

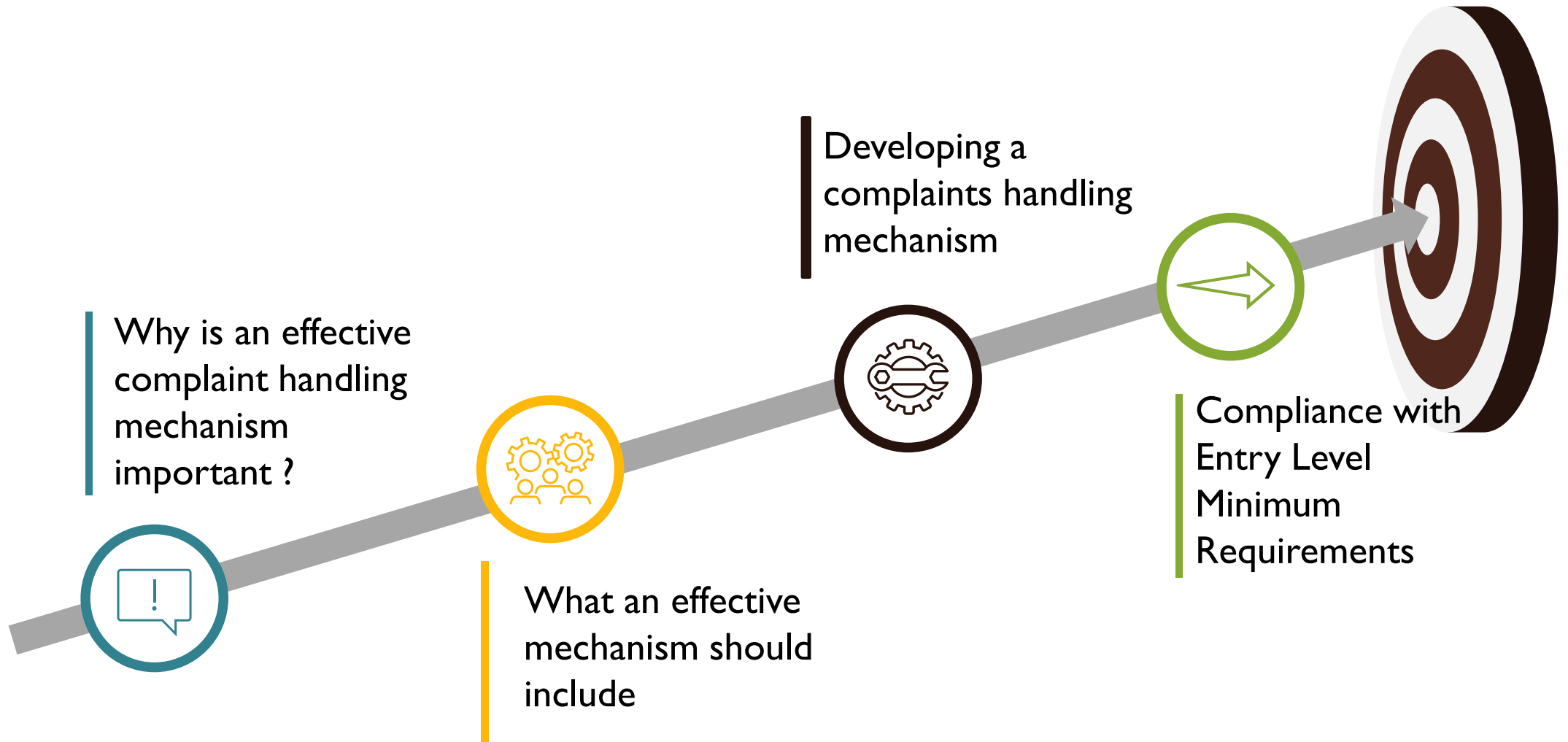
# THE CLIENT PROTECTION PATHWAY

COMPLAINT HANDLING MECHANISM

IMPLEMENTATION SERIES 4



# Our Goals



# THE CLIENT PROTECTION PATHWAY


## COMPLAINTS HANDLING MECHANISM

WHY IS AN EFFECTIVE COMPLAINT HANDLING  
MECHANISM IMPORTANT



# Importance of an effective complaint handling mechanism



-  Understand products and avoid surprises → Even clients with good understanding have questions – FSP must provide timely, accurate responses to client questions
-  Report unethical treatment → There should be a way for clients to report harassment, bribery, or threats
-  Builds confidence in using financial services → Complaint mechanism = you have a voice

# Importance of an effective complaint handling mechanism



Improves client retention and loyalty



If clients cannot/don't know how to communicate their FSP related problems, they will migrate



Helps build reputation and improves competitiveness



Avoid a poor reputation as a result by confused and dissatisfied clients,  
An opportunity to become known as an institution that cares about clients



Gain feedback on an FSPs products/services and processes



Complaints data is a valuable form of market research

# THE CLIENT PROTECTION PATHWAY

## COMPLAINTS HANDLING MECHANISM

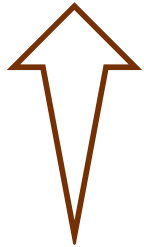
AN EFFECTIVE COMPLAINTS HANDLING  
MECHANISM



# What should a complaints handling mechanism include?



Important to consider the system as a  
feedback mechanism  
And not just for resolving complaints



**03**

**Complaints are used  
as a market  
intelligence tool**



**01**

**Having a mechanism that  
clients can easily access**

**02**

**Complaints are  
resolved by the FSP**

# I. A complaints handling mechanism that clients can access



**Create Awareness and Understanding  
Among Staff and Clients**



**Aim for Simplicity**



**Offer multiple mechanisms**



**Keep costs low for clients**

Easy to submit a complaint. Low-cost or free for clients, easy to access, easy to understand



