

**Assessment of the Use and Impact of  
*MicroSave's* Market Research for  
Microfinance Toolkit**

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**Prepared for  
*MicroSave and AFCAP***

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## **Table Of Contents**

### Executive Summary

1. Background
2. Purpose of the Assessment
3. Description of the Tools
4. Outreach of the Market Research Tools
5. Assessment of the Training
6. Use of the Market Research Tools
7. Impacts of the Market Research Tools
8. Suggestions for Improving the Tools
9. Options for Disseminating the Tools
10. Summary of Recommendations

## **Annexes**

- Annex 1: List of People Interviewed
- Annex 2: List of People Who Responded To The Email Questionnaire
- Annex 3: List of Documents Reviewed
- Annex 4: Examples of How *MicroSave*'s Market Research Tools Have Been Used
- Annex 5: One Option For Presenting The Market Research For MicroFinance PRA Toolkit
- Annex 6: *MicroSave*'s Work With Action Research Partners
- Annex 7: Impact of The *MicroSave* Market Research For MicroFinance On Equity Building Society's Products, Systems And Approaches
- Annex 8: List of Market Research For MicroFinance Course Handouts
- Annex 9: Description of Video Compact Disk (VCD) Toolkit

## **Tables**

- Table 1: *MicroSave* Market Research For MicroFinance Training: Outreach By User Group (June 1998 - February 2002)
- Table 2: *MicroSave*'s Market Research For MicroFinance Tools: Africa Based Users (June 1998 – February 2002)
- Table 3: *MicroSave*'s Market Research For MicroFinance Toolkit : Users Outside Africa (June 1998 – February 2002)
- Table 4: Market Research For MicroFinance Training Conducted By *MicroSave* (June 1998 – February 2002)
- Table 5: Examples Of How *MicroSave*'s Market Research Tools Have Been Used

**Acronyms**

AFCAP	African Capacity Building Initiative
CGAP	Consultative Group to Assist the Poorest
CSP	Certified Service Provider ( <i>MicroSave</i> )
DFID	Department for International Development
MF	Microfinance
MFI	Microfinance Institution
PRA	Participatory Rapid Appraisal
RI	Research International
UNDP	United Nations Development Programme
VCD	Video Compact Disk

## **Assessment of the Use and Impact of *MicroSave's* Market Research for Microfinance Toolkit**

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### **Executive Summary**

Market research is at the forefront *MicroSave's* vigorous campaign to promote a client-oriented microfinance industry. Over the past several years, *MicroSave* has developed an innovative participatory market research methodology that builds capacity within microfinance institutions (MFIs) to improve understanding of the demand side of microfinance. The methodology is supported by a 'toolkit' that consists of 18 participatory rapid appraisal (PRA) tools. These tools are designed to learn about customer perspectives on financial services and identify financial products and services that they want and need. Microfinance (MF) practitioners and trainers learn how to use the tools in *MicroSave's* Market Research for MicroFinance Training courses. Classroom and in-field training prepares participants to use the tools to identify customer needs and preferences, and options for responding to them.

### ***Description of the Market Research for MicroFinance Toolkit***

The Market Research for MicroFinance toolkit consists of standard PRA tools adapted to microfinance as well as original PRA tools developed by *MicroSave*. The toolkit includes:

- simple and detailed wealth ranking tools;
- seasonality, life cycle, and time series tools adapted to learn about the characteristics and financial dynamics, patterns, needs, and preferences of MFI customers; and
- several original PRA tools developed to understand the financial service use, options, and opportunities within communities including tools for assessing the gender issues and household control of resources.

The toolkit includes guidance on using the tools in the context of focus group discussions (FGDs). It also offers examples of analysis matrices to help organize and process information generated by each tool. A key feature of the toolkit is its dynamic and flexible nature. The tools can be changed, combined, and adapted to examine areas of specific of interest to the market researcher. Depending on the purpose, new tools can be added, while others can be adapted for different kinds of purposes. In this way, the toolkit continues to evolve as it is used to address new issues.

