

USING CLIENT FEEDBACK TO INFORM PRODUCT DESIGN

SPM ESSENTIALS: Practical strategies for today's management challenges

SPTF has spent the past year updating the [Universal Standards for Social and Environmental Performance Management \("Universal Standards"\)](#) to reflect evolving industry best practices. The revised manual will be released in February 2022. To support implementation, SPTF is hosting a [webinar series](#) focused on new or updated concepts in the Universal Standards.

SPEAKERS:

- **Amelia GREENBERG**; Deputy Director, SPTF (moderator)
- **Jitendra BALANI**; Associate Director, Financial Inclusion and Capital Markets, Terwilliger Center for Innovation in Shelter, Habitat for Humanity International (Philippines)
- **Ian BEST**, Social Performance Technical Advisor, Entrepreneurs du Monde (France)
- **Shiela H. GUANZON**; General Manager for Operations, Negros Women for Tomorrow Foundation (NWTF) (Philippines)
- **Duong NGUYEN**; Program Manager, Anh Chi Em (ACE) (Vietnam)

This webinar examined how financial service providers (FSPs) can use client feedback to inform product design. Speakers from Entrepreneurs du Monde and its partner Anh Chi Em (ACE), located in Vietnam, discussed a client satisfaction survey that ACE implemented, and how ACE is using insights from the survey to inform decisions about the design of products and of non-financial services. Speakers from the Terwilliger Center of Habitat for Humanity International and from Negros Women for Tomorrow Foundation (NWTF), located in the Philippines, shared insights from their work to develop a new housing product, gathering and using feedback from clients to guide product design.

GOALS FOR FSPS:

- Understand customers' needs, obstacles, and experiences using financial services
- Adapt financial products and services to customers' needs and preferences

WHERE IS THIS IN THE UNIVERSAL STANDARDS?

- **STANDARD 3A:** The provider collects and analyzes data to understand clients' needs.
 - » **EP 3A1:** The provider conducts market research and pilot testing.
 - » **EP 3A2:** The provider uses data to identify patterns of financial behavior by client segment.
 - » **EP 3A3:** The provider collects client feedback on their experiences using the provider's products and services.
- **STANDARD 3B:** The provider's products, services, and channels benefit clients.
 - » **EP 3B1:** The provider uses insights from client data to design products, services, and delivery channels.
 - » **EP 3B2:** The provider removes barriers that prevent access to financial products and services.
 - » **EP 3B3:** The provider's products, services, and channels protect clients from harm.
 - » **EP 3B4:** The provider's products and services help clients reduce their vulnerability to shock and smooth consumption.
 - » **EP 3B5:** The provider's products and services help clients achieve their goals.

OVERVIEW OF ENTREPRENEURS DU MONDE AND ACE (VIETNAM)

Entrepreneurs du Monde is an NGO based in France that works globally and develops and supports social businesses in four areas: microfinance, agriculture, small business creation, and access to energy. To date, EdM has supported 115,000 beneficiaries through its social microfinance programs. Anh Chi Em (ACE) is a social microfinance provider in Vietnam that offers financial and non-financial services. It was created by Entrepreneurs du Monde in 2007. "Anh Chi Em" means brother and sister. ACE focuses on serving poor and vulnerable communities in rural areas of Vietnam. Most of ACE's 4400 clients, or "partners," are female and ethnic minorities.

OVERVIEW OF NWTF (PHILIPPINES) AND HABITAT FOR HUMANITY INTERNATIONAL

Negros Women for Tomorrow Foundation (NWTF) is an NGO in the Philippines, offering financial and non-financial services. It has half a million clients, 99.8 percent of whom are female, and most of whom are poor or vulnerable. Over three-quarters of NWTF's clients live in rural communities. NWTF's goal is to help women be self-sufficient and self-reliant, and it also seeks to help client who remain with NWTF for at least five years to move out of poverty. Habitat for Humanity ("Habitat") is an international NGO that seeks to solve housing poverty. One of Habitat's initiatives is the Terwilliger Center for Innovation and Shelter, which works with the private sector to make the housing market inclusive. One of its programs assists financial institutions to develop affordable housing finance solutions.

