

Incorporating Consumer Research into Consumer Protection Policy Making

This Focus Note describes CGAP’s experience to date gathering qualitative and quantitative information directly from low-income consumers to inform financial consumer protection policy—which financial services they use, how they choose among them, problems they experience, and perceptions of their rights and responsibilities. The use of consumer experiences to inform financial consumer protection can improve policy making by better accounting for the situation of consumers, including those with lower levels of income, education, and familiarity with formal financial products. (See Box 1.) In particular, low-income consumers often use different financial products and providers than the mainstream market, have limited formal financial experience, and may be socially marginalized—making them less likely to advocate on their own behalf or to seek recourse. Furthermore, many regulators and supervisors may have only limited experience with low-income consumers or semiformal and informal providers, and the approaches and best practices for financial consumer protection taken from more developed countries may not work without significant modification. This situation calls for direct consumer research with these consumer segments, to inform policy makers to better incorporate the needs and experiences of low-income and inexperienced financial consumers into consumer protection policy.

This paper describes three different consumer research methodologies CGAP has field tested—consumer group discussions, in-depth individual interviews, and quantitative surveys—and the lessons learned to date on using consumer tools to inform consumer protection policy making. Insights provided here are derived from field missions to Nicaragua, South Africa, the Philippines, Tanzania, and Mexico; comprehensive consumer protection diagnostics in Kenya and Senegal; and selected evidence from a broader survey on agent banking in Brazil. (See Table 1 for a summary.)

Financial Consumer Protection Policy for Low-Income Consumers

In many developing countries, regulation to protect financial consumers from unfair products and practices is limited or nonexistent. Even when low-income consumers have access to formal financial services provided by institutions such as banks or registered microfinance institutions (MFIs), the ability to understand any rights or protection they may have and to seek clarification or redress when difficulties arise may be limited by their gaps in knowledge, literacy, and confidence. Similarly, to the extent that client protection standards exist at the level of the provider, whether through provider or industry codes of conduct, compliance tends to be far from complete, sanctions for noncompliance weak, and lower income and less experienced consumers less likely to receive effective protections and recourse.

Box 1. High-Level Findings from Consumer Research for Consumer Protection Policy Making

- Consumer research may better lend itself to certain specific consumer protection issues, including disclosure and pricing transparency, financial capability and decision making, and recourse and dispute resolution.
- “Intangibles” matter. Factors such as quality of experience or service have a greater influence on consumer decisions relative to product features or pricing than expected. This may lead consumers to choose a product of “worse” relative financial value compared to similar products due to other personal preferences.
- Consumer research offers the greatest consumer protection insights when it uses real-life documents or simulates actual events consumers would face in the marketplace to pull out actual consumer experiences. In general we have found that consumers find it much easier to talk about specific incidences than general consumer protection principles, rights, and obligations.

Table 1. Summary of CGAP Consumer Research to Date

Country	Research Tools Used
Kenya	<ul style="list-style-type: none"> • National survey of 1,500 financial consumers of savings, loans, insurance, mobile payment, and pyramid schemes • 14 focus groups with consumers from varying socioeconomic backgrounds
Mexico	<ul style="list-style-type: none"> • 6 consumer group discussions with low-income consumers to identify consumer protection areas for future focus
The Philippines	<ul style="list-style-type: none"> • 12 consumer group discussions in 3 regions to test draft loan disclosure formats for comprehension and utility with low-income financial consumers
Senegal	<ul style="list-style-type: none"> • National survey of 500 financial consumers, focusing on microfinance clients • 11 consumer group discussions nationally with microfinance clients
South Africa	<ul style="list-style-type: none"> • 8 consumer group discussions • 8 in-depth individual interviews with consumers
Tanzania	<ul style="list-style-type: none"> • 8 consumer group discussions and 2 focus group discussions • 4 in-depth individual interviews with consumers

Financial consumer protection has become a higher priority policy issue in many markets in recent years, due in part to the global financial crisis, reported over-indebtedness within some microfinance markets, and new products and financial service providers that are often reaching populations with little or no previous formal financial experience. This has led many regulators to recognize that basic consumer protection rules ought to be applied—and enforced—for a broader range of financial institutions,¹ with subsequent policy efforts to develop more comprehensive consumer protection standards for financial services, tailored in part to the specific challenges the poor face. This includes both improving the effectiveness of consumer protection regulation for low-income and inexperienced users and extending the coverage of basic protections, such as market conduct regulations, to registered but unsupervised providers as well as prudentially supervised ones.² Examples of expanded financial consumer protection for more types of financial institutions—and as a result more types of financial consumers—can be seen in the development of important legislation, such as South Africa’s National Credit Act of 2007, and oversight bodies, such as the National Committee for the Defense and Protection of Financial Service Consumers in Mexico.³

Using Consumer Research to Inform Consumer Protection Policies

There is a growing body of consumer experience research and application of market research tools to financial services, including work in the past decade by government financial consumer protection agencies, such as the U.K.’s Financial Services Authority and the South African National Credit Regulator. Also, several organizations have adapted traditional market research tools for use in developing countries and specifically among low-income financial consumers and within the microfinance sector. Organizations such as MicroSave, Microfinance Opportunities, USAID, and Freedom from Hunger have developed tailored consumer research tools to help design new products, improve quality of service, and raise financial capability.