*MicroSave's* Market Research for MicroFinance training involves two basic courses. One course is targeted to microfinance *practitioners* who will use the tools directly in their work. Another ToT course is targeted to *trainers* who will teach others how to use the tools. The content of the training is similar in both courses with classroom training focused on the product development process, market research methodologies, qualitative market research methods and techniques, product concept and prototype development, prototype testing, and pilot testing and launch. Participants then prepare an action research plan for in-field research. The 'practitioner' trainees have one day of in field training and then return to their own MFIs to implement their market research plans with one to two weeks of on-site "mentoring" by *MicroSave* staff or Certified Service Providers. The ToT course has over a week of in-field training with guidance and support from *MicroSave* mentors after which participants return to practice the tools in their own environments backed by email support from *MicroSave*. This intense "classroom plus practice" approach characterizes all *MicroSave* training courses. It is particularly important for the Market Research for MicroFinance course.

### ***Main Findings***

*MicroSave* has an excellent staff of professionals who conduct the training and mentor MFIs in how to use the tools as part of the product development process. Their experience, hard work, enthusiasm, and ability to work effectively with MFI practitioners on the ground have been key to *MicroSave* accomplishments to date.

The outreach of the *MicroSave* Market Research for MicroFinance toolkit has been impressive. Between June 1998 and February 2002, *MicroSave* carried out 12 retail training courses involving people from 53 microfinance institutions, including 8 Action Research Partners (ARPs). They carried out three ToT courses involving 67 participants from 14 microfinance support networks. Thirty-seven of these individuals became *MicroSave* Certified Service Providers<sup>1</sup>. These Certified Service Providers, in turn, have trained many more microfinance practitioners in the use of the Market Research for MicroFinance tools. The toolkit also has had a wide geographic spread. The training has directly involved people and institutions from eight countries in Africa, seven countries in Asia, two countries in Europe, and two countries in North America. In addition, the training has involved international, regional, and national MFI networks and support organizations working both within and outside of Africa. Aggressive marketing and promotion and the relevance of the training to current interests in the MF industry, have been key its successful outreach.

The assessment found the tools training to be solid in both content and process. The practical field experience is invaluable and has had a direct influence on the way many institutions now carry out their activities. The training is highly rated by participants and the fact that they pay up to \$2,500 to attend the course indicates the value it is afforded by participants and their institutions.

The tools are well designed and easy to adapt to different settings and purposes. With training, users can generate information that is credible and useful for improving products and services. Given the growing interest in the microfinance industry for meeting a broader range of client financial needs, the *MicroSave* Market Research for MicroFinance toolkit is timely and in high demand.

The tools have contributed to the development of new and improved market oriented products and services. For example, one financial institution refined and repackaged their existing savings and loan products. Another introduced money transfer services. Another is working on a strategy for providing funeral insurance. One organization will use the tools to design loans and insurance packages for franchise health-service providers. New and improved products and services can help MFIs to reduce drop out rates, attract a broader range of clients, and become more competitive. *MicroSave* market research training and tools have been important in promoting the “demand side” agenda of microfinance. Overall, the tools have been very effective in changing the thinking of MFIs and raising awareness of client needs, preferences, and opportunities.

This assessment confirms the very positive findings of the mid-term assessment on the value and effectiveness of *MicroSave* Market Research for MicroFinance toolkit. The PRA tools are well conceived, useful and effective; the training is excellent; and both have received extremely positive reviews by almost all users. The tools have had a significant outreach to MFIs in East Africa and beyond. They have had positive impacts on MFI thinking about and approach to clients and market research. They are unique in the microfinance field and have brought many MFIs to a point where they “can’t go back” to their old supply led ways. This has led to the development of a wide range of new and improved products and services that have improved the competitive position of many MFIs. The change in approach is profound.

### ***Suggestions for Improving the Toolkit***

As detailed in Section 7, people interviewed during this assessment -- MFI staff, Certified Service Providers, other users, and *MicroSave* staff -- offered many useful suggestions for improving the training and the toolkit. Key suggestions included:

- refining the concepts and terminology used in the toolkit;
- integrating more adult learning concepts in the ToT;
- giving more emphasis to data analysis in the training and the manual; and
- providing more examples of how market research information can be translated into product concept development.

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<sup>1</sup> *MicroSave* expects to certify many of participants of the ToT held in India in November 2001 upon completion of their field-based follow-up activities.

*MicroSave* should continue to strengthen its follow up support to organizations in the product concept development and prototype testing process. Based on lessons from its intensive work with current Action Research Partners, *MicroSave* could work to develop a more streamlined approach to providing this follow up support. *MicroSave* should fully utilize Certified Service Providers in this process. Guidelines for providing this follow up support could consider what kinds of support are useful, for what kinds of products, in what kinds of institutional contexts.