COLLECTING DATA TO UNDERSTAND CLIENTS' NEEDS

A crucial step in product design is listening to clients. ACE and NWTF both collect a variety of data about their clients' needs, preferences, and obstacles; in this webinar, they each shared a specific project.

In 2018-19, NWTF collected data to inform the design of a new housing finance product:

- **Market-level research:** Habitat conducted market research and found that 85% of NWTF customers wanted to invest in their housing. NWTF was already aware of this need and had even previously offered two different types of housing finance products, but with limited product uptake. So, as part of market research, Habitat also studied those two other housing finance products, to understand why demand for those products had not been stronger.
- **Human-centered product design research:** After the market research, the NWTF and Habitat teams employed human-centered tools to guide product design. This involved qualitative research, via focus groups, to understand low-income families' home improvement journeys. NWTF learned that it typically took clients 15 to 20 years to complete their home improvement efforts, which was much longer than they would have wished. Using insights from the focus group discussions, NWTF-Habitat created a persona profile of a low-income family, identifying the social norms it adhered to, what else influenced it, its individual characteristics, and its obstacles. Additionally, NWTF-Habitat mapped the customer journey, documenting all the stages a customer went through to improve her housing, starting from when her need arose and ending with the purchase and use of a product.. Customer journey mapping also considered the client's touch points with NWTF along the way, noting the highs and lows of each interaction and the client's thoughts about them. Habitat described this exercise as "pivotal," because it revealed gaps in NWTF's value proposition.
- **Product design workshop:** NWTF-Habitat organized a two-day product design workshop, during which a cross-functional team from NWTF designed a new product based on what it had learned from customer journey mapping as well as NWTF team's own field experiences. In the workshop, the team not only designed the product, but also discussed how to market it and how further to test the design before finalizing it. The team created a

storyboard to offer a visual explanation of the various elements of the proposed new product, and took the storyboard into the field to solicit feedback. This led to additional insights, which led NWTF to adjust the product design further before pilot testing.

- **Pilot testing:** NWTF piloted the new housing product for about six months in four branches, then evaluated its performance and further refined the product design.

In 2020 ACE conducted a client satisfaction survey to learn what about its products and services was working well or needed improvement:

- **Topics addressed by the survey:** Does ACE's new lending methodology work better than the old one? What do partners like and dislike about ACE, particularly in four areas: loans, training, savings, and staff? What are ACE's partners' experiences with other lenders? How effective are the trainings that ACE gives to clients? What is ACE's impact on its partners' lives?
- **Survey design:** ACE conducted the survey in two parts. First, a face-to-face quantitative survey, using smartphones to collect data electronically, with 310 randomly selected partners. Second, ACE collected qualitative data via 10 focus groups, with 62 participants total. Each group met for an hour. Those participating in focus groups were different from those surveyed before. ACE was careful to include different types of clients in the focus groups:
 - » those who had borrowed from other lenders
 - » those who had stopped borrowing from Anh Chi Em
 - » a sample of partners from both rural and urban branches
 - » a sample of partners from both old methodology and new methodology loan groups
- **Survey results:** Overall satisfaction was high in all four main areas: loans, savings, trainings, and staff. However, ACE was surprised by a few results:
 - » Partners using the new methodology, expressed lower satisfaction regarding loans than those using the old methodology. This was because it took longer to get the first loan due to the initial compulsory training, and because the amount of the first loan was lower under the new methodology than under the old.
 - » It was also interesting to ACE to learn that 75% of survey respondents were customers of other microfinance institutions. ACE partners gave it higher marks on convenience, administrative procedures, training, and staff, but they preferred other microfinance institutions in the areas of cost and loan size.

- » Additionally, ACE learned that the new loan methodology increased transparency and knowledge transfer. For example, partners using the new loan methodology were more likely to know how to check their savings balance, what the interest rate was on their loans, what the interest rate was on their savings account, and what their monthly savings requirements were. Furthermore, ACE found that 86% of partners who had attended 12 or more training sessions were applying the knowledge gained in their daily lives, while less than a third of partners who had attended just one or two training sessions were applying it in their daily lives.
- » ACE also found that after one or two loans, 86% of partners under the new methodology and 62% of partners under the old methodology said their income had increased moderately or a lot. So, partners in the new methodology were more likely than those in the old methodology to see their income increasing quickly, even though they were at similar stages in their journey with ACE and had similar loan sizes.

