Lisa Kuhn, in collaboration with
Anton Simanowitz

Special thanks to partners
FINCA International and **60 Decibels**

March 2021

COVID-19 CLIENT INTERVIEW TOOL

Data Insights and Recommendations for Funders, FSPs, and Regulators

EXECUTIVE SUMMARY

Even as businesses re-open and lenders resume lending, data collected with the SPTF COVID-19 Client Interview Tool from the customers of more than 35 financial institutions suggests that the biggest test for the sector may be yet to come. The survey results show that the majority of clients around the world are emerging from lockdowns and the first wave of COVID-19 in a vulnerable or highly vulnerable state, with reduced income, depleted savings and in some cases having sold off assets. Some—particularly the poorest—were already vulnerable and their vulnerability is now exacerbated by COVID-19 and its economic aftershocks. Others find themselves newly vulnerable.

It is hardly a surprise that lockdowns had a profound effect on micro and small enterprises, small-scale agriculture, and informal sector workers. True to what we expected, clients across many sectors reported a sharp reduction in income and a corresponding rapid deterioration of their financial situation and living conditions. Food insecurity—a highly sensitive indicator of economic stress—shot up after the lockdowns were imposed, especially in parts of Africa and Latin America where transportation shutdowns and movement restrictions interrupted food supply chains and social safety nets and where emergency subsidies did not reach all of the vulnerable population.

> *Clients around the world are emerging from lockdowns and the first wave of COVID-19 in a vulnerable or highly vulnerable state, with reduced income, depleted savings, and in some cases having sold off assets.*

What is perhaps more surprising is that many of these effects are lingering well into the re-opening of those economies. As of November 2020, 84% of clients interviewed were still reporting being in a worse financial situation than before the pandemic—a decline of only 8% from the peak of the virus. There has been some softening of the severity of the impact between September and November 2020, with the percentage of clients stating they are in a "much worse financial situation than before" declining by 21 percentage points. Overall, however, it is clear that a large majority of clients have not financially recovered and may not do so for some time due to the overall weakening of most economies due to COVID-19 and the measures used to control it. Data from the surveys suggest that the crisis has led to increased vulnerability of clients and longer-term changes in the viability of some livelihoods—many financial service providers (FSPs) will need to rethink what products and services they offer and how.

Knowing what happened in the lockdown period is important because it tells us the depths of impact on the populations our industry serves. One of the most revealing questions explored in the survey deals with coping strategies. Across most contexts, we see people drawing down on their savings as a primary coping mechanism, suggesting that savings are fulfilling the important purpose of consumption smoothing for those people with access to them. The survey also revealed significant informal borrowing as well as some sale of assets with clients in certain country contexts increasingly turning to these mechanisms with greater downsides as the crisis has prolonged. Additionally, among rural and peri-urban populations, significant numbers of clients reported consuming crops, seeds, and livestock, rather than selling them. Most clients employed multiple strategies to cope with the crisis. Over time, the percentage of clients who are using three or more coping strategies has tripled from 7% to 21% suggesting that financial resilience may be decreasing as coping mechanisms such as savings and loans from family members have been tapped out.

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Many financial service providers (FSPs) will need to rethink what products and services they offer and how.

Coping mechanisms, while helpful in mitigating the immediate impact of the lockdown on families, have the potential for long-term repercussions for clients. As economies re-open, many clients are more capital-constrained and less resilient to future shocks. Businesses were decapitalized, loan proceeds used for emergency rather than investment purposes, and savings were depleted during the lockdown. A priority for both investors and FSPs must be helping clients rebuild both their income streams and their savings and asset cushions. In some cases, that will mean helping them shift into less precarious and more resilient lines of work that can better withstand future shocks.

This rebuilding will require FSPs to offer flexible products and services with repayment and withdrawal terms tailored to clients' specific needs. Key to the recovery will be tracking changes over time for different client segments. With the initial lockdowns, we saw a nearly universal decrease in income in the MSME sector and worsening financial situation for families. With the re-opening, we are seeing greater divergence in the recovery path and progress for different segments. Both the crisis and recovery are playing out differently depending on type of enterprise, sector, gender, geographic location, and poverty level. Ongoing monitoring is essential to track progress and setbacks in different segments and to adapt our response to clients' changing needs.

Recovery will also require a nuanced and collaborative approach to risk management. There is risk at every level of the investment chain. Clients, who have already drawn heavily on their coping mechanisms to weather the storm, have the fewest resources available to mitigate risks. If we wish to maintain our gains in financial inclusion during this crisis, our approach to risk management cannot focus on the exclusion of clients or institutions who find themselves in difficult and risky situations. Instead, we must design an approach that acknowledges that client vulnerability in the face on-going economic uncertainty and disruption is at the heart of risk felt all the way up the chain. If we put client recovery at the center, it is possible to build a stronger and more resilient sector coming out of this crisis.

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INTRODUCTION

At the beginning of the COVID-19 crisis, SPTF worked together with FINCA and 60 Decibels to develop the COVID-19 Client Interview Tool to understand and monitor the impact of the crisis on clients. Designed to be implemented rapidly via telephone by non-specialist staff, this simple tool has been used by over 35 financial service providers in more than 20 countries in Africa, Asia, and Latin America representing the experiences of more than 30,000 clients. The majority of this data was collected on ValiData, a cloud-based platform for data collection, permitting global cross-sectional analysis. Beginning in June 2020, SPTF hosted a series of webinars in English, French, and Spanish where FSPs shared their findings and crisis response.

In October and November 2020, SPTF convened a four-part series of virtual roundtable discussions to explore how customer data can drive the sector's response to the COVID-19 crisis. Over 160 individuals participated in at least one session of the series, and many attended multiple sessions. The first two workshops in the series were for FSPs with the primary objective of exploring the data as a group and discussing how the data could inform their COVID-19 response. The third workshop in the series brought together social impact investors, global networks of FSPs, and other sector support actors and sought to create a space where investors could reflect on the data, share their experience, and explore opportunities for investors to support FSPs in responding to the evolving needs of clients. The fourth and final session brought together FSPs, investors, networks and support organizations to explore how the impact of the crisis is shaped by decisions of all stakeholders and to identify opportunities for collaboration and action by the sector and various stakeholders to improve outcomes through a client-centered approach. The data and reflections shared in this paper are drawn from these surveys and discussions.

THE EFFECTS OF LOCKDOWNS

The COVID-19 Client Interview Tool was rolled out by 24 institutions between May and July while lockdowns and other restrictions were still in place in many parts of the world and had only just been lifted in others. These surveys provide a window into how financial services clients around the world experienced the early stages of COVID-19 crisis. As many expected, the lockdowns had a profound effect on micro and small enterprise, small-scale agriculture, and informal sector workers with few to no social protections. Eighty-seven percent of clients interviewed reported that their household's financial situation had worsened with more than half saying their situation had gotten much worse. The sweeping nature of the closures meant that the majority of clients saw a deterioration of both their primary and secondary sources of income (if they had one), with all parts of the economy and remittances from abroad affected. Familiar coping mechanisms such as day or seasonal work were also hit.