To monitor the “supply side” impacts of a “demand led” approach, *MicroSave* should track changes in portfolio quality and growth, retention rates, outreach to poor households, geographic coverage, product costs, client transaction costs, improved client satisfaction, new product availability, competitive position, and profitability (or other appropriate indicators) in the context of its work with Action Research Partners.

#### ***Options for Disseminating the Toolkit More Widely***

The usefulness and demand for *MicroSave* Market Research for MicroFinance toolkit warrants its wider dissemination. *MicroSave* should consider cost effective ways to extend market research training to more MFI practitioners and trainers in Africa and other regions. One strategy would be to promote the training more actively through MFI networks, especially in Africa. Another way would be to utilize more fully Certified Service Providers to conduct the retail training courses. *MicroSave* also should consider disseminating the tools in other ways, for example through web-based dissemination. However, this should be done with caution and, insofar as possible, with training. To promote responsible dissemination of the tools, *MicroSave* should:

- develop supportive written materials;
- provide names of Certified Service Providers who can provide back up support;
- offer visual aids to support this process;
- provide cautionary statements about using the tools;
- facilitate the exchange of lessons from others; and
- provide references to supplemental PRA manuals and materials.

## 1. BACKGROUND

*MicroSave* was established in 1998 to promote the effective delivery of financial services to the poor through greater understanding of their financial needs and opportunities. Its philosophy is that financial services should be demand-driven in contrast to the conventional supply-driven approach that has characterized most microfinance institutions (MFIs) in Africa over the last decade. The idea for *MicroSave* came to fruition during a conference on savings held in Kampala, Uganda sponsored by the Consultative Group to Assist the Poorest's (CGAP's) working group on savings mobilization. As the name implies, its initial mandate emphasized savings, recognizing the importance but limited availability of savings services for the poor in Africa. *MicroSave* is funded jointly by the United Nations Development Programme's (UNDP) Regional Bureau for Africa and Special Unit for Microfinance and the Department for International Development (DFID), East Africa.

Phase I project activities began in October 1998 with a budget of approximately \$1.2 million for two-years. During this phase, *MicroSave* centered its work on raising awareness among microfinance institutions of client needs and preferences. It also emphasized identifying opportunities for the development of new and improved microfinance (MF) products and services. Based in Kampala, the project covered three countries of East Africa: Kenya, Tanzania and Uganda. Following an external review in 2000, *MicroSave* continued into a second phase and moved its head office to Nairobi to be closer to its collaborating partner AFCAP. During Phase Two II, *MicroSave* has expanded its geographical coverage to include Southern Africa, and introduced research and action on the supply side issues related to the institutionalization of new products and services. At the same time, it has continued to offer its successful market research course and to promote the idea of a client-oriented, demand-driven MF agenda to other African countries and the broader microfinance finance community at large. *MicroSave* has maintained an emphasis on savings, but in keeping with the client-led agenda has expanded its mandate to include a broader range of financial products and services demanded by the poor.

### *Market research at the core*

Market research is at the center of *MicroSave*'s work to raise awareness of customer perspectives and the demand side of microfinance. *MicroSave* works to build MFI capacity in this area through training in an innovative participatory market research methodology and follow up support in product development. To this end, the Market Research for MicroFinance toolkit has been developed and tested over the past several years. The 'toolkit' consists of a specific systematic methodology for using focus group discussions and 18 participatory rapid appraisal (PRA) tools developed specifically to improve understanding of microfinance customer perspectives on products and services in relation to their needs. Through workshops and in-field training, practitioners and trainers learn qualitative research methods, skills and techniques (focus group discussions and participatory rapid appraisal [PRA]) and how to use the PRA market research tools. The tools prepare them to better understand clients' needs and to identify options for responding to those needs.

*MicroSave* provides two basic types of training. The 'retail' training is targeted to MFI practitioners and runs for six days. The 'wholesale' training of trainers course is targeted to training service providers, often from training and research departments of MFI networks or consulting companies and runs for 12 days. The classroom training is similar in both courses, but in-field training is more intensive in the wholesale training of trainers course. *MicroSave*'s Action Research Partners participate in both types of training.

