**Universal Standards for Social Performance Management**

**Implementation Series**

**SECTION 4: Designing products, services, and delivery models and channels that meet clients’ needs and preferences**

**January 29, 2013**

Moderator: Cara Forster, Social Performance Task Force

Guest Speakers: Sameera B of Grameen Koota, India & Sunil Bhat of MicroSave, India

Grameen Koota presented on their practices related to implementing Standard 4c.

*The institution’s products, services, delivery models and channels are designed to benefit clients, in line with the institution’s social goals*.

Standard 4c has 4 Essential Practices:

4c.1 Reducing the barriers to financial inclusion faced by target clients (e.g., making points of service accessible to excluded people; offering suitable product terms for poor people).

4c.2 Providing timely access to sufficient money and services that allow clients to reduce their risk and cope with common emergencies (e.g., access to savings, insurance, emergency loans, business support services).

4c.3 Creating other benefits for clients by enabling them to invest in economic opportunities (e.g., loans for/leasing machinery) and address anticipated household needs (e.g., home improvement loans, wedding savings).

4c.4 Complaints information is used to improve the organization's operations, products, and communications. (Client Protection Principle 7) In our last Implementation Series webinar on this topic one of our speakers from an MFI in Bosnia stated, “Every complaint is a chance to learn,” a quote, which I thought was very appropriate for this section.

**Highlights of the Innovative Products and Practices**

**Presented by Grameen Koota**

**Customer Feedback Process:**

Grameen Koota (GK) used to get constant feedback from field staff about client needs and requirements, and the management was always updated about customer feedback, but in an informal way. Now the system has been restructured so information flows from the customers to GK in a way such that data can be analyzed and decisions taken formally.

Now GK uses a two-pronged approach to gathering feedback that relies on:

1) In person interviews of clients by Area Managers (5-10 clients per month)

2) Phone interviews of clients conducted daily by two call center staff. The call center team asks specific sets of questions that are relevant to each client segment.

One example of a new product being introduced due to client feedback is the housing loan that GK is currently piloting. Consistently customer surveys showed that 50% of clients needed loans for housing and so now GK is offering a housing loan on a limited basis.

**Products Designed to Meet Clients’ Needs:**

GK continuously strives to understand client needs and challenges and offers a wide range of financial products and development services to meet these needs. GK uses a framework of the life cycle needs of clients to develop products and services to meet the needs of clients’ in different life stages.



GK offers a wide range of products to its clients to reduce their risk and cope with emergencies:

* Emergency loan
* Savings/Pension
* Arogya loan (a health care program to improve clients’ living standards)
* Festival loan
* Medical loan
* Life insurance

Please see below for additional detail on some of these products:

* Argoya – A medical program that is implemented in partnership with two NGOs in order to offer quality medical services to the families of GK’s clients. These services protect families from over-indebtedness due to sudden hospitalization. Grameen Koota identifies the beneficiaries from among its clients and the health service providers arrange for the medical services that the clients or their families need. This program was introduced because GK’s customer research showed that none of the clients had insurance and many had trouble due to health shocks, which were causing clients to spend approximately 30-35% of their income on health expenses. GK offered this program in order to help the clients manage this challenge better.
* Medical – The medical loan helps clients cope with medical emergencies and expenses. When GK staff hears of a client with a medical emergency they can extend the client this type of loan up to a certain amount, which is authorized by the branch manager.
* Emergency – The emergency loan used to be available to only two clients out of every group. However, based on client feedback and need, GK updated its policy. Now the emergency loans are available in parallel to the clients’ existing loans for up to 50% of the groups’ members.
* Services – These are the awareness raising programs offered: health, nutrition, money management, hygiene, government services, financial education, and health/eye camps. The goal of these programs is to increase clients’ awareness level and enhance their understanding on these topics. GK also offers socio economic development workshops, which cover family planning, law, and health topics for both the clients and the community (non clients). These workshops are offered twice a year in all the branches and use prominent speakers to encourage attendance.

**Segmentation of Clients to Enhance Targeting:**

In order to better understand its clients’ needs, GK does a detailed segmentation of its clients. Six subsets of clients are used, based on the length of time that the clients have been with GK and their current place in the credit cycle:

* New clients (who are divided into two sub-groups - those who joined less than one month ago and those who have been with GK for between 1-6 months),
* Mature clients (who are divided into two sub-groups - those who have been with GK for 1-3 years and those who have been clients for more than 3 years),
* Clients who are exiting the institution.
* Renewal clients - those who have taken a new loan in the last month.

**Product Innovation Based on Customer Research**

A number of important policy and product decisions have been taken based on the results of client surveys. Examples include:

1. Home loans: Surveys repeatedly showed that half of clients demanded home loans. GK now has home loans on a pilot basis in a limited number of branches.
2. Emergency loans: Emergency loans were capped at two per group. Due to strong feedback from clients, the number was increased to 50% of the group’s size.
3. Festival loans: Similarly, festival loans, though not of big size, were given only at the branch. Based on the client feedback and exploration of client constraints with commuting to branches, festival loans are now disbursed in the groups.
4. Water and sanitation awareness raising sessions and loans: Survey results showed lack of awareness about good hygiene and poor sanitation conditions. Dearth of money to construct toilets was a significant part of the problem. More than 90% of clients were interested in toilet construction if GK were to offer credit to support that purpose. In response, GK introduced water and sanitation loans and began offering awareness raising sessions so the clients would understand why it is important to have a toilet. Water and sanitation improvements are different from income generating loans. Residents needed to be convinced to improve health and hygiene. For training and education, GK developed an NGO subsidiary, Navya Disha, to work with communities throughout the loan development process so they would understand the following:

* The technology/infrastructure,
* What they can build with the loan amount, and
* How to procure parts, labor, and government approval as needed for the construction of the improvements.