However, the use of these consumer research methodologies to inform policy makers is still relatively new and limited. To contribute to this relatively limited field of knowledge, this Focus Note discusses three common consumer research methodologies CGAP and its partners have adapted and tested in the field:

1 A worldwide overview of existing consumer protection laws and regulations is provided in CGAP (2010).

2 At this stage in the development of consumer protection regulations in most developing countries not much can be done about informal providers except to make clear the comparative benefits and drawbacks of formal and semi-formal providers. For example, while in some cases consumers may find informal providers more accessible, trustworthy, flexible, or transparent in their pricing, they may also find recourse options when things go wrong with informal providers to be far more limited—or nonexistent—compared to formal providers.

3 See also, among others, recent consumer protection regulations adopted in Ghana, the Philippines, and Uganda.

1. Consumer group discussions⁴—An interactive discussion with small groups of individuals, facilitated by a moderator
2. Individual in-depth interviews—One-on-one discussions for deeper probing of specific topics and experiences
3. Quantitative consumer surveys—Broad review of consumer experience on issues such as complaints by provider or product type

These and other consumer research tools can shed light on priorities for consumer protection rules and enforcement by indicating what is working and what is not working in the marketplace. They can also help regulators—often in collaboration with industry associations, civil society, and donors—to monitor new developments and “hot spots,” such as pyramid schemes or predatory lending in their early stages, and test different approaches to protect lower income and less experienced consumers before setting policies. (See Box 2.) They offer the chance to gather general insights from consumers on their experiences in the marketplace, their reported preferences and perceptions, as well as their opinions on how to improve existing consumer protection and market conduct frameworks to better address their concerns.⁵

CGAP experience to date suggests that these consumer research tools can be particularly useful for addressing several consumer protection issues that are of high priority for low-income consumers and less developed markets.

Decision making and financial capability

Recent research in behavioral sciences has demonstrated that financial consumers, whether rich or poor, exhibit a range of cognitive biases that can result in their making financial decisions that are not what would be expected, or that do not maximize their personal benefit.⁶ These biases can be particularly

Box 2. What Insights about Consumer Protection and Financial Capability Can Come from Listening to Low-Income Consumers?

In Mexico, low-income consumers **found greater price transparency at pawn shops than at MFIs and trusted department stores to hold their savings more than they did banks**, noting “they don’t give us anything, but at least they don’t take anything away,” in reference to the various fees and hidden charges levied on their savings accounts by banks. In one particularly egregious example, a consumer reported that “dormancy” and other charges had depleted the value of her savings account from 15,000 to 9,000 Mexican pesos over three years.

In Kenya, participants in consumer group discussions **could recite by memory the customer complaint number for M-PESA**, and 95 percent of those surveyed rated their satisfaction level as 7 or higher out of 10, with 10 being the highest level of satisfaction. By contrast, consumers in the same survey reported that they even have had to resort to **hiring lawyers to resolve complaints with financial institutions** because they were not sure of the proper recourse channels to use when handling complaints with these types of institutions.

damaging for the poor, whose lower income and asset levels make them, in some cases, more sensitive to the income effects of negative financial outcomes, such as over-indebtedness, unsuitable products, or abusive practices by providers. Using consumer research tools to gather consumers’ opinions on what matters to them when making decisions on financial products can help policy makers understand the ways certain biases inherent in consumers can impact the effectiveness of different policy interventions to improve financial literacy or steer consumers toward what the policy maker considers more “suitable” or “appropriate” products. One example of how certain behavioral biases can be used to steer consumers toward certain decisions is the recent use of “opt-out” instead of “opt-in” for savings and retirement products to increase participation.

4 The term “consumer group discussions” describes a method that is less rigorous in terms of sampling, screening, and conduct than focus group discussions. One of the key distinctions between these two forms of group discussions is that focus groups filter potential participants to obtain a sample that can be considered “representative” of the demographic(s) being targeted by the consumer research. CGAP has used both consumer group discussions (Mexico, the Philippines, Senegal, South Africa, and Tanzania) and focus group discussions (Kenya and Tanzania) in its consumer protection research.

