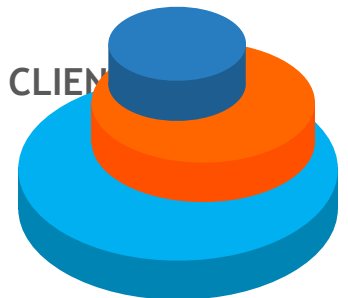


Standards for Responsible Digital Financial Services Working Group Meeting: Complaints Mechanism and Fair & Respectful Treatment

3 May 2022

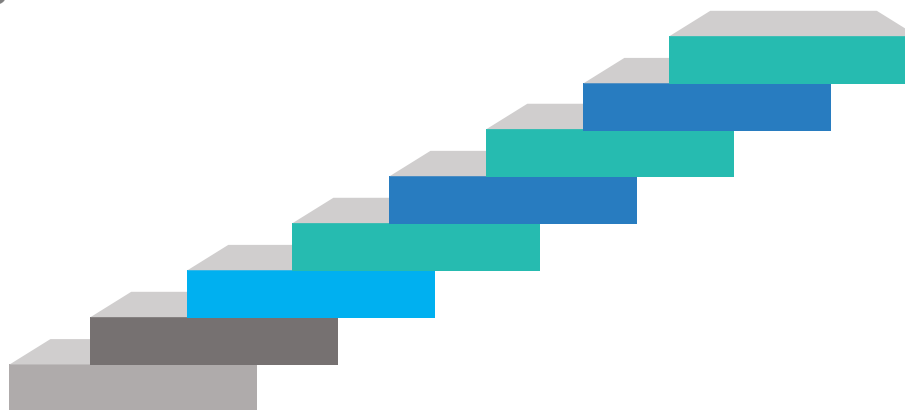
AGENDA

- 10:00 to 10:05 INTRODUCTION & UPDATES
- 10:05 to 10:25 DRAFT STANDARDS ON COMPLAINTS MECHANISMS: review ideas so far
- 10:25 to 10:45 EXPERT REFLECTIONS
- 10:45 to 11:00 DISCUSSION OF COMPLAINTS
- 11:00 to 11:10 DRAFT STANDARDS ON FAIR AND RESPECTFUL TREATMENT OF CLIENTS: review ideas so far
- 11:10 to 11:25 DISCUSSION OF FAIR AND RESPECTFUL TREATMENT OF CLIENTS
- 11:25 to 11:30 NEXT STEPS and conclusion



Updates

- Meeting minutes, recording, and notes are posted to the DFS Working Group page
- SPTF updated the Responsible DFS Standards document section on algorithm bias
- Schedule for virtual meetings: bi-monthly, 90 minutes, two topics
- SPTF annual meeting in Paris, 28-29 September; full-day DFS working group meeting



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OUR WORK ON STANDARDS (1 of 2)

The Universal Standard for Social and Environmental Performance Management

A complete guide of best practices to help financial service providers (FSPs) put clients and the environment at the center of all decisions and align their policies and procedures with responsible business practices.



OUR WORK ON STANDARDS (2 of 2)

Standards for Responsible Digital Financial Services

Why?

- Clarifies what “good” practice means
- Enhances transparency
- Encourages good practices to grow
- Proposes concrete solutions to the risks we observe
- Enables stakeholders to distinguish between providers with a desire to create value for clients versus those focused solely on profits
- Facilitates partnerships with responsible providers

How?

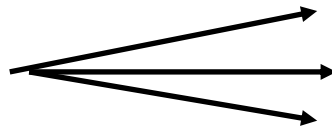
- Review of existing resources: research, articles, blogs, codes of conduct
- Expert interviews: ~40 so far
- Harmonization with existing principles and standards: GSMA, BTCA, IFC, GOGILA, G20 High-Level Principles for Digital Financial Inclusion
- DFS Working Group: open to all, provides a forum to share information and debate

Reminder: the standards say the what, but not the how

What
(universal)

How
(varies by context)

Example 1: Train customer service employees on how your partner's complaints mechanism works



- Is the training in-person or virtual?
- How frequent is the training?
- Does the training include field work?

Example 2: Train customer service employees on how to respond to customers who voice complaints related to services offered by a partner



- Write a script for call center or customer service staff employees for the top 3-5 most common issues, with advice on how best to handle it.