To date, *MicroSave* has provided market research training to 53 MFIs (including eight Action Research Partners), as well as six national, four regional, and four international MFI support networks. All together, over 250 individuals have participated in training supported by *MicroSave*. Within this group are 37 service providers who have been certified by *MicroSave* to train others to use the tools. These Certified Service Providers (CSPs) have played an important role in disseminating the market research tools and methodology. In many cases, they have delivered training without direct input from *MicroSave* (for example in Brazil, Ecuador, Mozambique, Tanzania and Zambia). This significantly increases the outreach of the tools beyond what has been identified in this report.

**Action research to bridge the demand and supply side of product development**

Recognizing the considerable challenges associated with translating market information into products and services that meet customer needs, *MicroSave* provides a package of follow up support to select partners through its Action Research Program. The purpose of this program is to improve understanding of 'supply side' issues related to institutionalizing new products and services. Through this program, *MicroSave* works intensely with eight partner MFIs in Eastern and Southern Africa. Following the training, *MicroSave* works with these partners to conduct market research and use the findings to develop new products and services. It also supports the development of new systems required to deliver these products. *MicroSave* works with these organizations through the progressive stages of product development and institutionalization: costing and pricing; product concept and prototype development; pilot test; and roll out. *MicroSave* provides intensive support, drawing on local and international consultants as needed.

New product development for the poor is un-chartered territory for most MFIs in the region. The required systems, skills, processes of institutional change, and associated risks are not well understood. Through the Action Research Program *MicroSave* provides substantial 'supply side' support to MFIs in the process of developing new products. It also gains a more in-depth understanding of capacity building needs and organizational processes related to new product development in different institutional contexts. This is central to *MicroSave*'s objective of strengthening the capacity of MFIs to respond to client needs and opportunities, especially for poor clients. For MFIs, it is critical for longer-term sustainability and growth. *MicroSave* appears to have made substantial progress in addressing supply side issues related to product development over the past two years.

**2. PURPOSE OF THE ASSESSMENT**

*MicroSave* commissioned this assessment of its Market Research for MicroFinance toolkit in collaboration with AFCAP. The purpose of the exercise is to assess the use and impact of the market research tools developed by *MicroSave* over the last two years and offer suggestions for how they can be improved and disseminated more widely. The aim of this particular assessment was to get feedback from users on the market research toolkit itself:

- The design of the tools,
- The training,
- The various ways they have used the tools following the training,
- Changes that have resulted from the use of the tools, and
- Suggestions for how the toolkit could be improved and disseminated more widely.

While this assessment focuses largely on the demand side, two related *MicroSave* studies will provide more in-depth analysis of supply side issues – institutional issues and processes – related to developing new and improved MFI products and services for the poor. The first is the 'feed-back loop' study currently underway, and the second is an assessment of *MicroSave*'s work with action research partners planned for later in 2002.

The assessment focused on:

- Who participates in the training and uses the tools
- The content and process of the training
- The use of the tools to gather information on client needs and preferences
- The use of this information by MFIs to develop MF products and services
- Other impacts on the systems and approaches of MFIs
- Suggestions for improving the tools
- Options for disseminating the tools more widely

The assessment involved the following activities:

- Email questionnaires/interviews for users trained on the tools but are based outside Kenya and Uganda;

- Interviews with users in field both in Kenya and Uganda, including Action Research;
- Partners, retail trainers and *MicroSave* Certified Service Providers;
- Review of documents and reports produced by *MicroSave* and its research partners;
- Observation of training process with one of the Action Research Partners;
- Review of all of *MicroSave*'s research products and training materials; and
- Discussions with *MicroSave*'s staff and director.

The assignment was carried out between November 2001 and February 2002 by Ezra Anyango, Jennefer Sebstad, and Monique Cohen with support from *MicroSave* and AFCAP team members.

### 3. DESCRIPTION OF THE TOOLS

*MicroSave*'s market research training originally was targeted to action research partners in East Africa. But in response to high demand for the training worldwide, it has been offered to other MFIs and individuals. A majority of users currently are in Africa, but *MicroSave* also has trained MFIs and individuals in countries outside this region. While the toolkit has been for a wide range of purposes over the past three years, the training continues to focus on an overriding objective: to build capacity within the microfinance industry to better understand and respond to the financial needs and opportunities of customers.

