



How Can Institutions Listen and
Learn from their Clients?

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A competitive, market-led approach to financial inclusion has increased the industry's focus on putting the clients at the center of strategic and operational decisions.

But what does the focus on clients mean in practical terms for financial service providers?

How can providers listen and learn from their clients?



How Can Institutions Listen and Learn from their Clients?

- 1) Take a Holistic View of Clients
- 2) Listen to Clients - Systematically and Continuously
- 3) Start with the Question, then Select the Research Method
- 4) Integrate Client Understanding Throughout Operations

Take a Holistic View of Clients

Understanding the complex reality and lives of poor and low-income people, including the informal and formal tools they already use, will help uncover their underlying needs.

It is important to look beyond the product and its attributes and seek to understand the underlying need to offer relevant solutions in the specific context in which the client operates. This approach can generate higher value for both clients and the financial service provider.

Take a Holistic View of Clients

Client insights refer to tools that help us understand

- “client needs
- client preferences
- client characteristics and intra-household dynamics
- financial services use, options and opportunities;
- impact”

Yamini Annadanam, MicroSave



Take a Holistic View of Clients



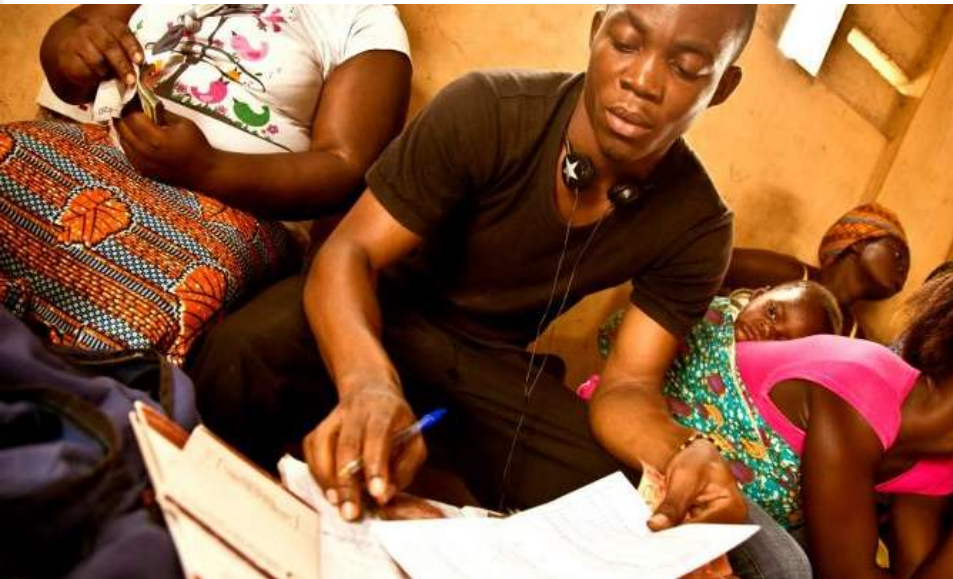
The context in which clients live is important

“Cut-and-paste may not work in offering financial services without taking context into account.”

Yamini Annadanam, MicroSave

Take a Holistic View of Clients

Current market research approaches often offer only a partial view of clients



“Much of market research conducted by microfinance institutions addresses only client preferences (product attributes) without really trying to understand the underlying need that the product needs to address.”

Katarzyna Pawlak, Microfinance Center

Listening to Clients – Systematically and Continuously

Listening to clients may sound merely like the “right thing to do,” but there are real business benefits that can accrue to financial service providers that adopt this approach, ranging from brand loyalty to new product development and the possibility of opening up new market segments.



The real challenge is designing systems that make listening to clients “business as usual” in a continuous, systematic and cost-effective way.

Listening to Clients – Systematically and Continuously

There are plenty of business reasons why we should listen to clients



“When we do not listen to clients, we see our customers depart for other providers; we lose market share; we see reduction in income; we become peripheral, or worse, irrelevant to our customers.”

Jove Tapioador, InterAsia Development Bank

Listening to Clients – Systematically and Continuously

The real challenge: the “how” of continuously, systematically and cost-effectively listening to clients and acting on new insight

“Any organization should use a combination of tools to gather feedback from their clients.”

Swati Mehta, MicroSave

Examples: customer care, management information systems data, trained staff, regular customer satisfaction surveys, regular client dialogues, complaint redress system, integrity and protection hotline, etc...