Food insecurity—a highly sensitive indicator of economic stress—shot up after the lockdowns were imposed, especially in parts of Africa and Latin America where transportation shutdowns and movement restrictions interrupted food supply chains and social safety nets and emergency subsidies did not reach all of the vulnerable population. Overall, half of all respondents reported a change in food consumption with 30% reporting hunger. In most contexts, women—especially rural and poor women—were especially hard hit by food insecurity and hunger.

Some countries were affected more than others. Global statistics hide significant differences among countries and client segments. As can be seen in Graphs 1 and 2 (page 5), impacts on finances and food security varied significantly by country. Senegal and Pakistan were hit very hard in the early months with over 90% and 80% of their respective clients reporting that their situation was much worse. Uganda, Peru, and Benin had around 70% reporting that their situation was much worse with under 10% holding steady while in Togo, the Dominican Republic, and the Philippines, the virus had more equally divided effects on their population with between 10 and 25% of clients indicating they were able to maintain or even improve their financial situation up to that point in the crisis.

There was also considerable variation among sectors. As can be seen in Graph 3 (page 6), agriculture was affected differently than other sectors in that farmers were generally not forced to stop work, but many faced serious transportation issues and lower prices due to a lack of buyers. On the positive side, agriculture proved to be an important coping mechanism for some. Moving to the farm or feeding the family from the farm was an important coping strategy. As might be expected, formal sector employees fared better than informal workers. Within the formal sector public sector, workers showed more stability than private sector workers. Within the services sector, essential or infrastructure services such as health services, telecommunications, financial services, construction and maintenance, and repair enjoyed the most stability.

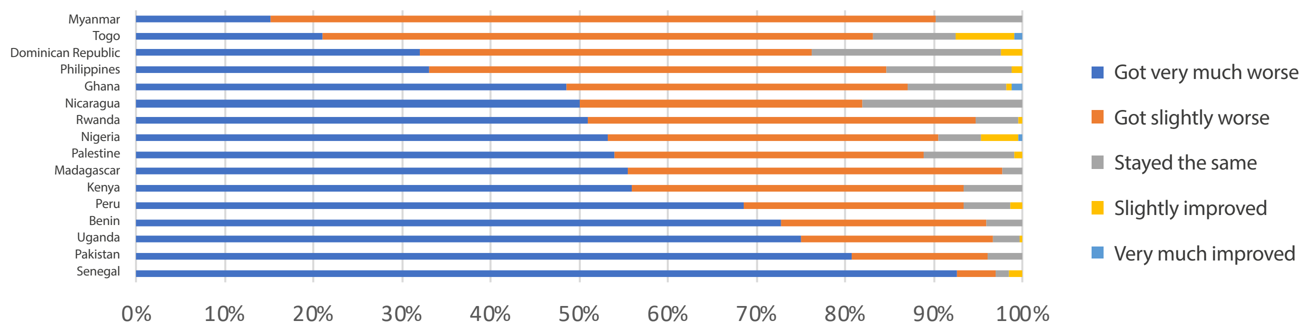
Personal care, education, religious, real estate and transportation services were among the most affected by the shutdowns. Within retail, essential items such as food and personal items did better than most, while retailers of items such as books, clothing, electronics and apparel saw sharp declines.

With food related businesses, it is helpful to break it down into food production, retail and food service. Food retail remained strong and was one of the only sectors that showed some growth. Food production—similar to agriculture—also remained relatively stable during this period. Food service, however, was one of the most negatively impacted sectors alongside hotels/accommodations. The survey conducted by the CrediMujer program of Movimiento Manuela Ramos noted that food retail and food preparation were the most common businesses for their clients to shift into during the lockdown and recovery.

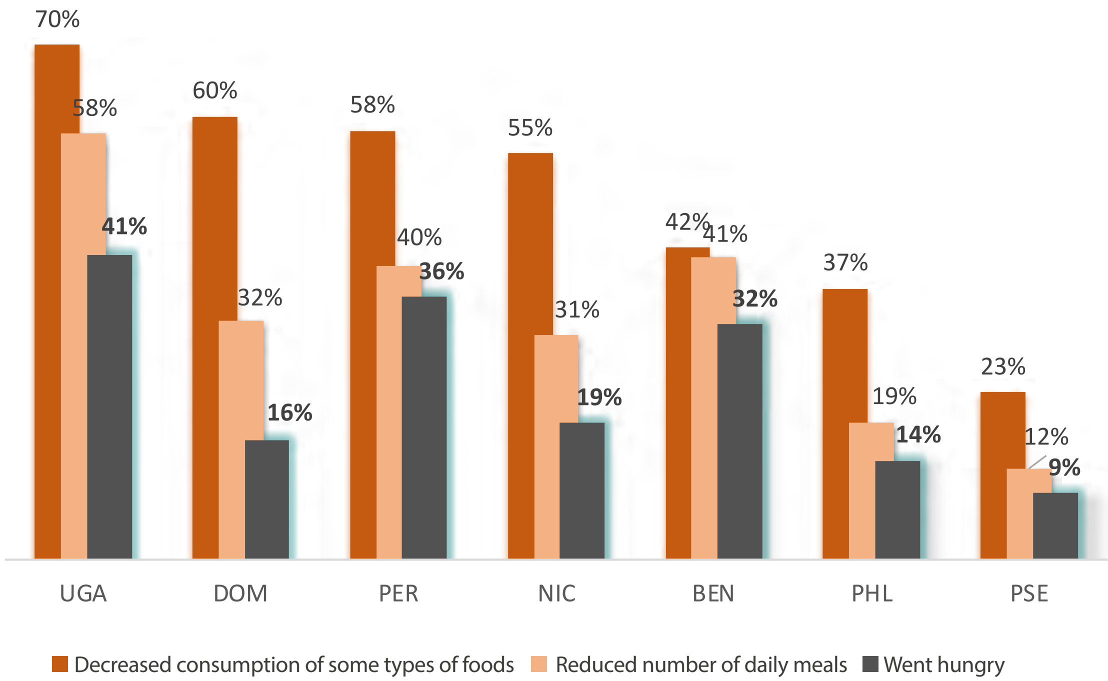
The causes of changes in the different sectors were different. In Graph 4 (page 6), we can see that services and to a lesser degree retail were most directly impacted by lockdowns that did not permit them to operate. As economies reopened, service providers and retailers have continued to struggle with lower demand and people unable to pay. Agriculture, as noted above, suffered severe impacts due to transportation difficulties limiting their access to markets and forcing farmers to accept lower prices for products from buyers, but some are reporting that agriculture and rural areas are bouncing back faster than urban one. These are trends to watch as the recovery begins as the dynamics may shift.