5 Consumer research can provide information on participants’ reported preferences and perceptions. However, understanding consumer behavior and decision making in different contexts requires the use of other techniques, such as in-depth field experiments, which are more comprehensive, and also more costly and time-consuming.

6 See, e.g., Dawnay and Shah (2005); Barr, Mullainathan, and Shafir (2008); Krishnan (2008).

Disclosure and pricing transparency

This includes testing consumers' abilities to read, interpret, and act on financial information disclosed by providers, often through actual disclosure documents. This analysis can identify ways in which existing disclosure forms or pricing information could be improved both in content and layout to make consumers more aware of all costs and features associated with different financial products, and more effectively compare similar products' price and key features. (See Box 3.) Consumer research in markets including the United States, United Kingdom, and European Community to improve disclosure and pricing transparency has proved particularly useful for evaluating disclosure of terms on credit products (and with a growing importance in savings products as well). Pricing is, in some cases, intentionally obfuscated by providers to hide the total cost of the product to the consumer.

Dispute resolution and recourse channels

Listening to consumers can also reveal the extent to which they understand their rights, responsibilities, and available recourse mechanisms in the financial sector, and whether these mechanisms actually function to resolve disputes between consumers and providers. This is important both for internal dispute resolution mechanisms and third-party mechanisms, such as an ombudsman or government agency. Even in countries such as Mexico, where there is an existing financial consumer protection agency, low-income consumers' knowledge and use of these agencies can be limited.⁷ Consumer research can help identify the best way to inform consumers of the recourse channels available, and thereby increase their use of these channels.

“Hot spotting”

Consumers, when properly engaged, are the ultimate industry watchdog, as they interact

Box 3. Using Consumer Feedback to Improve Disclosure and Pricing Transparency in the Philippines

As part of its efforts to improve consumer understanding of costs and key terms of credit products, the central bank of the Philippines, in collaboration with CGAP, conducted a series of focus groups with 123 financial consumers from several different financial provider types and geographic regions of the Philippines to test proposed new disclosure formats. The objective was to test consumer comprehension of key terms, understanding of cost, and ability to compare similar products across providers.

These focus groups revealed several behavior patterns and preferences of consumers, leading to important feedback on the draft disclosure formats tested and the Truth in Lending Act. These insights included the following:

- Consumers prefer not to have costs separated between “finance” and “nonfinance” charges, but instead summed together as total charges.
- They prefer to have only the effective interest rate displayed (having both nominal and effective interest rates present on disclosure forms confused most consumers).
- They prefer to have internal and external recourse channels available on the front page of the loan disclosure form.

Based on this consumer feedback on how they use product information to make financial decisions, the central bank modified its suggested loan disclosure form for small business, retail, and consumer credit, as well as certain provisions in the Truth in Lending Act, including the requirement to use effective interest rate and declining balance calculations on payment schedules.

with providers daily and feel the consequences of provider practices directly. Direct consumer research can help bring consumers' good and bad experiences to the attention of the regulator and, in the process, identify consumer concerns that may warrant further, more detailed examination, as well as new or emerging consumer protection issues—such as pyramid schemes and other potentially wide-scale, but hard to track, fraud.

⁷ During CGAP-led consumer group discussions with low- to middle-income consumers in Mexico City, only 1 of 48 participants had used the existing financial consumer protection resources provided free of charge by the government's financial consumer protection agency, and very few respondents were aware of the agency itself.

Once identified, regulators can then develop more systematic investigations to determine the severity of and best approaches to address these issues before they reach a scale that is damaging to the market overall. Hot spotting consumer issues can also help regulators and supervisors allocate limited consumer protection resources to focus on the most important problems in the marketplace.

Elements of Consumer Research

Review of three consumer research tools

As mentioned, CGAP has experimented with the application of three different tools for consumer research: consumer group discussions, in-depth consumer interviews, and quantitative surveys, which can be used alone or complementarily to gather valuable insights from low-income financial consumers. These tools can be more or less relevant, depending on the specific consumer protection needs or interests in a country, as well as the information sought (see Table 2). It is also important to consider how these consumer research tools can be used to complement each other to better understand the consumer protection environment. These tools can be used in different sequences, depending on the needs of the researcher or policy maker. In some cases, a particular issue may be identified in consumer group discussions, with survey questions then developed to measure with what frequency this issue is occurring across a market, or among certain individuals or financial providers. For example, a quantitative survey can identify a commonly occurring practice in the marketplace—such as 10 percent of consumer credit product users registered formal complaints—that can then be explored further with individual interviews to determine some of the potential causes of this problem. (See Box 4.) By combining this general market information with details on some sample incidences, policy makers can gain a clearer picture of what is happening, why, and how often, which can lead to better informed policy solutions to address these consumer protection issues.