# Awareness and understanding



Training, specific job responsibility, inform clients, of their rights to complain, provide 'how to' information at multiple points, how to bypass staff



## Training

- When to **inform** clients of the mechanism
- When to **remind** them of the mechanism
- How to **behave** with a client who wants to file a complaint

## Awareness

- Information at **multiple points**  
E.g., During orientation meetings, on passbooks/repayment schedules, bank displays.
- They have a **right to complaint**

## Alternatives

- Client should **know** how to bypass particular staff
- **Offers protection** from mistreatment and increases confidence in expectation of fair treatment

# Simplicity



Easy to access, few steps, no multiple contacts, repeat complaint/issues several times, language barriers, technology barriers

- No multiple or complicated steps
- **Technology is appropriately simple**
- Clients should not be required to:
  - Contact multiple people or use multiple contact methods
  - **Ask their question several times and/ or follow up on their own complaint**
  - Use an unfamiliar language in order to complain
  - **Use an unfamiliar technology in order to complain**
  - Read or write in order to access at least one channel for complaints

# Offer multiple mechanisms



More than one way for clients to ask a question or complain, account for socio-cultural, literacy and technology barriers

- Offer more than one way for clients to ask a question or complain
- Ensure access for literate and nonliterate clients



# Keep costs low for customers



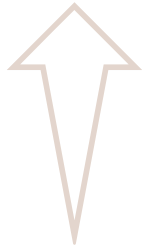
Channels should not add to customer costs, avoid requirement of branch visit

- To the extent possible shift costs of access to mechanism away from client and to the institution
  - E.g. calling a hotline should mean more costs apart from customers own mobile costs
- Traveling to branch is a cost (travel + opportunity)