There are important differences in relation to gender, poverty level and age. Across institutions and countries, women consistently appeared to struggle more in the crisis. As shown in Graph 5 (page 7), a greater percentage of women than men reported that their finances and income had gotten much worse. Just 7% of women reported that they had found new or additional work compared to 10% of men. Women were more likely than men to report that they had exhausted their savings and had difficulty accessing cash during the crisis. They also reported greater concern about the virus and how it has affected or may affect their families' health. The starkest difference, however, was in food security with significantly higher percentages of women reporting reducing meals or going hungry.

Graph 1. Change in Household Financial Situation by Country | June-July 2020 | N=8,272

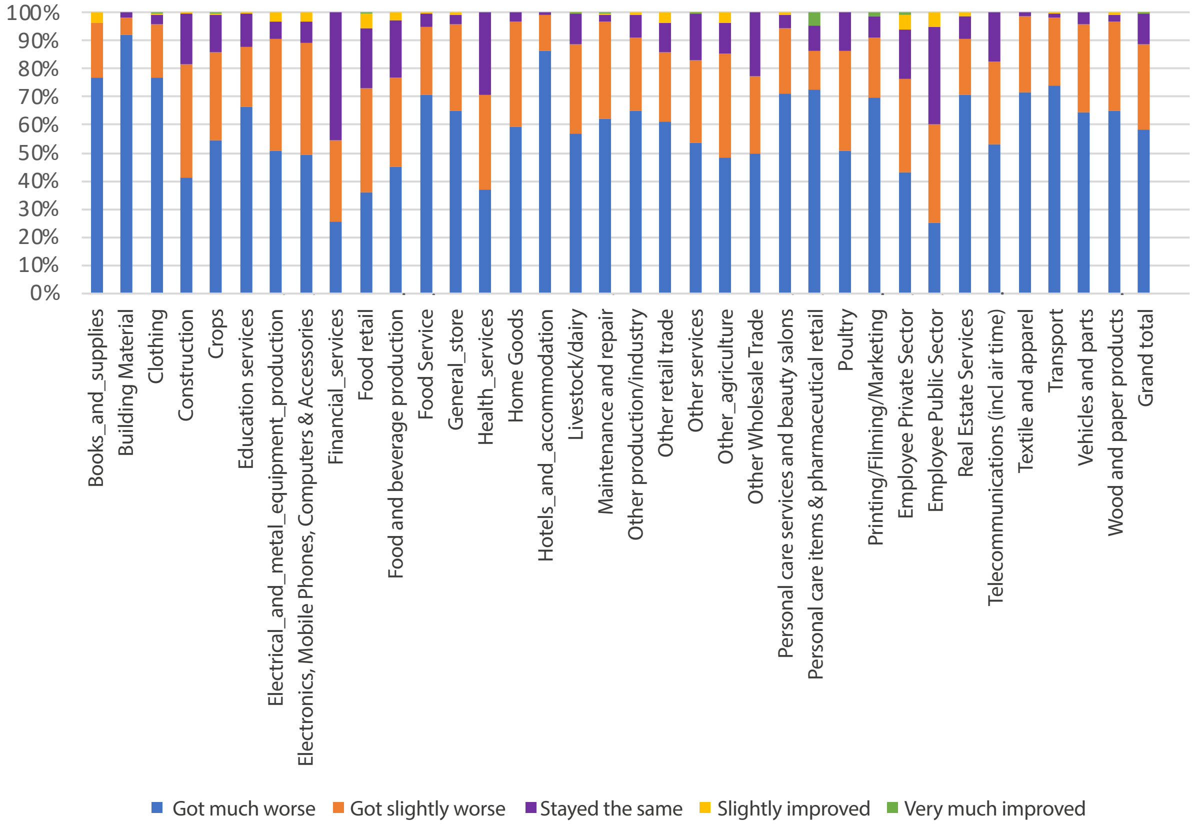


Graph 2. Food Insecurity in 7 Countries

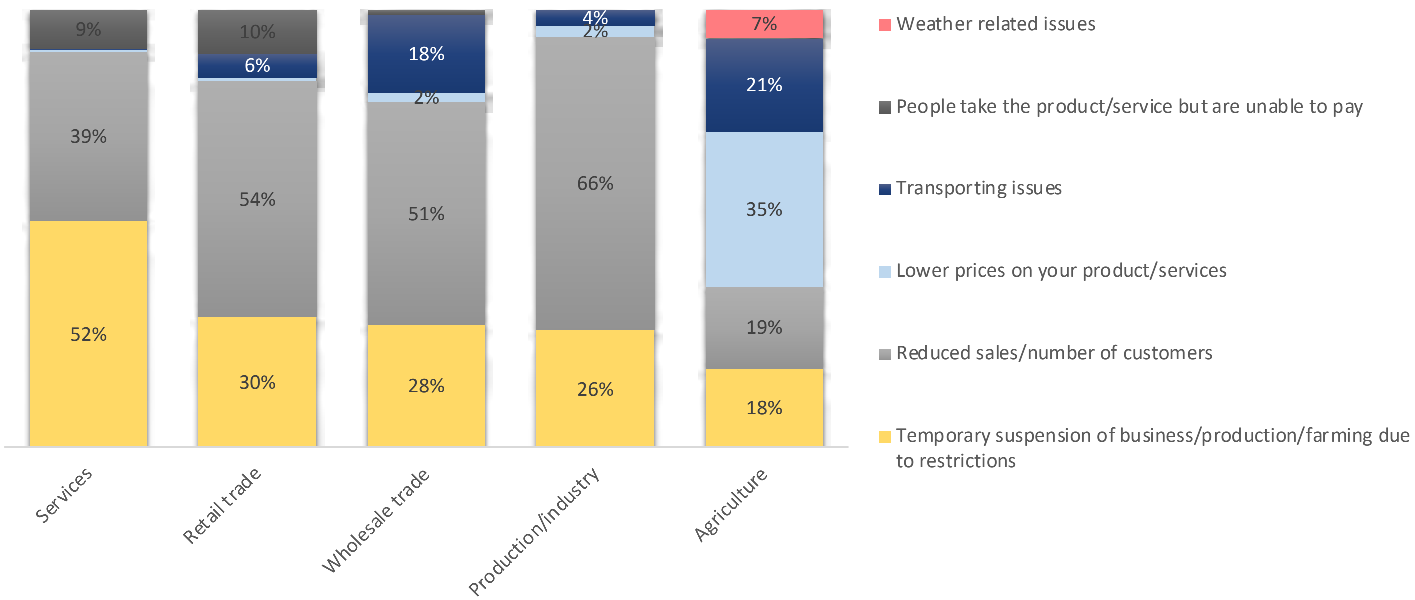


Source: FINCA International

Graph 3. Change in income, by sector | N=7,404

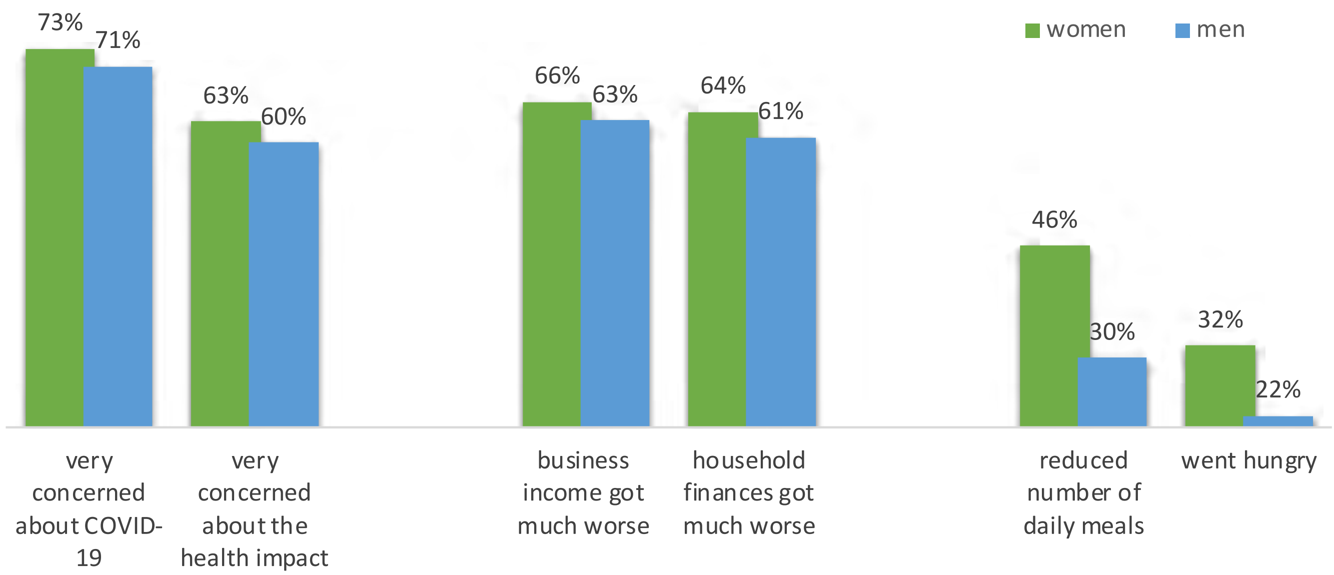


Graph 4. Effects of COVID-19 on sales, by sector



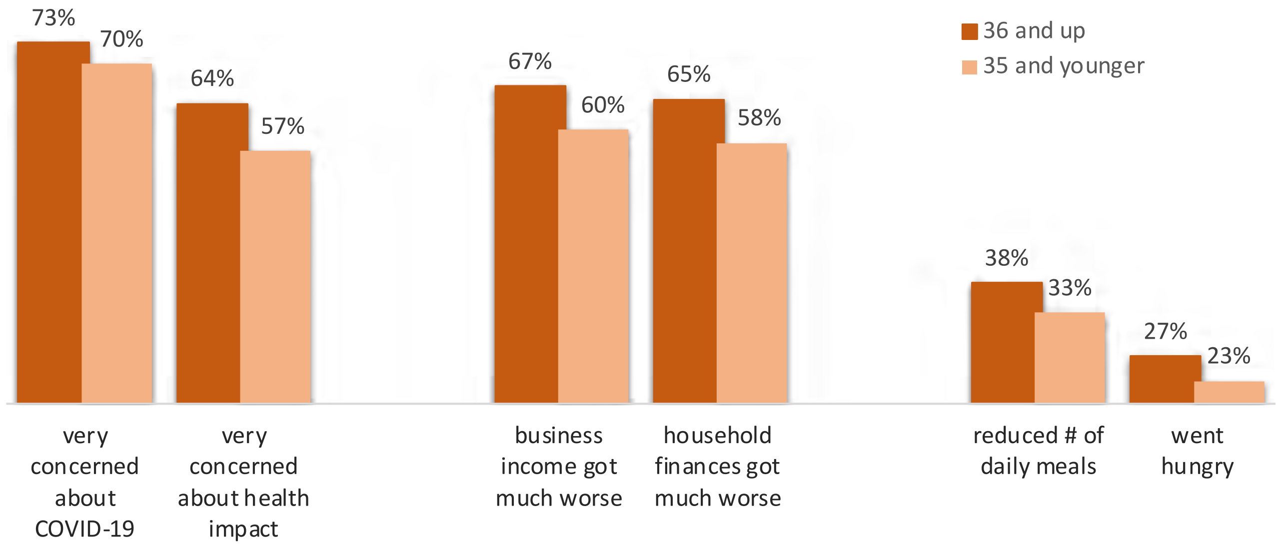
Source: FINCA International

Graph 5. Effects of COVID-19 by gender



Source: FINCA International

Graph 6. Effects of COVID-19 by age



Source: FINCA International

RECOVERY IS A LONG-TERM EFFORT

Vulnerability has increased and the road to recovery is long. Knowing what happened in the lockdown period is important because it tells us the depths of impact on the populations our industry serves. What we've learned from those institutions that implemented additional rounds of surveys in late 2020 is that many of these effects are lingering well into the re-opening of those economies.