*MicroSave*'s Market Research for MicroFinance toolkit was developed and tested over a number of years in Asia and Africa in a wide variety of rural and urban settings. The idea originated from the application of Focus Group Discussion as a tool to analyze the impact of urban microfinance programs on women's empowerment and related issues in Bangladesh by Graham A.N. Wright and Shahnaz Ahmed in 1990. Building on the qualitative research potential, Graham and Shahnaz with support from Stuart Rutherford further adapted several "Participatory Rapid Appraisal" (PRA) tools to help explore the financial landscape in the Philippines, in 1997. The next phase of the tools development took place in Africa when *MicroSave* was based in Uganda between 1999 and 2000. The PRA tools were adapted for several studies to look at the impact of micro finance services on poverty and vulnerability. As part of the finalization of the toolkit for the market research course, several more product- and financial services sector-focused PRA tools were added to the toolkit based on the work done by Leonard Mutesasira and Graham Wright.

*MicroSave*'s toolkit is intended to facilitate the development of research skills and techniques of MFIs to improve understanding of the needs, preferences and opinions of clients. The toolkit called "Market Research for MicroFinance" is currently composed of:

- Manuals covering
  - Principles of market research
  - Approaches to market research
  - Focus Group Discussions (FGDs) to identify clients' needs and opportunities
  - Participatory Rapid Appraisal (PRA) tools to identify clients' needs and opportunities
- Product concept development and refinement
- A quick overview of pilot-testing

The toolkit also contains eighteen Participatory Rapid Appraisal tools designed to facilitate the process by which communities with the help of facilitators contribute to collection, analysis and validation of information about themselves. The tools help the MFIs to capture information about the income and expenditure patterns, wealth, preferences, seasonality issues, demographic factors and gender issues in the control of household resources. Following is a brief description of each tool currently in the toolkit.

The Focus Group Discussions and Participatory Rapid Appraisal for MicroFinance tool kit is currently composed of the following tools.

1. *Seasonality Analysis of household income, expenditure, savings and credit* is used to obtain information on seasonal flows of income and expenditure, and the demand for credit and savings

services. This analysis also provides insights into some of the risks and pressures faced by clients and how they use MFIs' financial services to respond to these. This tool also provides insights into the financial intermediation needs of the community and what products the MFIs can design in response to these.

2. **Seasonality Analysis of migration, casual employment and goods/services provided by the poor** looks at the availability of cash to the people in the community - and examines how far they might have to migrate to find work (when it is available). This has important implications for their ability to make regular savings and loan repayments.
3. **Life-cycle Profile** to determine which of the events require lump-sums of cash; to examine the implications of these for household income/expenditure; to establish current coping mechanisms; and then finally to discuss how access to MFI financial services can help the household respond to these. The information gathered is useful designing financial products that match the various needs expressed at different milestones during a person's life cycle.
4. **Venn/Chapati Diagram** allows analysis of financial service groups/organizations within the community and their roles and to understand more about the social capital accumulated by participants.
5. **Simple Ranking** can be used to explore a wide variety of issues when an understanding of the relative importance/desirability etc. is needed (e.g. for understanding the relative importance of different elements of products – interest, rate, opening balance, grace period etc.)
6. **Relative Preference Ranking** is used to see how clients and potential clients perceive the financial service providers and components of the financial services they provide.
7. **Pair-wise Ranking** to examine in detail how clients and potential clients compare and contrast critical components of financial services, and why those elements are important for them.
8. **Simple Wealth Ranking** provides a rapid way of segregating a community into three basic categories, and is useful in situations where there are many households in a community. This is useful for targeting. This exercise can also be useful in impact assessment, and for examining the socio-economic characteristics of people who chose to join (or don't join) the MFI and also those who leave or whose accounts become dormant.
9. **Detailed Wealth Ranking** provides an understanding of in what way and why rich people are wealthy and the poor are poor, and a 'ranking' of the households in the village, from the most wealthy to the least wealthy, as seen by the members of the community.
10. **Cash Mobility Mapping** provides an understanding of where the community goes to acquire or spend cash (markets, waged labor, co-operatives, informal financial organizations etc.) and to lead into discussions of which financial service institutions they trust or value and why. The exercise also provides initial insights into potential income generating ventures/projects that the clients might get involved in.
11. **Time Series of sickness, death, loss of employment, theft, natural disaster etc.** (this year, last year, 5 and 10 years before) provides an opportunity to learn from the community about how it views change overtime in various areas related to a series of crisis. It also allows the research team to integrate key changes into the community profile, which will simplify problem identification; and to begin to organize the range of opportunities for improved delivery of financial services.
12. **Time Series of asset ownership** (this year, last year, 5 and 10 years before) is useful in determining what "productive" and "protective" assets (in a broader sense) are valued the most, and thus the

potential for designing or refining corresponding financial products including leasing, contractual savings deposits (e.g. for housing, education, health insurance etc).