# What should a complaints handling mechanism include?

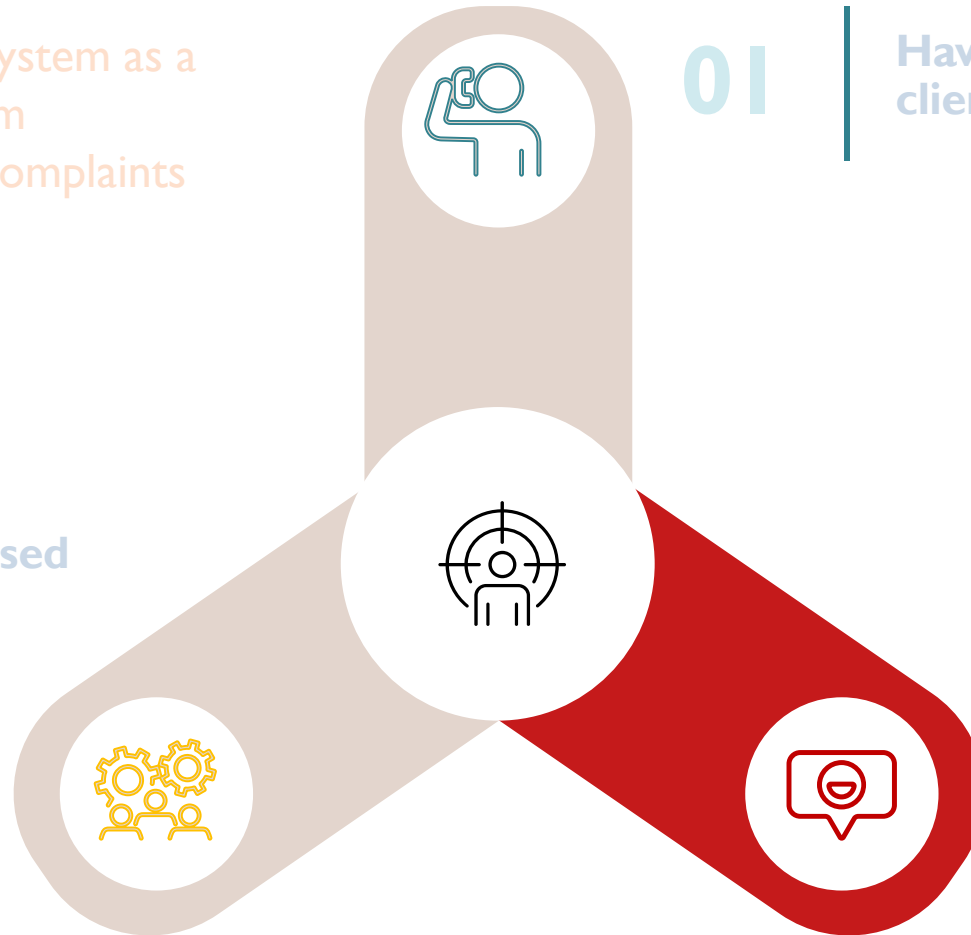


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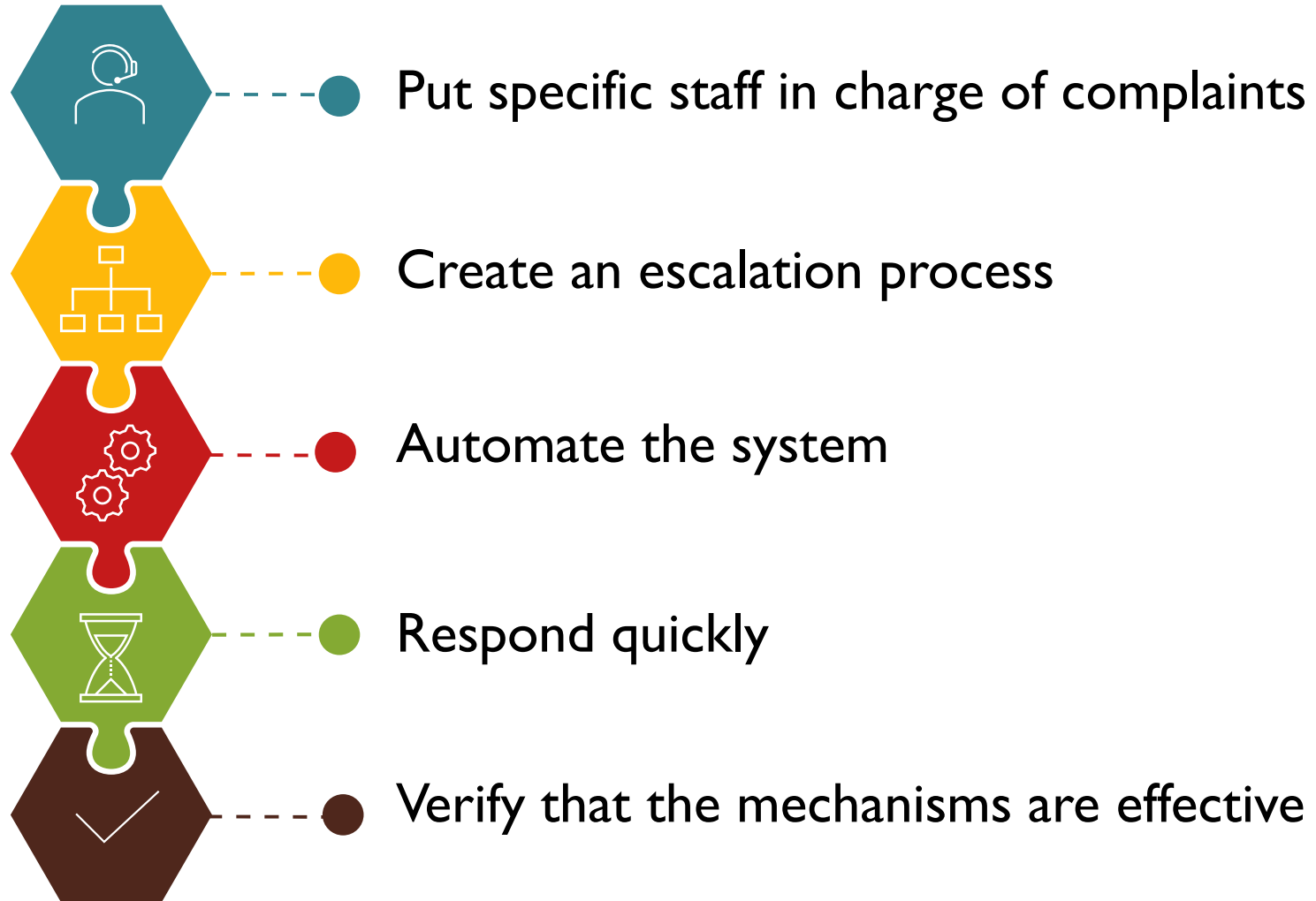
01

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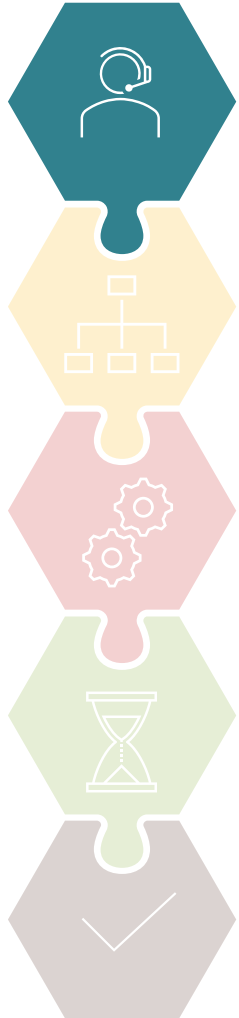
02

Complaints are  
resolved by the FSP

## 2. Complaints are resolved by the FSP



# Put specific staff in charge of complaints



- All staff should know how the mechanism works and how to explain it to clients



**Remember: Staff training is critical for an effective system**

- Give designated, **staff-specific responsibilities** for handling client complaints



**Note: Different positions different responsibilities**

## STAFF POSITION

## SPECIFIC RESPONSIBILITIES FOR COMPLAINTS RESOLUTION

Two staff designated to the complaints hotline

- Respond to complaints over the phone—answer questions and solve simple problems
- Record calls in the database
- Contact the appropriate manager on more serious issues
- Update the database when a complaint is resolved

All area branch managers

- Respond to complaints appropriate for higher-level management
- Attend group meetings or visit individual clients at their business premises—both scheduled and impromptu visits—to check for and resolve client complaints
- Discuss complaints trends at management meetings
- Make operational/product improvements based on client feedback

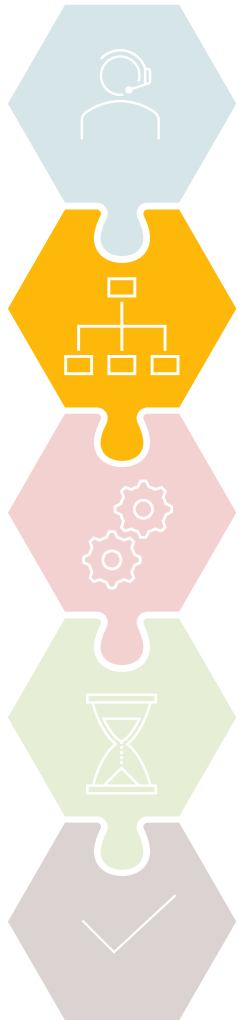
Customer service representatives at each branch