Implementation considerations for consumer research

The following are several key observations and recommendations for implementation of consumer research tools that have emerged from CGAP's consumer research with low-income consumers in several different markets globally.

Using group interaction to identify emerging consumer protection topics. This is one of the strengths of the group discussion approach, as the open discussion nature of this tool can bring out new insights and issues for further examination. Probing further for more detailed information can be particularly important for sensitive topics, such as disputes with the financial institution or collection practices for late payments. In the case of abusive collection practices, in Tanzania one discussion revealed that several participants had been locked in a room for the late payment of one group member, a practice that merits follow-up investigation. By contrast, in Mexico, the diversity of consumer perceptions on whether lenders had “harassed” them in their collection of delinquent payments, and their definitions of what constituted harassment, helped put into context the extreme accounts of abusive practices by a few more vocal participants in the consumer group discussions as possible outliers or accounts colored by personality dynamics of that individual consumer.

Using real-life documents for consumer research. An effective tool for consumer research is the use of sample exhibits to help focus participants on specific consumer protection issues. Such documents include loan contracts, brochures, advertisements, or correspondence from financial institutions. These exhibits can elicit insights by consumers on approaches they might use for financial decision making and their perceptions of specific products and marketing tools (measuring real-life consumer behaviors will require the use of in-depth field experiments). Additionally, by using an actual document, the facilitator can ask specific questions, such as “what elements of this

Table 2. Brief Overview of Three Consumer Research Tools

Consumer Research Tool	The Method	What It Does	What It Does Not Do	Example from CGAP Research
Consumer Group Discussions	Convene targeted groups of 6–8 consumers for a guided discussion of consumer protection and financial experiences, including both consumer experience and feedback. This tool can be used for broad discussions on consumer protection, as well as for focused research on a specific consumer protection topic.	Provides a relatively quick and low-resource sample of many consumer opinions. Allows for participants to confirm and refute each other’s opinions. Can cover a broad range of topics quickly. Useful for “hot-spotting” issues and as a first approach to understanding a market.	Does not offer a broad, quantifiable sample of experiences. Does not allow for deep probing of individual experiences as is possible with in-depth interviews.	Consumer group discussions conducted in Mexico as part of an initial market survey by the national financial consumer protection agency to identify consumer protection issues for prioritizing and further research.
In-Depth Consumer Interviews	Isolate the experiences of a single consumer through a one-on-one interview to gather a high level of details and map out the chain of events on their experiences with financial products. Is also a useful format for probing personal opinions on issues such as consumer understanding of their rights and responsibilities.	Allows for more detail and customization of questions than group discussions and follow-on questions to correctly outline the full sequencing of events or financial decisions made (of particular use for issues related to recourse and dispute resolution). Also useful for dealing with sensitive topics or issues that some consumers may not wish to discuss in a group setting, such as personal financial information.	Difficult to assess the validity of individual experiences as representative samples due to the time and resources it takes to conduct each in-depth interview.	Individual interviews of consumers in South Africa to in part better understand how they handled legal disputes with creditors. This issue was first identified during consumer group discussions, leading to the need for follow-up in-depth interviews to gain clarity on this topic.
Quantitative Surveys	Gather many consumers’ views on consumer protection topics through fixed response variables. Can be done either through an omnibus or tailored survey (see Box 5).	Offers a point-in-time assessment of many consumers’ experiences—useful for trend-spotting and measuring change over time. Also helpful to describe the breadth or level of incidence of a problem.	Gather detailed qualitative and quantitative information on individual experiences and perceptions.	National survey in Kenya to compare consumer experiences across a broad range of financial products.

loan would most impact your decision to accept or reject this loan?” Specific questions are often easier to answer than nonspecific questions, such as “what are the factors you use to choose a loan?”

In Mexico, the Philippines, South Africa, and Tanzania, CGAP incorporated sample loan agreements from

local financial institutions into consumer group discussions. These loan agreements were used in all four countries to assess how well consumers understand key concepts such as interest rates and total cost of credit. This exercise offered insights on how consumers make decisions in cases where they do not fully understand key financial terms that have

Box 4. A Quick Look at National Surveys

CGAP has used both tailored and omnibus surveys to measure consumer experience. In Kenya a tailored survey was designed and executed specifically to assess consumer protection across the entire retail financial sector, with a focus on lower income consumers. In Brazil researchers tagged their survey questions on consumer experience with agent banking onto an already existing government omnibus survey (a survey that is continuously executed every month, quarter, or year with basic demographic data collected about respondents, such as age, income, and education).

Omnibus surveys tend to be cheaper than a survey that is created and fielded for a specific need, and they have a quick turnaround time, although since the survey includes other topics, space is usually limited to ask a lot of questions, and it is not always known how long the overall questionnaire is nor where your own questions fall within the questionnaire.

