcellence.wordpress.com/pro-poor-principles/.

15 The European Microfinance Platform notes that "[s]teps have been made to towards a common social performance data collection framework based on the Universal Standards for Social Performance Management. MFIs, networkers, investors, auditors, technical assistance providers, and ratings agencies are moving towards a common social performance data collection framework based on the Universal Standards for Social Performance Manager, in hopes of facilitating responsible management of MFIs."

different methods ("survey modes") of collecting data directly from clients: in-person enumerator-administered surveys; call center telephone surveys administered by live agents; and self-administered interactive voice response mobile phone surveys. The survey questions are focused on the Smart Campaign's Client Protection Principles. Questions were designed to identify areas of strength and opportunity in client protection for each participating MFI and make comparisons between participating MFIs. More broadly, the pilot seeks to identify implementation challenges and best practices, as well as inform and inspire future efforts in the collection of direct client feedback for a more transparent and accountable microfinance sector.

Survey Design

Question theme and intent was consistent across all survey modes, though some questions were customized to maximize suitability by mode and take advantage of each modes' strengths. For example, the best practice for IVR surveys is to limit question type to multiple-choice questions only, in order to achieve high respondent comprehension. On the other hand, some choose-all-that-apply questions were included in in-person surveys, as they can sometimes allow for more robust analysis. Survey questions were tested via focus groups and cognitive interviews with more than 50 MFI clients.

Sample

The survey was administered in Uttar Pradesh to clients of 51 branches from four MFIs. These 51 branches comprise approximately 140,000 total clients. Three of the chosen MFIs have between 500,000 and 800,000 total clients, and the fourth has over 1.3 million clients. Participating MFIs were determined by the project's technical committee, then screened, approached, and on-boarded by Good World Solutions. Branch selection was based on client population and logistical considerations, such as mobile network coverage, transportation and the distance between branches. Overall, VoC field staff invited just over 22,000 clients to participate in the survey. Of those, 5,898 clients (26%) submitted complete and valid surveys, representing 4% of the total clients at the targeted branches. All respondents are women and were current clients of a participating MFI at the time the survey was administered.[16]

Table 2: VoC Survey Mode Comparison

Interactive Voice Response - Voice-recorded survey on mobile phone	**In-Person** - Enumerator with offline smartphone	**Call Center** - Enumerator using client contact list
Advantages - Lowest cost per survey - No interviewer bias - Respondents feel more comfortable answering sensitive questions - Close-ended, fixed questions with quantifiable results	**Advantages** - Highest response rates - Can use wide variety of question types, including free response and choose-all-that-apply	**Advantages** - High survey completion rates when contact is achieved - Can use wide variety of question types, including free response and choose-all-that-apply
Limitations - Limited to areas with good mobile connectivity - Can be difficult to engage client for the first time, due to lack of personalized human contact - Must avoid complex questions and limit answer choices	**Limitations** - Highest cost per survey - Potential for social desirability bias and other types of bias introduced by presence of enumerator - Respondent discomfort answering sensitive questions	**Limitations** - Success depends on quality of client contact information provided by MFIs - Potential for social desirability bias and other types of bias introduced by use of enumerator - Respondent discomfort answering sensitive questions

Survey Modes and Implementation

The project tested IVR, call center, and in-person surveys to determine which method is best-suited to collecting data directly from microfinance clients, taking into consideration: time, cost, and ease of implementation, clients' comfort-level when interacting with the survey mode, and the quality of the collected data. Of the total surveys, we collected 50% of surveys through IVR, 25% in-person and 25% through a call center. The advantages and limitations of each survey mode are detailed in Table 2. VoC field staff tested several respondent incentives and their effects on participation rates, including mobile phone top-ups and household goods. Five percent of participants were randomly selected and awarded a prize.

Interactive Voice Response.[17] VoC field staff accompanied MFI loan officers on weekly/fortnightly collection visits to group meetings, where they explained the purpose of the survey, demonstrated the IVR system, and distributed instruction cards to all meeting attendees[18]. Respondents opt-in to the survey by dialing the local number provided on their instruction card. Clients may borrow a friend or family member's phone to participate in the survey if they do not own a phone. Respondents wait to hear the call ring, then hang-up (placing a "missed call") and receive a call-back in less than one minute. The call-back approach ensures that the respondent does not incur any cost to participate in the survey, and enables participants to initiate the call at a time and location they feel most comfortable taking a survey and they have network connectivity. After receiving the return call from the IVR system, the respondent listens to pre-recorded questions and answer choices and gives their responses using their telephone keypad.

In-Person. Good World Solutions trained field staff in conducting face-to-face surveys including use of the data software on their mobile phone and reporting protocols and conducted site visits for field checks. VoC field staff randomly selected two to three clients at group meetings to participate in the in-person survey. VoC enumerators read the survey questions aloud to each selected client and captured their responses using a smartphone.

16 The MFIs included in the pilot are strongly focused on serving women, and women comprise nearly all of their client base.

17 The Laborlink team has deep experience with an array of mobile technology platforms. The majority of our surveys run on interactive voice response (IVR) with feature phones but we also utilize SMS, in-person interviews using smartphones and call centers.