- Respond to complaints in person—answer questions and solve simple issues
- Record complaints in the database
- Contact the appropriate manager for more serious issues
- Update the database when a complaint is resolved

# Create and escalation process



- Be clear on which types of questions and complaints are handled at different levels of the FSP



**Level 1**  
Develop a list of “frequent questions and complaints” that all employees are authorized to handle

**Level 2**  
Identify a list of more complicated issues that should be handled by designated customer service staff

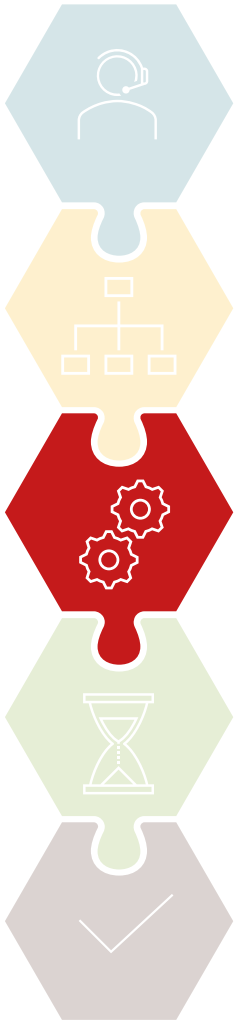
**Level 3**  
More serious problems should be reserved for upper-level managers and/or a special Ethics/Complaints Committee selected for the task

### Serious problems:

- **Ethical issues:** abuse of clients, theft
- **Process issues:** widespread delayed loan disbursement across an entire branch, malfunctioning ATMs

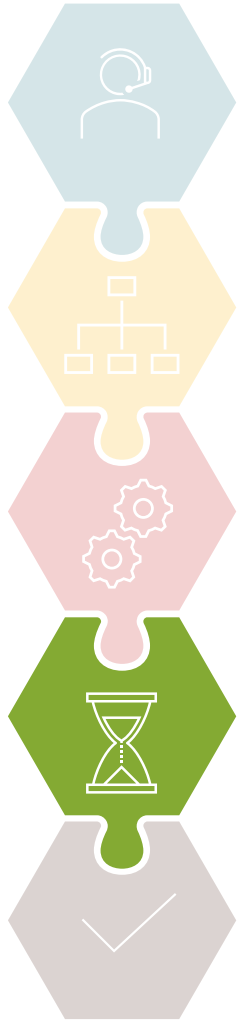


# Automate the system



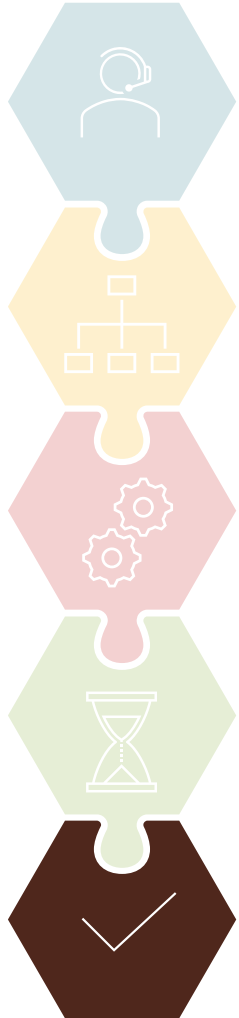
- “system” - process of recording a complaint in a database, recording the resolution, analysing the database of complaints for trends and issues.
- System should be as automatic as possible. E.g., automatically assign a reference number to each complaint
- Database should allow FSP to easily aggregate complaints and analyse them by type (e.g., loan questions, employee misconduct), location, etc..
- Auto generate reports on basic complaints trends - specialized staff person to generate in-depth complaints analysis and management reports

# Respond quickly



- Most issues can be solved same day/one-day (frequent questions/complains that all employees can handle)
- Create a timeline for resolution – be realistic – but responsive – inform clients of timeline when filing complaints
- Communicate status regularly with client
- Try and not exceed 30 days for serious complaints.

# Verify that the mechanism is effective

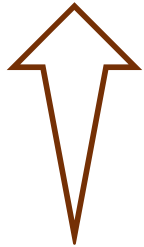


- **Internal audit/risk** should check how many complains were registered
- **Follow-up on action taken – visit sample of clients to check on:**
  - Whether issue was resolved
  - How quickly was the issue resolved
  - Whether client was informed of the outcome