A growing number of countries are emphasizing financial inclusion indicators, measured through national-level surveys, as a way to track progress in expanding access to financial services. Such national-level surveys may offer an opportunity to measure carefully selected consumer protection issues on a large scale at a low additional cost by tagging onto these financial inclusion surveys consumer protection questions.

important implications for policies around pricing transparency and/or financial capability.

For example, in Mexico most participants did not fully understand “total annual cost,” or the difference between the loan amount and the total amount received by the user. To compensate for their lack of understanding of key financial terms used in the loan contract, consumers used the weekly repayment schedule as the main tool for deciding whether they would accept the loan, focusing on their capacity to pay instead of whether the loan was a good value. These insights have led the Mexican financial consumer protection authority to pursue a more focused investigation into the impact current disclosure formats have on consumers’ financial

decision making, and alternative approaches that may convey information in a way that is more useful to financial consumers with limited experience or financial literacy.

Having adequate capacity and resources for conducting consumer research. Before beginning any consumer research that seeks to inform future consumer protection policies, it is important to consider both the capacity of the local authority to implement, or at the least supervise, first-hand consumer research, as well as its applicability to identify or resolve the most important consumer protection issues in the market. This is particularly true for many developing countries. Recent CGAP research on consumer protection supervision has identified capacity to monitor markets and resource constraints (financial and personnel) as two of the primary challenges for effective consumer protection supervision in the developing world.⁸

Effective consumer research for consumer protection policy making requires either internal staff capacity (and preferably a special unit or team) within the relevant authority, or the hiring of outside firms/independent researchers that specialize in administering such consumer research.⁹ In either case, the responsible party must be able to handle challenging aspects of the research, such as ensuring reliable answers to sensitive questions, ensuring surveys or interviews are administered consistently, and ensuring data are analyzed and evaluated in a consistent manner.

A related capacity consideration is the often substantial costs of consumer research—particularly relevant for resource-constrained financial consumer protection authorities in low-income countries. In all of CGAP’s field work cited in this paper we experimented with the use of market research firms and/or independent contractors to organize group discussions and help with development of materials. These firms and contractors proved valuable for their organizational capabilities, market

⁸ Findings from Davel and Dias (forthcoming).

⁹ Most commonly this consumer research is outsourced to market research firms or other such experts, although certain countries with low-income consumers, such as Peru and Kenya, have effectively conducted consumer research using their own staff and resources.

Box 5. Using Consumer Surveys to Better Understand the Market in Kenya

As part of a 2010 consumer protection diagnostic conducted in Kenya by CGAP/FSD Kenya for the Kenyan Ministry of Finance, a survey of 1,548 financial consumers was used to complement desk research and focus group discussions. This survey led to several insights into financial consumer protection issues within the market that are informing development of broad new financial consumer protection policies by the Kenyan Ministry of Finance. Some of the policy insights gathered from the survey include the following:

- *Having a better understanding of the overall severity of consumer protection issues, to determine if further actions or follow-up should be taken.* The Kenyan survey illuminated several key consumer protection issues occurring in the marketplace, foremost of which was that many consumers (ranging from 7 percent to 11 percent, depending on product type) reported losing money through savings devices. Going a step further, the survey also reported that of those who had lost money, 33 percent blamed the charges and penalties for “eating away” their money, although many also claim to have lost money when the institution closed down (21 percent), when money was misappropriated (12 percent), or when there were errors in records (27 percent). Misappropriation of money was more prevalent with informal instruments such as accumulating savings and credit associations (56 percent) and rotating savings and credit associations (51 percent) than formal financial institutions, while nearly 12 percent of bank users felt charges, interest rates, and penalties were not clearly explained compared to much lower percentages in other financial devices.
- *Hot spotting issues that consumers might not feel comfortable discussing openly in the presence of others.* Pyramid schemes are a consumer protection risk that can do widespread and significant harm to low-income consumers. The Kenya survey found that 44 percent of respondents had been approached to invest in a pyramid scheme, with 8 percent of these respondents having taken up these offers, with average loss reported of Kshs 34,000 (\$425.) Of even greater concern, of these victims of pyramid schemes, 22 percent did not complain because they did not know who to complain to, and 40 percent did not complain because they did not think it would do any good.
- *Measuring changes in consumer experience over time.* By comparing consumer protection information from surveys conducted at different points in time, it is possible to measure how different consumer protection issues can change over time. An FSD Kenya survey of M-PESA users in 2008, one year after the product’s launch, found that 75 percent of users did not know how to access customer service. By contrast, the 2010 CGAP/FSD Kenya survey of M-PESA users (using a different user sample) found that “participants were ubiquitously clear how to resolve problems (‘you call customer care’) as well as conveying a clear sense of how long it will take for the problem to be resolved (72 hours).”

research backgrounds, and knowledge of the local financial markets, leading to useful insights for future consumer protection policy reforms. However, in our experience, even a preliminary “trend-spotting” round of consumer research can reach costs exceeding \$10,000, and for more detailed consumer research the costs often range between \$25,000 and \$50,000. In countries where regulators have limited resources that are mostly allocated toward prudential supervision and other systemic issues, these costs can represent significant challenges to conducting consumer research.