13. ***Financial Services Matrix*** is useful in determining which financial services are used by which socio-economic or socio-cultural strata of society and why, and thus the potential for designing or refining appropriate financial products.
14. ***Financial Sector Trend Analysis*** is useful in determining which financial services have been used over time by which socio-economic or socio-cultural strata of society, and thus for understanding the changes in the use/ availability of a variety of financial services over time, and why participants used them.
15. ***Financial Landscape Analysis*** is useful in determining the types of competition are operating in the area as well as the rates they charge/offer etc. The tool also provides insights into the use/ availability of a variety of financial services and why participants use them. It can also provide important insights into how poor people's perceptions of financial services sometimes vary substantially from the actual terms and conditions being offered.
16. ***Gender Financial Services Matrix*** is useful in determining which financial services are used by men and which by women and why and thus the potential for designing or refining appropriate financial products.
17. ***Household Generation, Receipt and Spending of Cash Analysis*** is useful in determining which sources of income are generated, received and spent by men, by women and both and why. This can help the MFIs understand the intra-household dynamics in the context of income flows and begin to assess risk profiles associated with lending to specific income generating activities and households.
18. ***Expenditure and Saving to Meet Expenditure Analysis*** is useful in determining who in the household (men and women or both) takes responsibility for saving to meet different expenditures and who makes the expenditures. This can help the MFI understand the intra-household dynamics in the context of expenditure and savings patterns and facilitate the development and marketing of financial services.

A key feature of the toolkit is its dynamic and flexible nature. The tools can be changed, combined and adapted to examine specific of interest to the researcher, therefore new tools are added while others are adapted for different kinds of purposes. In this way, the toolkit continues to expand as the tools are used to address new issues. For example since the toolkit was finalized for the purpose of the first course, Leonard Mutesasira developed the *financial sector trend analysis* to look at how preferences and user patterns have changed over time and why during his work in Uganda and Tanzania. Similarly, Monique Cohen developed the *financial landscape analysis* tool to examine the terms and conditions governing the savings and credit systems available to poor people in Nepal. Currently, three additional tools are under development by Susan Johnson and Graham Wright to improve understanding of the *gender aspects* of household income and expenditure patterns, savings use, and use of financial services within communities.

This evolutionary process has not been confined to the development of the tools alone. For example, although *MicroSave's* original purpose was to promote savings, the Market Research for MicroFinance toolkit is used for developing financial products and services beyond savings. The Market Research for MicroFinance tools are perhaps most commonly used to examine the causes underlying dropouts – to such an extent that *MicroSave* has developed a generic protocol/research plan specifically for this issue. The tools have also been used extensively in exploratory studies to look at the potential demand for and product design of such diverse products as: individual lending products, money transfers, funeral funds, health insurance, leasing, housing finance, emergency loans, fixed or term deposits, school savings accounts and contractual savings agreements. In more creative ways the tools have been used in the study of health related issues in India, HIV/AIDS in Kenya and Uganda, and a resettlement problem in Uganda.

#### 4. OUTREACH OF THE MARKET RESEARCH TOOLS

Three main 'user-groups' have been trained in *MicroSave* Market Research for MicroFinance training courses:

- ***MicroSave* Action Research Partners.** *MicroSave* has provided market research training to managers and field staff of eight microfinance institutions that are *MicroSave* Action Research Partners (ARPs). *MicroSave* works with these partners to develop new and improved financial products and services. In many cases, staff of ARPs participate in more than one market research training course, and also participate in other *MicroSave* training related to product development, pilot testing and prototype development, and roll out. *MicroSave* mentors support trainees in carrying out the market research and in using the findings for product development. *MicroSave* provides direct technical assistance and training to these partners in the areas of product concept development, costing and pricing, pilot testing, and the introduction of systems and approaches to institutionalize new products. *MicroSave*'s involvement with action research partners varies in intensity and time frame, depending on the organization, its needs, and its approach to product development.
- ***Other MFIs and MFI support organizations.*** *MicroSave* also trains individuals in other MFIs and MFI support organizations and networks to use of the *MicroSave* market research tools. This group includes people and MFIs from Africa, Asia, Europe and North America.
- ***Certified Service Providers:*** This group includes microfinance experts who *MicroSave* trains to use the tools themselves and to train others to use the tools. Many of the Certified Service Providers, in turn, have worked alone or with *MicroSave* staff to train other MFIs to use the tools.