One of the most striking findings of the survey was the high level of vulnerability experienced by the majority of clients. SPTF's partner 60 Decibels integrated their vulnerability index into the surveys they conducted with 15 FSPs. The index takes into account poverty levels, impacts of the crisis on household financial situations, mechanisms used to cope and impacts on food consumption. The data shows that roughly half the clients interviewed are in a very vulnerable state and 80-90% are experiencing some degree of vulnerability. This is significantly higher than 60 Decibels' global benchmark which showed that around 48% of those interviewed were coping with the crisis. (See Graph 9, page 11.)

This degree of vulnerability points to a long and bumpy road to recovery for many clients and FSPs. Eight months into the crisis and 4-5 months after most countries emerged from their initial lockdowns, 93% of clients interviewed are still classified as vulnerable or very vulnerable using 60 Decibels' Vulnerability Index. While food security and incomes improved slightly in the last few months of the year, 78% of clients are still below pre-pandemic levels of income.

The depth and duration of the crisis has exceeded the coping capacity of many clients, leaving them highly vulnerable. There are signals that clients' resilience has weakened. The percentage of clients using three or more coping mechanisms has climbed to 21% up from 7% at the beginning of the pandemic. The percentage of clients relying on savings has decreased during that time, mirrored by an increase in borrowing and sale of assets. With only 7% of clients coping with the crisis—down from 15% at the beginning it is clear the longer it continues, the less clients feel capable of coping.

Additionally, many coping mechanisms actually have the potential for long-term repercussions for clients. As economies re-open, many clients are more capital-constrained and less resilient to future shocks. Businesses have been decapitalized, loan proceeds used for emergency rather than investment purposes, and savings and assets have been depleted during the lockdown. For most clients, their financial position—and thus their financial security—is fundamentally weaker, and they will likely need the support of their FSPs to navigate the inevitable setbacks.