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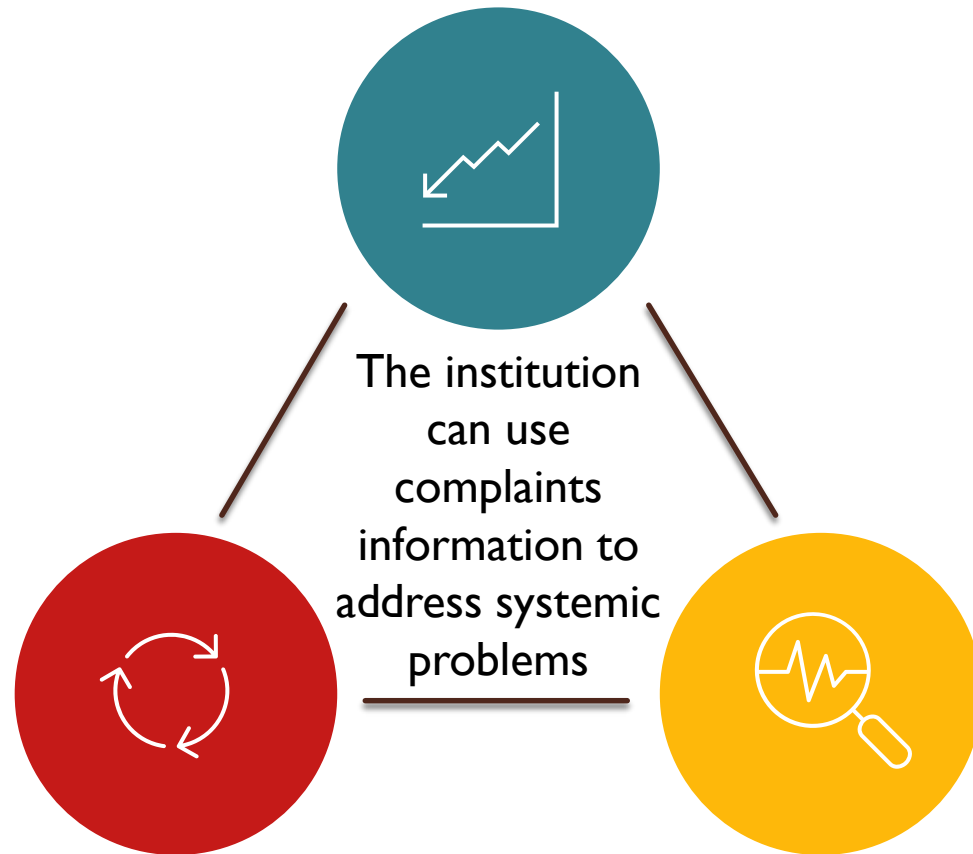
01

Having a mechanism that  
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### 3. Complaints are used as a market intelligence tool



**01**

**Analyze and Report  
Complaints Trends**

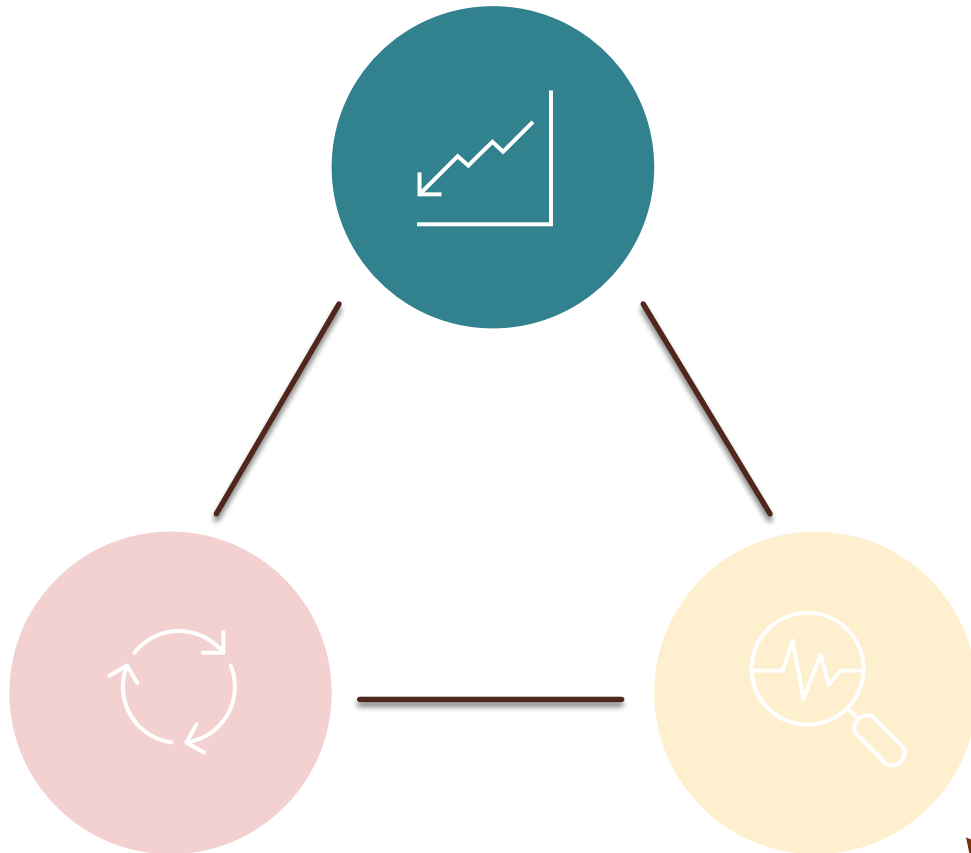
**02**

**Use Analysis for  
Operational  
Improvements**

**03**

**Use Analysis for Product  
Development**

# Analyze and report complaint trends



**Analysis of complaints should be reported to the Board – critical for product and process improvements**

**Valuable form of market research and can also be used to avoid client complaints in the future**

- Go beyond responding to client complaints: **aggregate, analyze, and report** on the complaints data as well
- **Reports should cover** (at a minimum):
  - Number of client complaints received in a time period and over time
  - The mechanisms used to receive complaints
  - The issues raised by clients
- Management should **review these reports** on a regular basis
  - Potential operational and product-related issues that are systemic and/or consistent over time
- **Address issues** by making improvements to the FSP's operations and products

# Example of a reporting (I/II)



Section A: Summary of Complaints											
Category	Account opening	Loan Processing	Funds Transfer	Fees/ charges	Cheque Clearing	ATM Operations	Mobile and Electronic Banking	Statements	Branch Services	Other	Total
No. of Complaints received?	0	0	0	0	0	0	0	0	0	0	0
Complaints unresolved by the end of 2 weeks after receipt? (Turnaround time)	0	0	0	0	0	0	0	0	0	0	0
No. of un resolved complaints?	0	0	0	0	0	0	0	0	0	0	0
How many complaints did not require further action?	0	0	0	0	0	0	0	0	0	0	0
How many cases involved compensation to the customer?	0	0	0	0	0	0	0	0	0	0	0
What was the total amount of payments made to complainants during this period?	0	0	0	0	0	0	0	0	0	0	0

**Reporting can be by branch / region / FSP**

## Example of a report (II/II)



### Section B: Details of Unresolved complaints

Date of complaint	Ref.No	Branch	Customer details	Details of Complaint	Action(s) taken

### Section C: Recurring Complaints

Has the financial institution identified any recurring or systemic problems in this period? If so, please describe them.