**Table 1: Outreach of *MicroSave* Market Research for MicroFinance Training By User Group (June 1998 - February 2002)**

	<i>Within Africa</i>	<i>Outside Africa</i>	<i>TOTAL</i>
<b>MFI Action Research Partners</b>	8	0	8
<b>Other MFIs</b>	16	29	45
<b>National MFI Networks</b>	0	6	6
<b>Regional MFI Networks</b>	2	2	4
<b>International MFI Networks</b>	4		4
<b>Certified Service Providers</b>	24	13	37

Over the past three years, the geographic spread of the *MicroSave* Market Research for MicroFinance toolkit has been impressive. The training has directly involved people and institutions from eight countries in Africa, seven countries in Asia, two countries in Europe, and two countries in North America. In addition, the market research training has involved 14 international, regional and national networks and support organizations working both within and outside of Africa (Tables 1, 2 and 3).

In considering the coverage of the *MicroSave* training up to now, there appears to be considerable scope for expanding its outreach within sub-Saharan Africa (especially West Africa); and to broaden the number and type of MFIs trained within African countries. During the course of the assessment, several people mentioned that training tends to reach larger, better-known MFIs and tends to leave out smaller, fledgling microfinance providers that could benefit greatly during their formative stages. The cost of the training appears to be one reason for this.

**Table 2: *MicroSave's* Market Research for MicroFinance Tools Africa-Based Users (June 1998 – February 2002)**

<i>Action Research Partners</i>	<i>Other MFIs</i>	<i>International, Regional, and National MFI Networks</i>	<i>Certified Service Providers</i>	
<b>Kenya</b> Equity Building Society Kenya Post Office Savings Bank  <b>Uganda</b> Centenary Rural Development Bank FINCA-Uganda Uganda Microfinance Union  <b>Tanzania</b> Tanzania Postal Bank  <b>South Africa</b> Ithala Bank TEBA-Bank	<b>Kenya</b> Chai SACCO KUSSCO Faulu-Kenya Kenya Women's Finance Trust K-Rep Development Agency  <b>Uganda</b> Faulu-Uganda FOCCAS Catholic Relief Services  <b>Tanzania</b> Akiba Bank NIGP Presidential Trust Fund Pride Tanzania  <b>South Africa</b> Credit Indemnity LandBank Small Enterprise Foundation Teba Limited	<b>Regional</b> Catholic Relief Services WOCCU  <b>National</b> None	<b>Kenya</b> Shahnaz Ahmed Robert Hickson Kamau Kabbucho Nthenya Mule Graham Wright Henry Sempangi  <b>Uganda</b> Innocent Garakumbe Peter Mukwana Leonard Mutesasira Sylvia Osinde Evelyn Stark Guy VanMeenan Cerstin Sander  <b>Tanzania</b> Altemius Millinga	<b>South Africa</b> Gerhard Coetzee Brian Kuwik Kalipe Mashaba Cindy Noble Lazarus Ntshingila  <b>Zimbabwe</b> Petronela Chigara Jill Donahue  <b>Zambia</b> David Musona  <b>Mozambique</b> Henriqueta da Conceicao D. Hunguana  <b>Benin</b> Christian Loupeda

**Table 3: *MicroSave's* Market Research For MicroFinance Tools Users Based Outside of Africa (June 1998 – February 2002)**