Recovery is happening for some but not for others. As economies slowly reopen and the virus hotspots shift from one place to another, recovery is uneven and inconsistent. The chart below shows the percentage of clients who reported that income from their primary source was very much decreased in each broad sector. The data in Graph 10 (page 11) represent three rounds of data collection from a random sample of clients at the same 8 institutions in 7 countries from late June through late November 2020.

Looking at Graph 10, we can see that on average, incomes have rebounded faster for those in retail (mainly shopkeepers) and small-scale production (such as seamstresses, metal workers, etc.) than for services and traders. It is worth noting, however, that even with the significant reduction in the percentage of retailers and producers who reported that their incomes were very much decreased, over 70% of them were still reporting lower than pre-pandemic levels of income.

Understanding the dynamics of what is happening with specific livelihoods has allowed institutions to develop support programs targeting specific sectors to help them adapt to the new circumstances or even undertake advocacy on their behalf, as was the case of Small Enterprise Foundation (SEF) in South Africa who successfully advocated for the small neighborhood food and necessities shops (spaza shops) to be allowed to operate. When vegetable growers in India were unable to sell their produce due to lack of transportation and closed markets, SEWA connected the growers and vendors by providing electric rickshaws for vendors to do home delivery and purchase through the internet.

For Advans, surveys results revealed a client vulnerability that wasn't easy to detect using portfolio numbers alone. Although after a few months of the pandemic, management was observing increased demand for loans, repayments resuming and savings balances increasing, clients surveyed were still reporting high levels of food insecurity and that their financial situation and income was much worse than before the pandemic. Advans therefore reinforced its focus on understanding the specific situations of each client and ensuring that services are delivered in line with their needs. In Tunisia, Advans has launched a coaching program to help entrepreneurs who are particularly vulnerable in the crisis adapt their business strategy with the support of one of their shareholders.

Access to financial services matters: Financial services—both formal and informal—have played a very important role in helping clients weather the crisis.

Savings has been an important coping strategy: One of the most revealing questions explored in the survey deals with coping strategies. Across most contexts, we see people drawing down on their savings as a primary coping mechanism, suggesting that savings is fulfilling the important purpose of consumption smoothing for those people with access to them. On average across institutions and contexts, 65% of clients reported using savings as a coping mechanism. Over time, we have seen reliance on savings decreasing and more clients turning to multiple coping mechanisms such as borrowing which suggests that their savings cushion has been depleted. (See Graph 11, page 12)

As seen in Graph 12 (page 12), the survey also revealed significant informal borrowing during the lockdown as well as some sale of assets. Additionally, among rural and peri-urban populations, significant numbers of clients reported consuming crops, seeds, and livestock, rather than selling them. Most clients employed multiple strategies to cope with the crisis. Over time, we have seen a shift toward borrowing from money lenders suggesting other more affordable options have been tapped out.

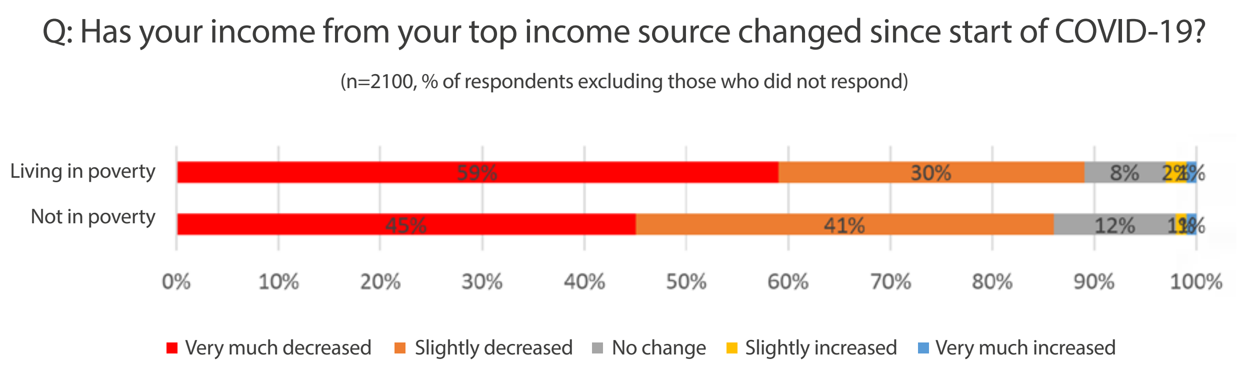
As Graph 13 (page 13) shows, client financial service needs are constantly evolving and the financial service providers need to be prepared to adapt to this dynamic situation.

The demand for new loans has remained fairly steady with between 25% and 30% requesting them. Since August, we have seen a steady decline in requests for payment deferment as more client businesses are reactivated. However, over this same time period there has been an increase in requests for interest rate reductions and flexible repayment options, perhaps reflecting the lower profitability and greater uncertainty that many client businesses are experiencing. There is also a small but growing share of clients who are requesting larger loans.

While in some contexts FSPs stopped lending altogether during the lockdown, in others, institutions have continued to lend, focusing first on meeting the needs of their current clients and then slowly expanding. Acknowledging that their clients both need fresh funds to restart their businesses and are nervous about their repayment capacity in the short term, some institutions such as Fundación Espoir in Ecuador have begun offering loans with multi-month, interest-only grace periods or providing "top-up" loans or refinanced loans to help them get going again with less initial payment pressure.

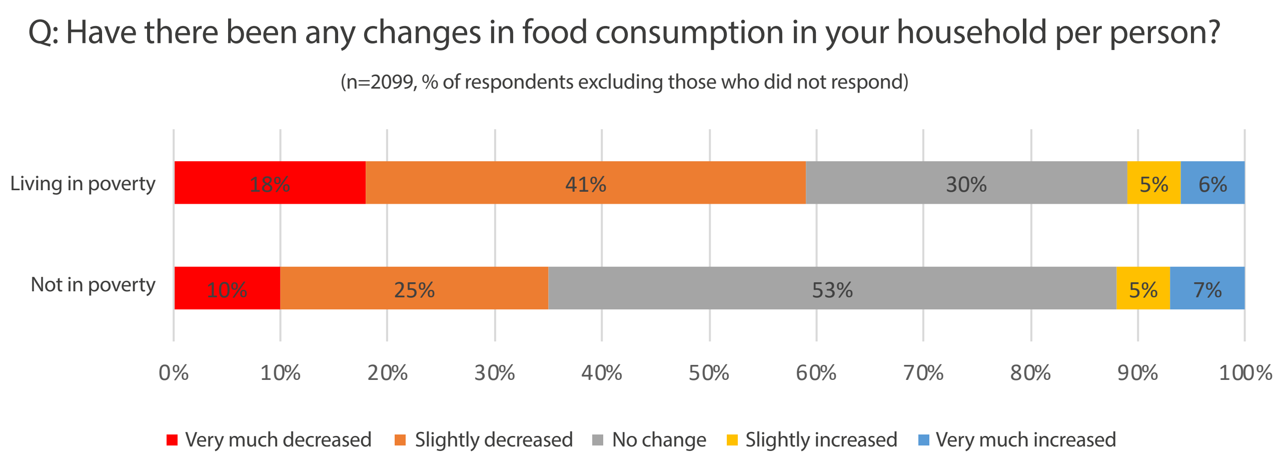
The crisis is fueling the extension and adoption of digital financial services. Barriers to mobility and fear of infection are driving clients to seek out lower risk and more convenient methods of accessing financial services. One organization in Central America said that they saw use of agents jump 70% during the pandemic. Governments have also turned to digital FSPs to help rapidly disburse subsidies to large numbers of people. In some markets, the crisis has even brought the digitalization of commerce, making digital payments and other digital financial services even more relevant to people's lives. Financial institutions that did not have digital service offerings prior to the pandemic have sought quick ways to give clients access to digital payment and disbursement options via third parties.