Conclusion

Many different approaches can be used to conduct consumer research to inform consumer protection

policy making. CGAP’s experience with three basic consumer research tools points to a need for greater accounting of consumer experience in all consumer protection diagnostics. These tools, of course, need to be complemented with analysis of existing consumer protection policy, laws and regulation, and consultation with government, industry, and consumer advocates. However, we believe that listening to low-income consumers directly is essential to gain a complete perspective of what is occurring currently in the marketplace, and where the greatest resources and effort should be invested to improve outcomes for low-income, less experienced, and more vulnerable users of financial services. By listening to the consumers themselves, these priority issues can be better identified, vetted, and analyzed by policy makers for follow-up action.

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Note: The following field guides were developed for use in specific markets, and so will need to be adapted as appropriate to match different local country contexts before being used to conduct consumer research.

Annex 1 Recruitment Questionnaire for Focus Group Discussions (Tanzania)

Screening Questionnaire

Resp.Name: _____	Physical Address: _____
Mobile No: _____	Estate: _____
Recruiter Name: _____	Date: _____
Dar es Salaam: _____	Kisarawe: _____

Good morning/Afternoon/Evening, my name is From [Insert Name], a market research company. We are currently talking to people about services that they use.

S1. Would you be willing to answer some questions for us?

Yes	1	Continue
No	2	Thank and close the Interview

S2. We are looking for people who work in certain industries. Do you or any one from your family or close friend work in the following areas?

	YES	
Market Research Company	1	TERMINATE
An advertising, PR or communications company	2	TERMINATE
Media (TV/Radio/Print)	3	TERMINATE
Banks	4	TERMINATE
MFI	5	TERMINATE
Teaching	6	TERMINATE
None of the above	7	CONTINUE

S3. Have you ever participated in any research either by filling forms or attending a group discussion in the last six months?

Yes	1	TERMINATE
No	2	CONTINUE

S4. Which of the following financial institutions do you have dealings with? (Read Out)

Banks	1	Check Quota
SACCOs	2	Check Quota
MFI	3	Check Quota
ASCAS	4	Check Quota
VICOBA	5	Check Quota
Bayport	6	Check Quota
Others (Specify)		

S5a. Do you have a bank account?

Yes	1	For Dar CONTINUE for Kisarawe check quota
No	2	For Dar TERMINATE for Kisarawe check quota

Dar – Respondent must have a bank account

Kisarawe – Respondents must be members of an MFI, Sacco, bank account/ organizations that lend loans on interest

S5b. Have you ever taken a loan from any Financial Institution e.g., Bank, SACCO, etc. over the past 2 years?

Yes	1
No	2

INTERVIEWER; AT LEAST ¾ MUST HAVE EVER TAKEN A LOAN

S6. What is your age by last birthday? Age in complete years _____

Under 18	1	TERMINATE
18-24	2	CHECK QUOTA
25- 34	3	CHECK QUOTA
35-44	4	CHECK QUOTA
45-50	5	TERMINATE
50+	6	TERMINATE

S7. Gender:

Male - Check Quota

Female - Check Quota

50% split

S8. What is your source of livelihood? _____

If it is business specify type of business

- Employed – Full time 1
- Employed – Part time 2
- Self Employed 3
- Unemployed 5
- Other (Specify) 6

S9. What is your average monthly income? _____

FOR DAR –RECRUIT UP TO 300,000/= FOR KISARAWE RECRUIT UP TO 200,000/=

Monthly Income in Tsh	SEC	Instructions
Up 200,000	D	Continue
200001–300000	C2	
300001 – 450000	C1	Terminate
450001 – 600000		
600001 – 750000		
750001 – 900000		
Over 900,000	AB	

Education

E1. What is the highest level of education attained?