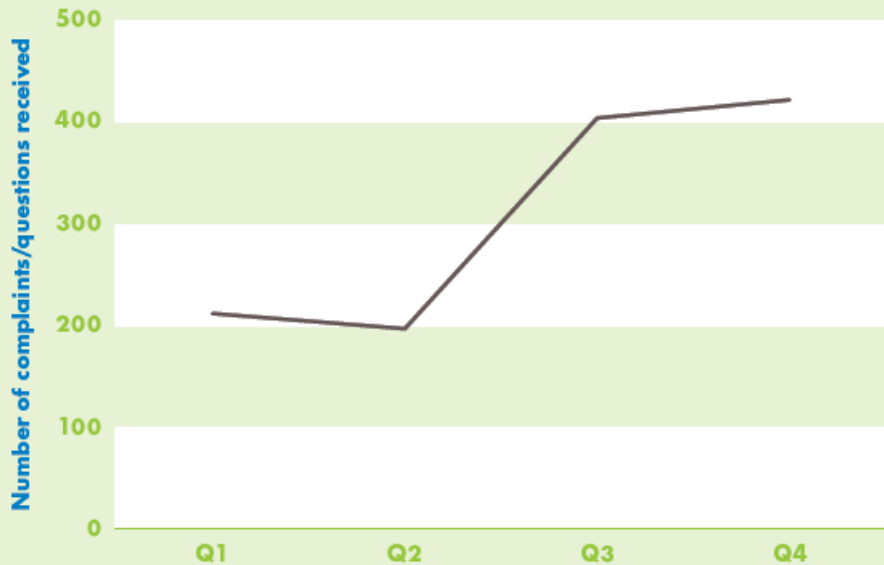
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# Example of analysis



## Management Report—Complaints Analysis—Quarter 4 2014



This graph demonstrates that our marketing campaign “We Are Listening!” was effective in increasing client awareness about the client complaints hotline.

These are examples of what can be reported to the Board on complaints



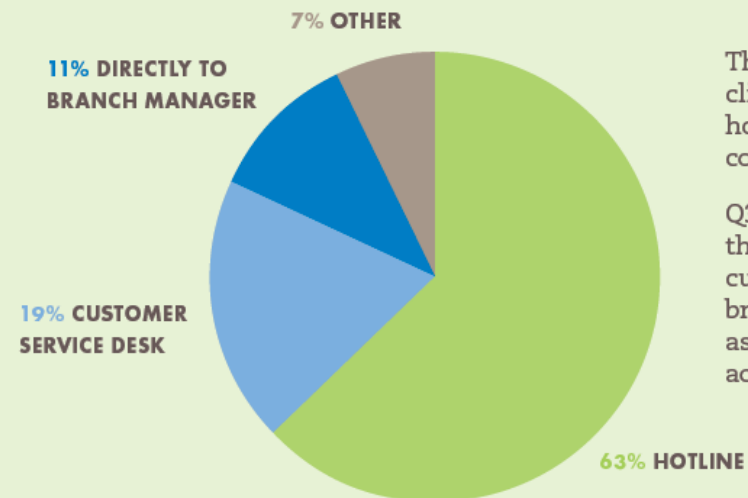
More details can include branches or regions where most complaints are received, turn-around-time for complaint handling

### Most common client complaints in Q4:

- ▶ Long wait times in branch offices
- ▶ Lack of time to ask questions during client orientation sessions
- ▶ Repayment problems related to national inflation in Q1 to Q4

These complaints are similar to those in Q3, suggesting possible management action on these items.

### Channel Used by Clients to Complain



These results suggest that clients prefer to use the hotline to ask questions/complain.

Q3 client focus groups found that clients prefer to use customer service desks for branch-related issues such as disbursement delays and account opening questions.