Graph 7. Changes in food consumption, by poverty status



Source: 60 Decibels

Graph 8. Changes in food consumption, by poverty status



Source: 60 Decibels

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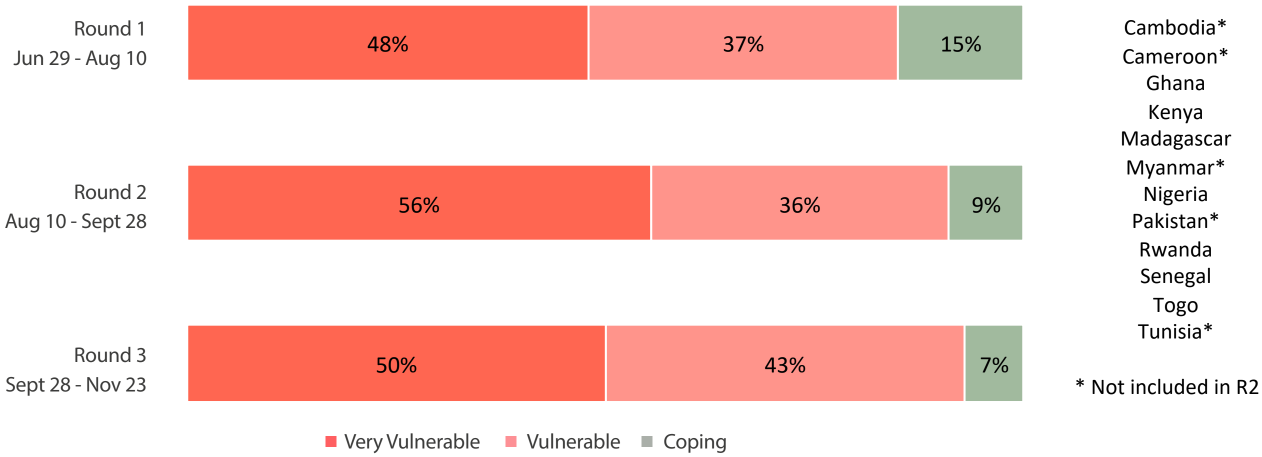
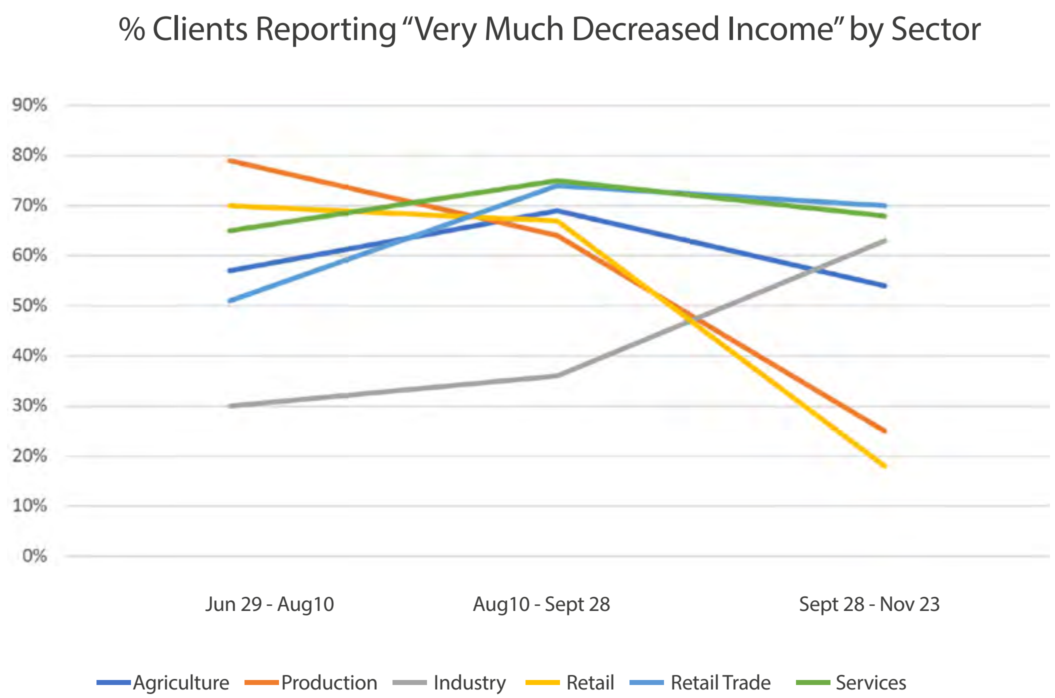
Graph 9. Client Vulnerability Index

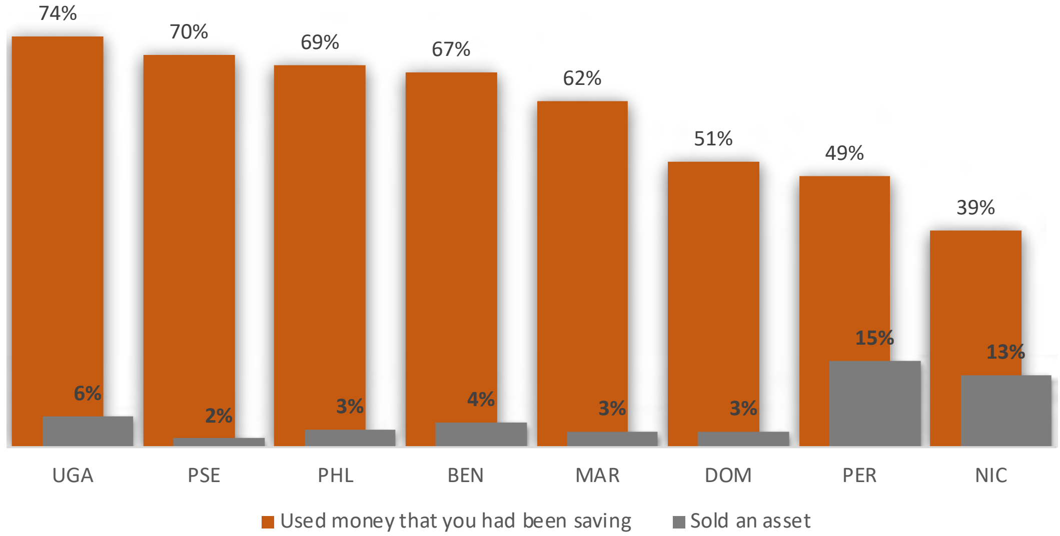


Rounds 1 & 3: same 15 institutions Round 2: 8 of 15 participated.