- “If customers want to complain, it’s better for them to complain to people they know.” - DFS expert A
- “There is a huge risk for clients to be completely confused and for resolution of their complaints never to happen.” - DFS expert B

What is already in the Universal Standards for SEPM related to mechanisms to resolve customer complaints? A LOT! (1 of 3)

4.E	Standard	The provider receives and resolves client complaints.
4.E.1	EP	The provider has a complaints mechanism that is easily accessible to clients and adapted to their needs.
4.E.1.1	Indicator	Clients have a way to submit complaints to persons other than their loan officer/product officer and that person's supervisor.
4.E.1.2	Indicator	The provider has at least two complaints channels that are free of charge and accessible to clients.
4.E.1.3	Indicator	The provider informs clients how to submit a complaint.
4.E.1.3.1	Detail	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.
4.E.1.3.2	Detail	At the time when clients are applying to use a product, the provider informs clients on how to submit a complaint both to itself and to any third party partner.
4.E.1.4	Indicator	If the complaint mechanism initially handles complaints through automated means, the provider makes a channel with live, human interaction available to clients.



= text incorporates the idea of third-party providers

What is already in the Universal Standards for SEPM related to mechanisms to resolve customer complaints? A LOT! (2 of 3)

4.E.2	EP	The provider resolves complaints efficiently.
4.E.2.1	Indicator	The provider's complaints policy identifies levels of severity and requires that severe complaints are escalated immediately to senior management.
4.E.2.2	Indicator	The provider's complaints mechanism ensures that all formal complaints are registered in a secure system that reaches the complaints handling staff and/or management.
4.E.2.3	Indicator	The provider resolves client complaints quickly.
4.E.2.3.1	Detail	The provider sends to clients a confirmation of receipt of their complaints and a notification when the complaint has been resolved.
4.E.2.3.2	Detail	If a provider receives complaints via call centers or chat, it monitors the average wait time.
4.E.2.3.3	Detail	The provider resolves at least 90% of complaints within one month. If the resolution takes longer than one month, the provider notifies the client of the reason for the delay.
4.E.2.4	Indicator	Complaints handling staff have access to relevant client data, including transaction details and notes from previous complaint conversations.

What is already in the Universal Standards for SEPM related to mechanisms to resolve customer complaints? A LOT! (3 of 3)

4.E.3	EP	The provider uses information from complaints to manage operations and improve product and service quality.
4.E.3.1	Indicator	The complaints system creates a report for management and customer care staff. Minimum frequency: monthly
4.E.3.2	Indicator	Management reviews complaints reports and key performance indicators (e.g., average time to resolve, percent resolved) and takes corrective action to resolve systematic problems leading to complaints. Minimum frequency: annually
4.E.3.3	Indicator	If the provider partners with third parties, the provider helps its clients to resolve complaints they have with those third parties.



Complaints Mechanism: ideas for management practices so far (1 of 2)

1. Offer multiple channels through which customers may register a complaint, including at least one that allows the customer to reach a live person at no cost.
2. The FSP must assist customers who have a complaint even when it relates to an issue that only the partner organization can fix.
3. Train customer service employees on how your partner's complaints mechanism works.
4. Train customer service employees on how to respond to customers who voice complaints related to services offered by a partner.
5. Train agents on how to respond to complaints.
6. Encourage your customers to come to you with complaints about partners.
7. Have a strategy particularly targeted to helping women overcome obstacles to complain.
8. Train/encourage agents to use your complaints mechanism too.

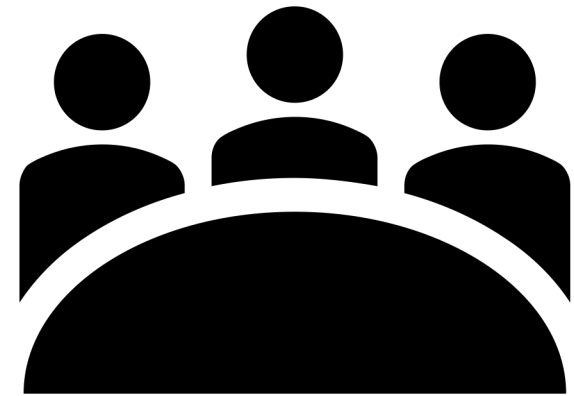
Complaints Mechanism:

ideas for management practices so far (2 of 2)

9. At the outset of a partnership, establish who will be your point of contact within the partner organization, to help you resolve complaints by your own customers, but that are related to services provided by the partner.
10. Equip the complaints mechanism to register complaints by agents.
11. Analyze complaints data to see if certain segments of customers (e.g., rural, women) are underrepresented among the customers who complain.
12. Proactively survey a sample of customers to ask if they have complaints about services or products offered by your partner, as not everyone who has a complaint files one.
13. Monitor social media to see if customers are complaining about your services there.
14. Do weekly trend analysis for complaints.

What do you think? Expert commenters will start off the discussion.