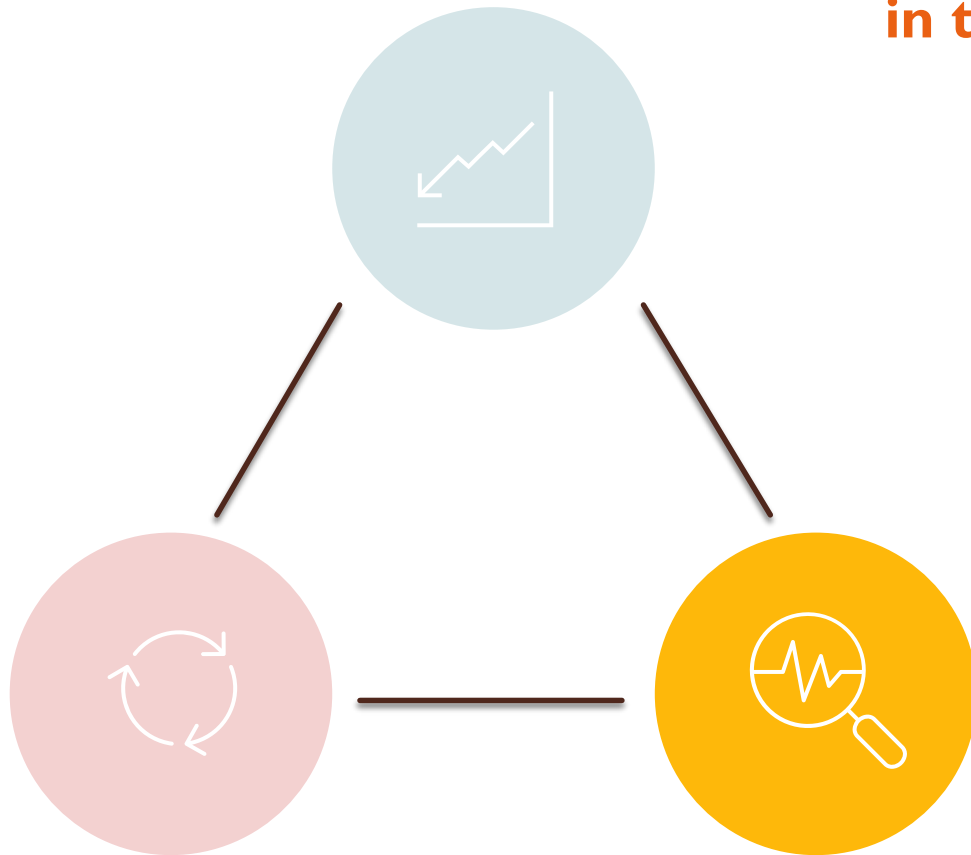
### Issue escalated to the Board Ethics Committee in Q4:

- ▶ Potential fraud case in Lewa Branch. **Status:** Investigation in progress.

# Use analysis for operational/process improvements



**Analysis should identify what changes need to be made in terms of operational/process improvement**



## EXAMPLE COMPLAINT TREND

## EXAMPLE OPERATIONAL IMPROVEMENT

**Lengthy wait time to speak to a teller at branch offices**

Open an additional teller window; Use customer service desk to answer simple questions that do not require teller involvement; Offer clients additional product information while they wait

**Clients are surprised by fees when making a savings withdrawal**

Improved staff training on how/when to disclose fee information; Introduction of transparent marketing materials with savings account information

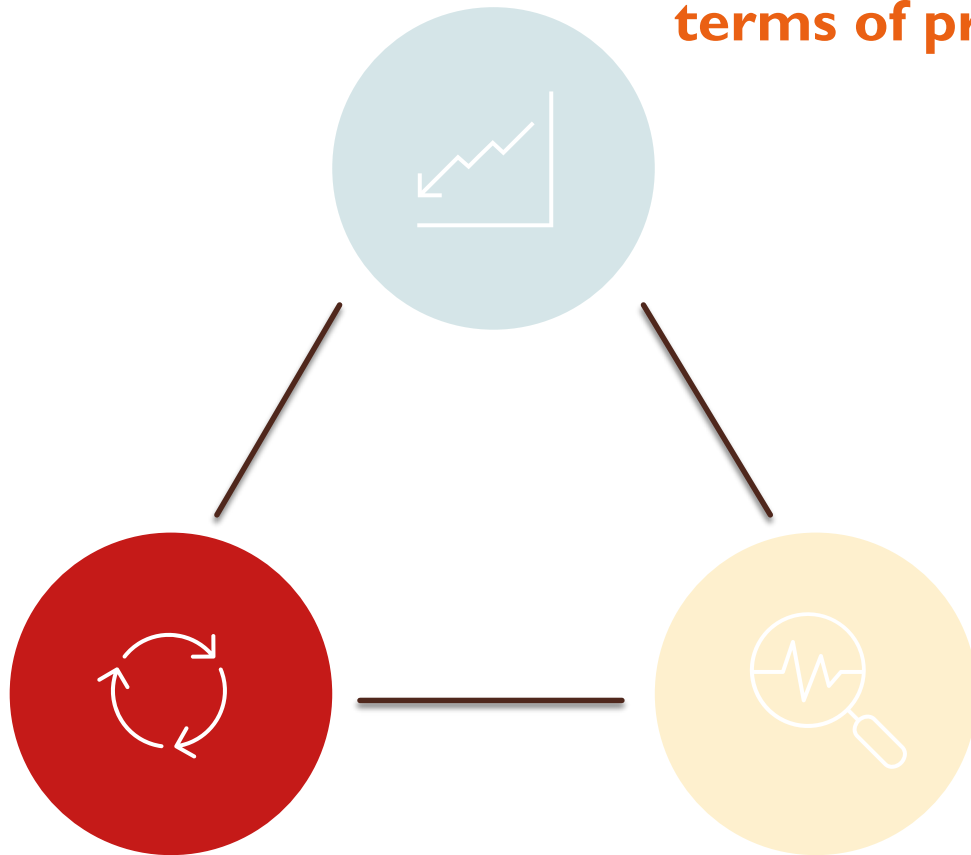
**Client account information is frequently out of date and inaccurate**

Improvements to IT systems that allow more frequent updates to client account information; Staff refresher training on how to keep accurate client records; Spot checks of client account information by internal audit, to increase staff attention to the issue

# Use analysis for product development



**Analysis should identify what changes need to be made in terms of product improvement or new product developments**



## EXAMPLE COMPLAINT TREND

Loan size increases are not sufficient to capitalize clients' growing businesses

Mandatory insurance coverage is largely unused

Clients want the same savings interest rate offered by commercial banks

## EXAMPLE USE FOR PRODUCT DEVELOPMENT

Increase in loan size limits for well-performing clients; Strengthening of loan capacity assessment procedures

Inquiry into the types of risks clients face, needs for insurance coverage, and desire to pay for coverage; Changes to insurance products and/or prices based on new understanding of clients' insurance needs