Graph 10. Clients reporting "much reduced income," by sector

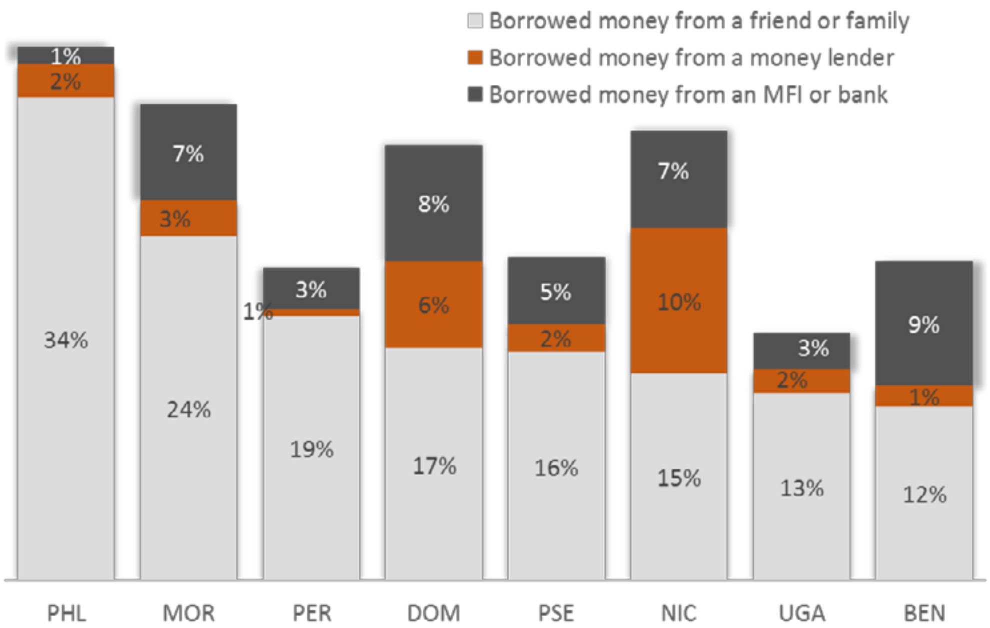


Graph 11. Savings as a coping strategy, by country | May – Sept 2020



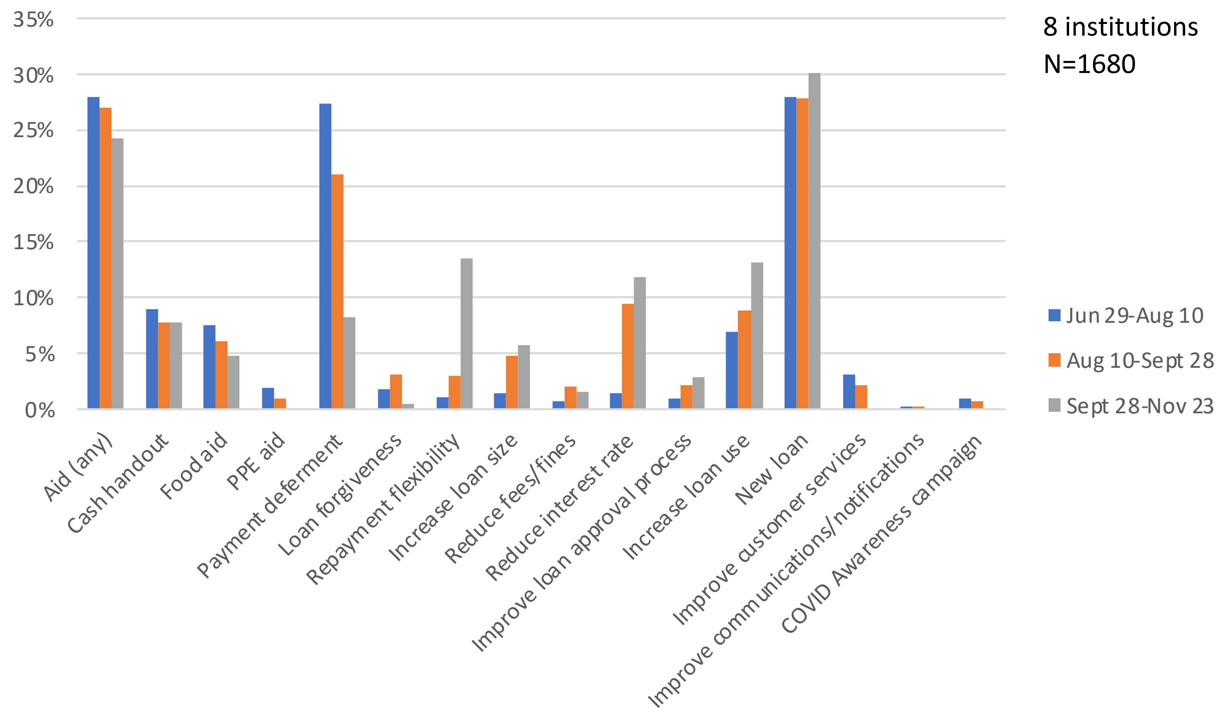
Source: FINCA International

Graph 12. Borrowing, by country



Source: FINCA International

Graph 13. Evolution of client requests for support from institution



NEXT STEPS ON THE ROAD TO RECOVERY

The recovery of the sector hinges on the recovery of the clients. While clients remain highly vulnerable to future shocks, so, too, does the entire sector. If clients collapse under the burden of accumulated interest and unrealistic payment schedules, so, too, will the sector. If clients become ex-clients, losing access to the financial services they need to rebuild their businesses, smooth consumption, and cushion against future shocks, the ripples will hurt the entire economy. Therefore, the recovery strategy must be squarely centered on supporting client recovery.

In this section, we share some of the reflections and recommendations that arose from the 4-part roundtable series with FSPs and investors as well as from the qualitative feedback shared by clients during their interviews.

Financial Solutions

Clients need financial flexibility and patient terms as they rebuild. Client vulnerability remains high. The shock, in many cases, was severe and prolonged. The rebound is uneven with some segments and geographies coming back more quickly and others even worsening. There has been massive economic disruption, and the economies of many places may have been fundamentally altered in ways we do not yet fully appreciate. Clients need loans with repayment terms that give them the flexibility to navigate this uncertain environment. Clients also need flexible savings products that give them the opportunity to build back a cushion and the flexibility to use them when a future crisis hits. In the surveys, many clients emphasized the importance of empathetic communication from their lender. Most were determined to pay but felt that they needed more time and flexibility to do so.