18 Except those 2-3 clients randomly selected to participate in the in-person survey.

Call Center. Good World Solutions trained live agents at an India-based call center and evaluated calls via randomized post-call audits. Each MFI provided phone numbers for 750 to 2,000 clients. The call center reached out to a randomly-sorted list of clients on their mobile phones and read the survey questions aloud to respondents over the phone, recording responses using data collection software. The call center agent was not given any identifying or financial information about the client to avoid influencing respondents in their answers.

Data Analysis

Key survey results include:

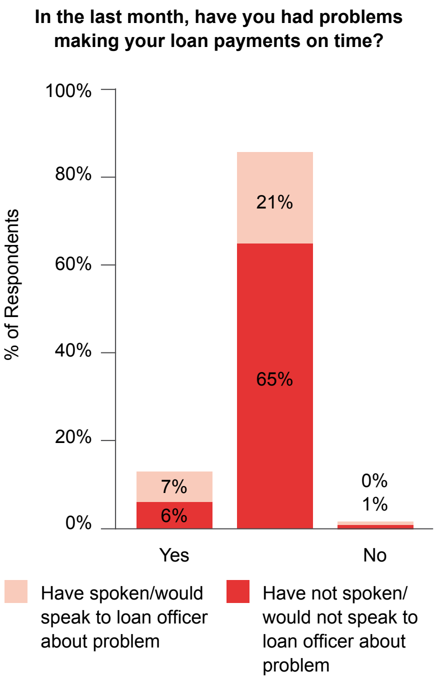
- **Indebtedness.** 13% of respondents report having had trouble making a loan payment on time in the last month, and fewer than half of them discussed their repayment problem with their loan officer. 16% say they have borrowed money in the last month to be able to make a loan payment, either from another MFI, a family member or friend, or from another source. Borrowing to repay is most common at the smallest participating MFI, though clients from this MFI are also most likely to reach out to their loan officers about when a repayment issue occurs. The majority of respondents who have not recently had a repayment problem say they would contact their loan officer if a problem arose in the future. See Figure 1.

- **Collection Practices.** Few respondents report having experienced unethical collection practices. Only 3% say they have ever been asked to pay a commission to their loan officer, and just 4% say they have ever felt intimidated or mistreated by their loan officer. Interestingly, there are no significant differences between MFIs in these results. However, these practices were reported more commonly among respondents answering via IVR than the call center or in-person surveys. This suggests that clients are under-reporting such practices, especially when participating in enumerator-administered surveys versus self-administered surveys, even when enumerators emphasize that the respondents' answers are confidential and cannot affect their loan status. This finding is supported by a growing body of evidence that self-administration of surveys reduces social desirability effects on topics perceived by respondents as sensitive, i.e. the notion that there are social norms driving behaviors and attitudes, and that respondents may alter their responses in an effort to comply with these norms[19].

- **Transparency.** Nearly 100% of respondents say they were informed of their loan's interest rate before accepting it, and 97% say they received a repayment schedule before accepting their loan. These results were also consistent across MFIs. Future data collection efforts should explore ways to measure the extent to which clients understand their loan conditions and repayment schedule and test their knowledge around interest rates.

- **Grievances.** Overall, only 64% of surveyed clients are aware of a formal mechanism at their MFI to report problems. Awareness is even lower among those who most need a grievance mechanism: those who have had a repayment problem in the last month, those who have been asked to pay their loan officers a commission, and those who have been intimidated or mistreated by their loan officer. See Figure 2. Use of existing complaint mechanisms is low across MFIs as well; just 4% of all respondents have ever made a complaint (2% of those who are aware of a complaint mechanism), and only 15% of clients who have been intimidated or mistreated by their loan officer have ever made a complaint to their MFI.

Figure 1: Propensity to discuss repayment problems with loan officer

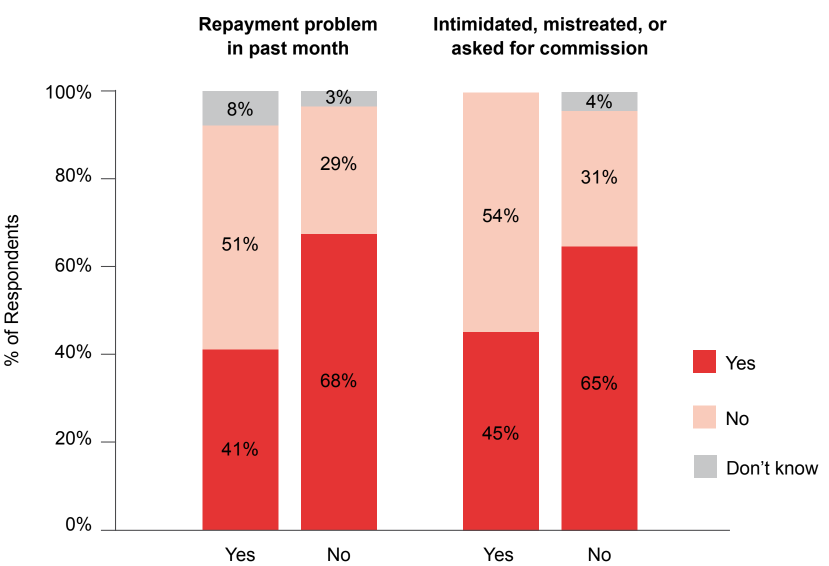


Lessons Learned

For development practitioners and others interested in creating client feedback systems in developing and emerging countries, we offer the some guidance and recommendations drawn from our experience testing direct client monitoring in the microfinance sector.