No education	1	CONTINUE
Some primary school	2	CONTINUE
Primary school complete	3	CONTINUE
Secondary school	4	CONTINUE
High school	5	CONTINUE
College after high school	6	CONTINUE
University	7	CONTINUE

ASK ALL

LOOKING OUT FOR ARTICULATE AND CONFIDENT RESPONDENTS/KUFAHAMU UELEWA NA KUJIAMINI KWA MHOJIWA

1. At a gathering, I usually

will mix with a number of people, including strangers	1
mix with a few people I know	2

2. When I am with a group of people, I usually

am happy to start a conversation	1
will wait for other people to talk to me first, I won't initiate a conversation	2

3. When talking to strangers in a group discussion

I find it easy to hold a conversation	1
I don't know what to say to the person	2

4. I find meeting new people

interesting and stimulating	1
makes me tense, and it usually takes me a long time to warm-up	2

5. When in a group, I usually

express my honest opinion even if others don't agree	1
tend to follow general consensus even if I don't totally agree with them	2

LIVING STANDARD MEASURES

L1. Which of the following things do you have in your house hold?

Item or service title	STEP 1 – Score Circle all that apply
Do you have a color TV?	18
Did you access the Internet during the past 4 weeks?	49
Do you have a satellite dish/DSTV/cable TV subscription?	34
Do you have a built in kitchen sink in your household?	31
Do you have a microwave oven?	32
Did you read a newspaper in the last 7 days?	17
Do you have a video recorder?	18
Do you have a mobile / cell phone with a working line?	16
Do you have an electric iron?	17
Do you have a personal computer for your own personal use at home?	34
Do you have a fixed telephone line at home or an outstanding application for one?	14
Have you watched TV in the last 7 days?	17
Do you have access to e-mail?	41
Do you have a washing machine?	32
Do you have a refrigerator?	20
Do you have a Hi-Fi or music center?	55
Do you have a free standing deep freezer?	19
Do you have a video camera/camcorder?	35
Do you have an account with a commercial bank?	15
Do you live in a brick house/ cluster house/ condominium/flat?	11
Do you have one or more cars in your household?	12
Have you bought adult clothing in the past six months?	10
Add this every time (constant)	32
Step 2 : Add all circled scores including the constant	

INTERVIEWER: READ THE INFORMED CONSENT TO THE RESPONDENT

Appointment Details

I would like to invite you to participate in a research survey on (Date) at
(Venue) at (Time). This will take on average two hours of your time.

Annex 2. Key Consumer Protection Topics and Questions for Consumer Group Discussions

Consumer group discussions function best when the participants, themselves, are steering the conversation, with limited guidance and input by the moderator. For this reason the following list of topics and questions is intended not as a comprehensive checklist of items that must be covered, but rather as a menu of topics from which moderators can choose to steer the discussion depending on the nature of the group or the specific consumer protection issues to be explored.

General Attitudes

1. Let's start by talking about financial services. What types of financial services do you use (banks, MFIs, cooperatives, raffles, credit cards from retail stores, pawn shops, etc.)? How do you use these products? (Ask also about transfers, payments, and other services, such as insurance, pensions, etc.)
2. Describe experiences with the different types of financial services: What type of product is it? Why do you use it (e.g., "when you need to save or obtain credit...where do you go?)"? What have been your experiences with the different products?
3. Has anyone opened a bank account within the past two years? What type of account did you open?
4. How did you choose your current bank?
5. What positive experiences have you had with that bank?
6. What negative experiences have you had with that bank?
7. What commissions does that bank charge?
8. What could be changed to improve your experience with these products?

Financial Decision Making

We have talked about your experiences with financial services. Now we are going to ask you about sources for financial information.

1. Which aspects do you consider when selecting a financial product? Is there any aspect in particular that you consider when you open an account? (Investigate further if they are concerned with the charges, commissions, or other aspects.)
2. How do these aspects differ according to the different types of products?
3. How do you obtain this information (from a promoter, friend, the bank itself, etc.)? When do you receive this information (before or after you receive the credit)?
4. How easy was it to obtain this product information?
5. Did you have any problems in obtaining the necessary information?
6. Did you compare prices before using the financial product?
7. Did the executor explain the aspects/terms of the product? Did you ask additional questions to resolve any doubts you had?
8. Whom do you consult to make your decision to use a financial service?
9. What are some of the reasons for taking loans/credit (or other financial services as relevant)?

Loans from Different Sources

1. Do any of you have a loan? What motivated you to take on this loan?
2. Where did you take this loan? How do you decide which financial institutions to use when you need a loan? (Probe if they compare interest rates, repayment schedules, loan conditions, security, etc.) Do you maintain more than one loan at a time? With different institutions?
3. How was the experience with [FINANCIAL INSTITUTION]?
4. What documentations were required for the loans you have taken?
5. What were the terms of the loan? (Investigate details about quotas, early/late payment penalties, interest, service charges, security or mandatory savings, etc.)