Some clients running businesses will need relief in order to start over. While many clients have restarted their businesses and are beginning to earn again, some will need relief to recover. In many markets, payment moratoria were extended to clients for several months. Some are still on-going. These moratoria provided much needed short-term relief for clients who were unable to work and therefore unable to earn during lockdowns. However, in many cases, regulators were silent on the question of how accumulated interest and penalties should be handled, leaving it to clients and institutions to negotiate over who would bear these costs, with clients sometimes getting a shock that they would owe penalty interest on the period of payment suspension. Very few governments created incentives to support and encourage institutions to forgive this accumulated burden. As moratoria end, many clients who barely survived weeks and even months of business closure are faced with the daunting prospect of paying off accumulated interest on principal that couldn't be put to work during the lockdowns. Some will never catch up without some payment relief.

There is a need for patience and flexibility at all levels of the investment chain. Because clients need flexibility and patient terms as they rebuild, FSPs themselves need flexibility and patient capital as they provide flexible and patient terms to their clients. Social investment funds need patience from their investors as returns are smaller and longer term. Patient capital is needed for the entire chain, to keep funds flowing without putting too much pressure on short-term repayments.

There is an opportunity to build on the success of digital financial services during the pandemic and expand access even further. Many governments turned to electronic and digital payments to quickly disburse emergency subsidies to vulnerable populations. This led to an increase in digital accounts. At the same time, clients were searching for options that allowed them to access services closer to home, motivating them to explore digital options that earlier they may have resisted.

This has prepared the ground for digital financial services to flourish if financial institutions invest in them. However, it has also revealed the need to ensure adequate oversight and consumer protection for these new users of new services. It is further worth noting that the infrastructure to support digital financial services is not available and accessible to all clients, so pursuing an "all-digital" strategy during the pandemic and beyond may lead to the exclusion of some clients. Surveys have shown that women, in particular, tend to lag behind men in access to smart phones and comfort with using them, and that in times of hardship families have had to cut back on services like mobile airtime and electricity necessary to keep them digitally connected.

Non-financial Support

Clients need non-financial support in adapting and rebuilding their livelihoods. Where it is permitted, clients are working, but the majority of them are making less than before. Demand is down. Supply chains have been interrupted. Prices are less predictable. Some businesses are simply not viable under these conditions, and clients will need help shifting into something else. Other businesses need to be completely rethought and adapted. Even many of those clients who are able to continue their businesses as before may need additional capital to invest in inventory.

FSPs have realized that in addition to loans, many clients will need training, mentoring, and capital to rebuild. Many are providing this support either directly or in partnership with others. For example, institutions in the Philippines and South America are assisting clients to move sales on-line—setting up e-commerce and social media marketing—and developing alternative channels for product delivery. This is cutting into margins in the short term, but is necessary for a sustainable recovery. Providing grant funding or special low-interest or no-interest lines of credit can help FSPs expand these programs.

Managing Risks

Increasing financial exclusion is a risk we must actively guard against. If we wish to maintain our gains in financial inclusion during this crisis, our approach to risk management cannot focus primarily on the exclusion of risky clients or institutions. Focusing lending only on those clients operating in sectors that have been less severely impacted, or on stronger clients, will inevitably lead to a loss of access for many who are poorer or more vulnerable. We need new ways of assessing creditworthiness and risk in this situation. During the lockdowns and initial phases of the crisis, we saw that women and older clients continued to pay back loans at a higher rate than men and younger clients in spite of being harder hit by nearly every aspect of the crisis.

Traditional credit and risk assessment methods might look at these clients' low income, low inventory, and sector challenges and conclude that they are a poor credit risk, but their behavior says otherwise. By taking a client-centered approach to risk management—focusing our efforts on providing the products, services and support that clients need to navigate this risky situation that we are all living through is our best chance to preserve both financial access and the financial health of institutions and people.

Recovery will require a nuanced and collaborative approach to risk management. There is risk at every level of the investment chain. Clients who have already drawn heavily on their coping mechanisms to weather the storm, have the fewest resources available to mitigate risks. If we wish to maintain our gains in financial inclusion during this crisis, our approach to risk management cannot focus primarily on the exclusion of risky clients or institutions serving clients or markets perceived to be riskier. Instead, we need to re-invent our risk and credit assessment processes (and train staff on them!) to make sure that we are not excluding good clients fallen on hard times while still taking care to avoid overburdening them. We must continue to support good institutions that are doing their best to support their clients in navigating these difficult circumstances. We must design an approach that acknowledges that client vulnerability in the face of on-going economic uncertainty and disruption is at the heart of risk felt all the way up the chain.

Closing Reflections

With high levels of client vulnerability, the recovery is still fragile. Given the depths of economic harm in many contexts, we can expect the road to recovery to be slow and bumpy. On-going data collection and monitoring will be important for understanding how the situation of different segments is evolving over time and to serve as a warning system to identify when client stress is increasing. Among SPTF roundtable participants there was widespread support for on-going data collection and more data pooling. Data needs to be pooled and shared widely with social investors, governments, donors, development finance institutions, investors in social investors, FSPs and networks. We must work together collaboratively across stakeholder types and regions to put client recovery at the center and build a stronger and more resilient sector coming out of this crisis. Each stakeholder has an important role to play in supporting a sustainable recovery.

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Roles for Financial Service Providers

- Develop mechanisms for on-going data collection for specific groups and segments of clients.
- Segment and analyze operational and portfolio data on a regular basis to detect shifts in well-being and stress in different sub-segments of clients that might be obscured in aggregate portfolio statistics.
- Offer flexible and customizable products that can be adjusted to match the specific needs of clients.
- Support clients' business adaptation by offering training, business planning support, and coaching either directly or through partnerships.
- Undertake savings campaigns and incentivize savings to assist clients in building back their resiliency.
- Take the long view: give clients as much flexibility on payments and as much debt relief as is feasible and necessary to help good clients recover.
- Be as open as possible with investors about what clients are experiencing the FSP's response.
- Invest in digitalization of services and/or additional agents and points of sale to make accessing services easier for clients in future waves or crises.

Roles for Investors and Donors

- Talk with investees about what is happening with their clients and how they are responding.
- Fund data collection initiatives and share data with other actors in the same markets.
- Fund—either through grants or concessional interest rates—initiatives by investees to support client recovery.
- Support investees in developing and expanding digital financial services.
- Take the long view: give financial institutions flexibility to respond to changing client needs and support their sustainable recovery—even if it impacts the bottom line in the short term.

Roles for Regulators

- Support client data collection and data pooling in your market.
- Use client-level data to guide regulatory actions.
- Grant flexibility to both clients and financial institutions to restructure loans without penalty.
- Ensure adequate and transparent communication around changes in terms and conditions of loans and the impact on cost and credit history.