Listening to Clients – Systematically and Continuously

Trained field staff are important conduits of client information



“Loan officers are the most powerful gatekeepers to client insights.”

Tatiana Peralta, Opportunity International Australia

“It’ll be great if field officers are trained and conditioned to be constantly listening and feeling the pulse of clients.”

Jun Perez, Seedfinance Corporation

“What is needed is the system to channel (loan officer) information up to the decision-makers in the institution.”

Justyna Pytkowska, Microfinance Center

Listening to Clients – Systematically and Continuously

Trust is paramount



“It is not only about listening to clients but about building a comfort zone around clients and speaking the language of clients and reading their mind when communicating with them.”

Thun Vathana, Loka

“The essential thing we learn when listening to clients is giving them an assurance that their feedback is valuable, important and handled with confidentiality.”

Goody Calibugan, CEVI

Start with the Question, then Select the Research Method

The fundamental starting point should be the research question—what are we trying to understand, what problem are we trying to fix, and for what purpose do we need the information?

For some questions, quantitative methods may be more appropriate and for others qualitative methods would be more suitable. Often, a mix of methods delivers the best insights.

Being open to using a variety of methods will help to best answer the questions that are of interest.

Start with the Question, then Select the Research Method

Mixed research methods are often complementary and can tell a rich story of the “what” and the “why”



“Very often quantitative methods can be used alongside qualitative approaches with each reinforcing the other.”

Mukul Singh, MicroSave

“Qualitative tools are very powerful for product design purposes but they do not go very far in the boardrooms... using different data sources which are complimentary can really help get the right product to scale.”

Olga Morawczynski, Grameen Foundation

Start with the Question, then Select the Research Method

Quantitative research design – going beyond the numbers

“Quantitative research starts with defining the problem. This requires analysis of secondary data, discussions with stakeholders and some amount of exploratory research. The problem identified in this way then is converted into a hypothesis to be tested.”

Akhand Tiwari, MicroSave

Start with the Question, then Select the Research Method

Qualitative research design – getting it right

“For qualitative tools, the greatest challenge is on developing the right questions. If the wrong questions are asked, most likely the answers would be vague and inappropriate in answering the research objective.”

John Diaz, MicroSave



Start with the Question, then Select the Research Method

A dose of pragmatism can go a long way

“What is good enough must be answered for all including research design – choosing between simple surveys to RCTs, data collection tools – modest paper based questionnaires to ‘cloud’ based questionnaires and analytical procedures – descriptive statistics to modeling.”

Pramendra Singh, KPMG

Integrate Client Understanding Throughout Operations

Many financial service providers relegate the understanding of their clients to be in the sole domain of the new product development or marketing departments. But being client-centric goes beyond products.

Providers must invest in the systems, processes and human resources to enable client information to reach management in ways that are easy to understand and can enable decisions.

Integrate Client Understanding Throughout Operations

Translating client insights into better services

“It is quite challenging to turn research findings into product design. This happens for various reasons: the research findings are not in the form that can be used for decision making, or the findings are not giving enough information; or the findings give results that are not practical for the organization to implement.”

Yamini Annadanam, MicroSave

Integrate Client Understanding Throughout Operations



Processes to move information through the organization have to be in place

“I have observed that a better approach is instituting a system of periodic feedback sessions organized by the management team to keep tab on the market sentiments.”

Anup Singh, MicroSave

Integrate Client Understanding Throughout Operations

Specialized research departments can add value

“Developing internal capacity seems more cost effective in the long-run, even though it requires certain investments.”

Justyna Pytkowska, Microfinance Center



Integrate Client Understanding Throughout Operations

Management mindset matters

“Listening to clients is a challenge, but making decision makers listen to the results is equally challenging. Leaders have biases on how the low-income market should be shaped. It can be double-edged because it can lead to break-through thinking or a road to ruin.”

Jove Tapiador, InterAsia Development Bank

“The challenge is to change management’s mindset to believe that listening to clients’ needs and insights will give their MFI a great competitive advantage and will provide long-term benefits for their organizations.”

Tatiana Peralta, Opportunity International Australia

How Can Institutions Listen and Learn from their Clients?

This presentation is based on sessions from the Virtual Conference “How Can Institutions Listen and Learn from their Clients,” organized by CGAP and MicroSave in October 2012.

For the full transcript of the Virtual Conference, please visit:
www.cgap.org/events/client-insights-virtual-conference

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