6. Have you had any difficulty qualifying for a loan, or any other difficulties getting a loan?
7. How many institutions did you have to visit before you received your loan?
8. Did the institution ask you for a guarantee or a guarantor? (Investigate the details of the guarantee or guarantor.)
9. Is the processing of the loan presented in a written form or through an executor of the institution?
10. Did you compare the terms with that of other institutions?
11. At any moment did you regret taking out the loan? Were there any surprises with respect to the terms of the loan? What happened? What did you do in this instance?
12. Have there been times when you could not make your payments on the required date? What happened?
13. Did you receive help from another person or institution?
14. How did you resolve the problem? Or was the problem not resolved to your satisfaction?
15. Do the bank's charges seem acceptable or just to you?
16. If you were to become dissatisfied with the service at the bank where would you present a complaint?

Review of a Potential Loan Contract

(At beginning of this exercise, copies of the sample contract are handed out to all participants. They are then asked to spend a few minutes reviewing the document.)

1. Do any of you recognize this document? (This is for those with experience with consumer credit.)
2. You have now had the opportunity to review the contract. When you receive something like this, do you read it all or only some parts? What do you focus on?
3. Do you always read the contract before signing? Do you always read it yourself, or do you show it to another person? (Investigate if they are helped by an intermediary.)
4. On what parts or information in the contract do you focus to make your decision? Do you look for information outside of the contract or agreement that could help you in your decision?
5. Which are the most difficult parts of the document to understand?
6. Do you think that the information presented here is sufficient to make a decision on this product? If not, what other information should the lender include?
7. Do you think that the loan is just? Why?
8. Do you understand what total annual cost means? What about the interest rate?
9. How can this document be improved to make it more understandable?
10. Is there other information that is usually presented apart from what you find in the contract (verbally or written)?
11. Do you use this information to compare the costs of products?
12. Any other comments or suggestions?

Complaints and Rights of Consumers

1. Next we are going to ask you about your rights as consumers. In your opinion, what rights do you have as consumers? How did you learn of these rights?
2. Have you had experiences with financial services where you did not feel respected or where you felt mistreated? What kinds of experiences? Did you submit a complaint (official or not) when these events occurred?
3. Apart from the specific facts already discussed, in general, do you see any problems or faults with consumer service of financial institutions? What types of problems? And with which types of providers or products?
4. When problems occur, what do you do to resolve them?
5. Describe the different steps that you take/would take to resolve these problems. To whom do you look? What resources, channels, or services would you use to try and resolve these problems?
6. Are you familiar with any organizations that can help you resolve problems with banks and other financial service providers?
7. Have you used the resources of these organizations previously? How was your experience with [NAME OF INSTITUTION]?

Annex 3. Consolidated Individual Interview Guide (South Africa and Tanzania)

Explain what you are doing. Being sure to include the following:

- where you are from
- why you are doing this
- what you are going to do with the information

How do you make decisions when you get financial products?

For example, have you opened a bank account in the past two years?

Did you shop around when you opened the account?

What made you decide to open the account at the bank you did?

If you were looking at charges or fees, what type of fee did you look at? (By this we mean whether they looked at charges for depositing, or withdrawing, etc.—in South Africa, most said that they compared the withdrawal fee)

How did you get this information? Did you actually go to the bank? Did the bank give you the information easily?

Let's talk now about loans—both informal loans and loans from banks.

Let's talk first about the informal loans, from a moneylender or a savings club.

Have you had experience taking these types of loans?

How many different people do you need to ask before you get a loan?

What is the most you can borrow from a moneylender or a savings club?

What will the terms of the loan be, i.e., what is the interest, how long do you get to pay it back?

If you take it and pay it back within a few days, do you still pay the same amount of interest? (This is essentially asking about declining balance.)

What about a bank loan? Has anyone ever applied for a bank loan?

How many places will you go?

What is the most important thing that you are looking for when you look for a bank loan: interest rate, how long you have to pay it back, how much you can borrow?

You've had a chance to look at the loan document; when you see something like this do you read the whole thing? What are the most important parts that you look at?

What do you think—is this a fair loan or not? Why do you think so or not?

(If respondents get stuck and simply can't get anywhere on this, ask them to pick out pieces of information to see if they can spot them. If they can do that, then ask about how much interest is charged relative to the amount borrowed.)

Do you know what this interest rate means?

Let's talk now about credit—both at little stores in your neighborhood and big stores.

What happens when you take credit at a little shop or engage in credit in your neighborhood?

Do you know how much interest is charged?

Do most places give you credit?

What about a big furniture shop or retail store—how many of you have credit at a store like this?

If you decide to buy a big piece of furniture on credit, what is the process?

Let's talk about what happens when a bank loan or credit at a big store goes bad.

Have you ever had a loan from a bank or credit at a big store and stopped paying?

What happened?

Did you get assistance from somewhere or somebody?

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