Design of savings account with a higher interest rate, made sustainable by requiring a higher minimum balance and/or limits on withdrawal frequency

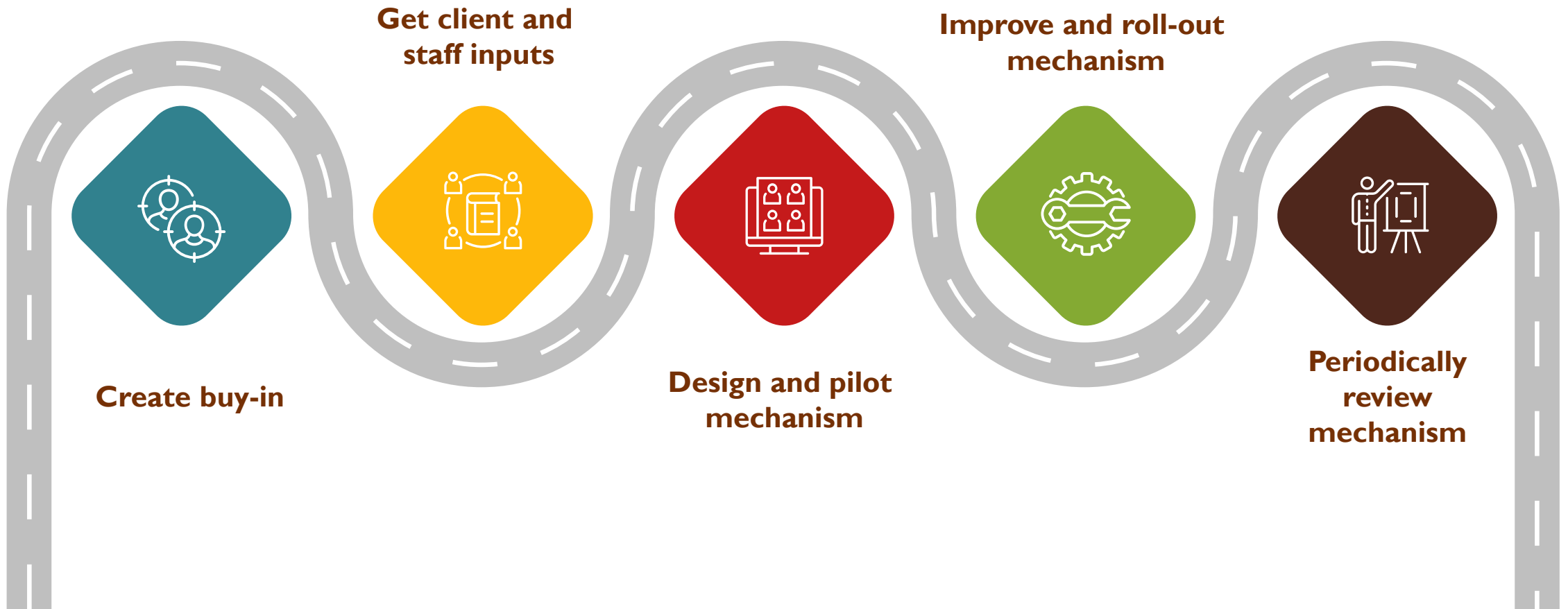
# THE CLIENT PROTECTION PATHWAY

## COMPLAINTS HANDLING MECHANISM

DEVELOPING A COMPLAINTS HANDLING  
MECHANISM



# Steps in the development process



# Create buy-in



- Discuss the importance and benefits with **managers and the board**.
- Define **possible channels available** to the institution.
- Develop organizational **objectives** for the mechanism(s).
- Determine the **resources** the institution can allocate to a complaints mechanism(s), including budget and staff time.
- **Assemble a design team** and seek external expertise if needed

# Get client and staff inputs then design and pilot mechanism



- Get **direct input from clients** on their preferences (channels, cost, resolution process, etc.)
- Get **input from staff** on appropriate mechanisms, staff roles, and how to add this new role to existing workloads



- Introduce the mechanisms(s) to **selected pilot staff**: how to use, specific roles, how to talk to clients about the it, how to provide feedback to management on the mechanism
- Introduce the mechanism(s) to **selected clients**: how to use the mechanism, resolution timeline.



## Improve and rollout mechanism



- Ask for **direct feedback** on the pilot mechanism from clients and staff.
- Review the institution's **technical capacities to execute** the mechanism.
- Plan for the **long-term resources needed** for implementation.
- Create an **institutional complaints policy** and get board approval.
- Make needed **improvement before rolling** it out to all branches.
- Provide **training and documentation** to regional and branch staff.
- Provide staff and clients with a **clear and thorough introduction** to the selected mechanisms(s).  
Include information listed in step 3.



## Periodically review mechanism



- **Review the institution's:** staff training, client communication, technical capabilities, budget, use of complaints data, resolution of complaints.
- **Review clients'** knowledge, use, and satisfaction.
- **Make changes as necessary,** based on the above information.

# THE CLIENT PROTECTION PATHWAY

COMPLAINTS HANDLING MECHANISM

ENTRY LEVEL REQUIREMENTS



## Compliance with CPs – entry level - minimum requirements



There are 3 entry level indicators

- Clients have a way to submit complaints to persons other than their loan officer/product officer and that person's supervisor.
- The provider has at least two complaints channels that are free of charge and accessible to clients.
- The provider displays information on how to submit a complaint in branch offices, at agent locations, in product documentation, and in all digital channels it uses to provide services to clients.





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**(<https://sptf.info/mailling-list>)**

**Have you checked out the new standards?**

**(<https://sptf.info/universal-standards-for-spm/universal-standards>)**

THANK YOU