Building trust with MFIs is a critical component for success: From the outset of the

Figure 2: Complaint mechanism awareness



19 For example, see Tourangeau, Rips and Raskinski 2000; Kreuter, Presser and Tourangeau 2008.

pilot, we knew that MFI partner commitment and building trust with MFI staff was critical to project success. We recruited an India-based project manager and field staff experienced in the microfinance sector, developed a core set of introductory and informational materials, and worked closely with internal "champions" for social performance management at each partner site. Coordination and communication with our partners still proved challenging. For example, a branch manager who was supportive of the pilot goals was promoted and moved to a new branch. The MFI did not immediately replace the manager and as a result momentum was halted. Experiences like this one showed us that it was important to convince not only senior staff but also other employees such as trainers or human resources staff of the value of the pilot in order to build stronger, more lasting partnerships with MFIs that would enable us better access to clients.

Raising client awareness through outreach is important: The goal of the VoC is to take a client-oriented, bottom-up approach to client protection; empowering clients — allowing them to be able to speak for themselves — is at the very core of what we are trying to do. From our experience running mobile surveys in other countries around the world, we have learned that deploying a new technology approach requires some training and capacity building. We designed user-centered outreach approaches to ensure clients' awareness of and accessibility to the VoC surveys. Our first IVR outreach strategy was to provide simple information on the instruction cards and marketing posters so as not to overwhelm would-be participants and supplement this information with in-person training. However, several on-the-ground realities led us to reassess this strategy. For example, many clients are farmers and the monsoon season and harvest schedule impacted their attendance at client meeting, so they were not receiving as much training as anticipated; marketing posters proved unsuccessful as they were commonly damaged by the elements in outdoor group meeting areas; and clients requested more details about the pilot be included on instruction cards. This feedback allowed us to iterate on our first approach and make adjustments during the pilot.

Behavioral norms and cultural habits impact mobile phone usage: Certain behavioral aspects regarding mobile phone usage had an impact on our project. MFIs were asked to provide client contact information for the administration of the call center surveys. A substantial portion of the phone numbers drawn from the MFI management information systems ("MIS") were inaccurate for several reasons such as numbers were never recorded properly or were outdated because clients frequently change phone numbers to take advantage of mobile network operator promotions. When planning IVR implementation, project managers should consider that while mobile penetration is high and rapidly growing, many families still share phones in India; finding ways to encourage clients in advance to bring their mobile phones to group meetings where IVR training will take place helped to increase response rates.

Setting high standards and maintaining data integrity is key: When we initially pitched the Voice of the Client pilot to several potential partners, some MFIs brought up concerns that the data we collected may be unreliable, citing barriers like low levels of education. We were able to address these concerns and anticipate potential challenges through our extensive experience implementing mobile surveys. Testing the questionnaires with clients proved important for ensuring high question comprehension by respondents and translation accuracy. Providing MFIs with a comprehensive overview of our question testing methods, data quality standards, and data cleaning procedures was also reassuring to the MFIs.

We needed to motivate clients to share their voice: A pilot conducted by the Global Impact Investing Network with Acumen and Grassroots Business Fund found that response rates for mobile surveys are highest when the target audience is encouraged to participate both using prizes, as well as outreach from the surveyor and partner company.[20] In addition to marketing and outreach efforts, we offered incentive prizes to randomly selected survey participants to generate interest among MFI clients and encourage survey participation. We first tried to offer mobile phone credit, as most mobile phone owners in our target audience use pre-paid mobile phones. However, our India team quickly realized that clients found physical prizes more attractive than the virtually-administered mobile credit. Instead, we offered practical household items, such as food storage container, and started to see a more interest and excitement among clients in our project.

Next Steps

Overall our pilot resulted in a successful learning experience allowing us to test core assumptions, validate survey modes and user preferences, and discover new needs and requirements. At a client level, many participants found the exercise fun and easy, gathered through post-survey evaluation, conducted by VoC field staff. At a MFI level, we shared preliminary survey results and data analysis on our online platform www.mylaborlink.org and engaged with partners on their interest in integrating client level data into operations and product development the future. We are now in the midst of running the pilot in Peru to understand if the pilot is replicable and scalable. Ultimately we hope to compare our findings from India to data collected in Peru where the MFI landscape and client profile are vastly different but the same fundamental client protection challenges exist.

[20] Further information under “Collecting Impact Data Using Mobile Technology.” The Global Impact Investing Network, 11 June 2013 at http://www.thegiin.org/knowledge/publication/collecting-impact-data-using-mobile-technology.