CHANGES TO NWTF INTERNAL PROCESSES AND SYSTEMS TO ENABLE THE OFFER OF A NEW PRODUCT

NWTF had to implement organizational changes to offer the new housing finance product that it had designed. To identify those changes, it worked with Habitat to use the customer journey mapping and work backwards. First, it had to build the knowledge of front-end employees, including those in branches and regional team members, about the more technical aspects of housing, and it had to build capacity among employees in many departments, including research, training, and management, to use technology. Additionally, NWTF-Habitat created tools to help clients learn about construction. NWTF also had to improve its IT system as well as develop budgeting and forecasting tools to complement product sales.

LESSONS LEARNED BY ACE ON SATISFACTION SURVEYS

- ACE recommends doing a satisfaction survey every three years. Ms. Nguyen says, “This frequency gives us enough time to implement insights from previous surveys and allows us to see the change in between surveys. It is also feasible and achievable for small MFIs like us.”
- Satisfaction surveys aren’t the only way to collect data. Exit surveys, complaints, dormant accounts are sources of data. Also, FSPs can collect data through focus groups for the launch new products, as well as evaluations of trainings that happen regularly.
- Focus group discussions generate large amounts of qualitative data. Limit the number of groups that you organize to the amount of qualitative data that you have the capacity to analyze.

- If you want to test whether someone learned something, instead of asking a yes/no question (e.g., Do you know how much interest you earn on your savings account?) ask a question that requires them to demonstrate that they acquired that knowledge.
- The more free-form text, the longer and more challenging it is to analyze data. If you ask a survey question that allows people to select from a list of options, make sure the list is comprehensive, so you minimize the number of people selecting “other” and writing in an answer.
- Interviewers are more effective if they meet the following criteria: speak the local language, are patient enough to ask the same questions to many people, are curious enough to engage respondents in the conversation, and are objective.
- Begin to create the action plan as you review survey results. Taking notes as you go along will help you avoid feeling overwhelmed by having too much data to process once the survey ends.
- Using an online tool for the satisfaction survey reduces the time required to prepare for the next satisfaction survey. You can clone the previous survey and then add or delete questions easily.
- When you do research for product design, think of the non-financial services that might also help the new financial product succeed. ACE says, “The non-financial services and the financial services are like the two hands of one body, and they are both as important as each other.”

EFFECTS OF USING CLIENT FEEDBACK TO INFORM PRODUCT DESIGN

- **ACE:** ACE will implement the new methodology in all its branches going forward, given its greater effectiveness. For example, satisfaction survey data showed that the new methodology communicated better about available savings products, whereas previously partners had not been as aware of the products or understood how they worked. Survey data also showed that the new methodology led to a greater transfer of knowledge to clients and a greater incidence of clients applying that knowledge in their daily lives, in part due to the higher number of trainings . Furthermore, ACE will conduct satisfaction surveys in two parts: a quantitative survey followed by qualitative discussions, with interview guides based on the insights gained from quantitative data. It is also considering raising the maximum amount of the first loan, given client demand. Finally, given the large amount of time that ACE’s partners in rural areas were spending to travel to use ACE services, ACE is prioritizing improving its MIS and digitizing some of its services.

-
- **NWTF:** NWTF launched the Dungannon Housing Loan in May 2019. It had a higher loan amount and longer loan tenor compared to the previous housing loan to make it possible for customers to have a house in approximately 5 years. The new product also gave customers more flexibility in choosing what materials to purchase and which actions to take first, such as starting with a wall or the roof. NWTF felt comfortable raising the loan amount due to what it learned during customer journey mapping. “Our clients dream of having a good home,” explained Ms. Guanzon, “and with that dream come feelings of honor and pride. They will repay their loans, regardless of the amount, because that’s their journey and that’s their dream.” Demand for the Dungannon Housing Loan has been high. Over five years, NWTF had disbursed only 18 million pesos for its previous housing loan products. In under three years, NWTF has disbursed 58 million pesos in loans for the new product.