- Innovations for Poverty Action (IPA)
 - Rafe MAZER
- ENCOT Microfinance Ltd (Uganda)
 - Paschal MANDHAWUN
 - Update: Mr. Mandhawun was unable to attend



- “Most of our work still involves human touch at some point. Even with fintechs.” - DFS expert C

What is already in the Universal Standards for SEPM related to fair and respectful treatment of clients? A LOT! (1 of 3)

4.C	Standard	The provider enforces fair and respectful treatment of clients.
4.C.1	EP	The provider's code of conduct requires fair and respectful treatment of clients.
4.C.1.1	Indicator	The provider's code of conduct states the organizational values, standards of professional conduct, and treatment of clients that it expects of all employees, and defines the sanctions to apply in case of a breach.
4.C.1.2	Indicator	The provider's policies prohibit the following:
4.C.1.2.1	Detail	Corruption, theft, kickbacks, fraud
4.C.1.2.2	Detail	Client intimidation: using abusive language, using physical force, limiting physical freedom, sexual harassment, shouting at the client, entering the client's home uninvited, publicly humiliating the client, using threats
4.C.1.2.3	Detail	Discrimination against all internationally recognized Protected Categories. [Note: Protected Categories are as follows: People over 40 years old; Sex; Race/ethnicity/national extraction/social origin /caste; Religion; Health status, including HIV status; Disability; Sexual orientation; Political affiliation/opinion; Civil/marital status; Participation in a trade union.]
4.C.1.3	Indicator	The provider informs clients, verbally or in writing, about the prohibited behaviors found in the code of conduct.
4.C.1.4	Indicator	If the provider partners with third parties, it reviews the the third party's code of conduct prior to signing a contract to check for commitment to fair and respectful treatment of clients.



= text incorporates the idea of third-party providers

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15

What is already in the Universal Standards for SEPM related to fair and respectful treatment of clients? A LOT! (2 of 3)

4.C.2	EP	The provider does not use aggressive sales techniques.
4.C.2.1	Indicator	The provider has internal controls to monitor whether employees or agents are engaging in aggressive sales.
4.C.2.2	Indicator	The provider's incentive structure does not promote aggressive sales.
4.C.2.2.1	Detail	When front-line employees' salaries are comprised of a fixed and a variable portion, the fixed portion must represent at least 50% of total salary.
4.C.2.2.2	Detail	The provider monitors front-line employees' productivity ratios and investigates those that are above a predetermined threshold.

What is already in the Universal Standards for SEPM related to fair and respectful treatment of clients? A LOT! (3 of 3)

4.C.3	EP	The provider protects clients' rights to respectful treatment during the loan collection process.
4.C.3.1	Indicator	The provider's collections policy includes the following:
4.C.3.1.1	Detail	A list of appropriate and inappropriate debt collections practices, including collateral seizing practices.
4.C.3.1.2	Detail	A schedule for the collections process that allows time for the debt collector to determine the reasons for a client's default and for the client to find solutions.
4.C.3.1.3	Detail	The provider informs the client prior to seizure of collateral, allowing the client to attempt to remedy the default.
4.C.3.1.4	Detail	A prohibition on sales of the clients' collateral to the provider, the staff of the provider, to their relatives, or to third parties involved in the seizing process.
4.C.3.2	Indicator	The provider restructures or writes off loans on an exceptional basis, based on a list of cases of specific distress.



Fair and respectful treatment of clients: ideas for management practices so far (1 of 1)

1. Inform your customers of the top risks they incur if they use the products or services offered via a partner.
2. Incorporate human touch at minimum at the following points in a customer's journey:
 - a. Onboarding/receiving information about the product
 - b. Resolving a problem or complaint
 - c. Answering customer questions
3. Record calls made to the call center to monitor whether employees are handling complaints well, even about third-party providers, and that in general employees are helpful to customers.
4. As part of the agent selection criteria, consider whether the personality of the person will appeal to your target customers, and whether they speak your target customers' local language.
5. When you educate customers about a product, teach not only how the product works but also what behaviors are good/bad from the service providers, which can be agents or other partners.

DISCUSS AND DEBATE

What do you think?



MARK YOUR CALENDARS

Cybersecurity and Fraud

May 17, 10 a.m. - 11:30 a.m. EDT

Responsible Pricing and Transparency

May 31, 10 a.m. - 11:30 a.m. EDT

Data Rights & Privacy and Partnerships

June 8, 10 a.m. - 11:30 a.m. EDT

For further information, contact ameliagreenberg@sptfnetwork.org

Concluding Announcements

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New Universal Standards released in February 2022!

Download the newest standards:

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



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Thank you!