<i>Microfinance Institutions</i>	<i>International, Regional and National MFI Networks</i>	<i>Certified Service Providers</i>
<p><b>Bangladesh</b> BRAC BURO-Tangail</p> <p><b>India</b> ASA-Trichy (India) OSCARD BASIX SEWA Bank Sharda Women's Association SHARE-MicroFin SNEHA Society for Rural Improvement SPANDANA</p> <p><b>Pakistan</b> DAMEN Kashf Orangi Pilot Project SWAFCO</p> <p><b>Philippines</b> Agricultural and Rural Development For Catanduanes, Inc. Ahon sa Hirap, Inc BINHI CARD Bank FCB Foundation, Inc Hope for Change, Inc. MILAMDEC Foundation TSBP Negros Women for Tomorrow Philippine Enterprise Development Foundation (PEDF) Philippine Network for Helping the Hardcore Poor, Inc.(PHILNET) RAFI –Cebu Micro-Enterprise Development Foundation, Inc. TSPI Development Corporation</p> <p><b>Malaysia</b> Amanah Ikhtiar Malaysia (AIM)</p> <p><b>Vietnam</b> CEP Fund</p>	<p><b>International</b> Freedom from Hunger Planet Finance Women's World Banking ACCION</p> <p><b>Regional</b> MicroFinance Centre for Eastern Europe and the Newly Independent States CASHPOR</p> <p><b>National India</b> CARE-India Friends of Women's World Banking SIDBI</p> <p><b>Nepal</b> Center for Microfinance</p> <p><b>Pakistan</b> Pakistan MicroFinance Network</p> <p><b>Philippines</b> MicroFinance Council of the Philippines</p>	<p><b>Philippines</b> Annie Alip Cora Henares Lalain Joyas Jesila Ledesma</p> <p><b>India</b> Komal Parmar Padmaja Reddy</p> <p><b>France</b> Michal Matul</p> <p><b>Poland</b> Katarzyna Pawlak</p> <p><b>Mexico</b> Guadalupe Lopez de Llergo</p> <p><b>United States</b> Warren Brown Barbara MKNelly Inez Murray Ursule Yekpe</p>

Outside of Africa, training has reached South Asia and the Philippines, but has had limited outreach to MFIs in Latin America, the Middle East, North Africa, and much of South East Asia. Working through regional and international networks and support organizations in these regions could be one way to expand coverage to these areas.

Another gap in coverage, at this point, is the limited number of Certified Service Providers based outside of Africa. As demand for training increases, expanding the 'wholesale' training to other regions would be a way for *MicroSave* to respond to this demand. The November 2001 ToT course through Friends of Women's World Banking in India is an example of this.

## 5. ASSESSMENT OF THE TRAINING

The objective of *MicroSave's* Market Research for MicroFinance training courses is to equip participants with skills and tools to explore how poor people manage their money, their demand for financial services, and their views about financial products. The basic course has evolved over time and has been adapted, as appropriate, to the needs of various groups being trained. At the initial stage, *MicroSave* collaborated with Research International (RI) in developing the course. RI was helpful in teaching research techniques that were new and important for MFIs. However, they had somewhat limited knowledge of the microfinance industry and, in at least one case, did not provide adequate follow up support. One institution was left with a mass of client data without adequate support in analysis. In 1999, *MicroSave* began offering the course themselves with support from those that they had trained as trainers.

### *Description of the training*

<b>Topics covered in <i>MicroSave's</i> Market Research for Microfinance Training Courses</b>
<ul style="list-style-type: none"> <li>• Overview of product development and market research</li> <li>• Understanding customer needs and opportunities</li> <li>• Market research using focus group discussions and PRA tools</li> <li>• Group moderation</li> <li>• Analyzing and presenting results from focus group discussion</li> <li>• Participatory Rapid Appraisal</li> <li>• Participatory Rapid Appraisal (PRA) for Microfinance Toolkit</li> <li>• Analyzing and presenting results from PRA</li> <li>• Product concept development</li> <li>• From product concept to prototype</li> <li>• Prototype testing using qualitative research techniques</li> <li>• Pilot testing and launch</li> <li>• Action planning for field research</li> </ul>

The toolkit offers two well-developed techniques for participatory learning about clients: focus group discussions and participatory rapid appraisal (PRA). Training participants learn how to use these techniques and are guided through their actual application to microfinance in the field. Through the training, participants learn to work with clients (and non-clients) in focus groups, individual interviews, and group exercises using the various PRA tools.

The *wholesale training* targets technical services providers from MFI networks, consulting firms and other MFI support organizations. Most are individuals with skills and experience in training and, preferably, in participatory methodologies. The training equips these service providers with skills to direct qualitative Market Research for MicroFinance-driven product development and to provide follow-up technical assistance to MFIs. The 12-day course includes four days of classroom work, seven days of in-field training and mentoring, and one day for planning follow-up activities. *MicroSave* mentors provide email follow-up

support to participants while they implement their action research plans. Those who successfully complete the wholesale training and their action research project are certified by *MicroSave* as trainers and technical service providers.

The *retail training* is offered to Action Research Partners (ARP) and other MFI practitioners. For the Action Research Partners, this training course is offered at the beginning of their partnership agreement with *MicroSave*. It forms the foundation for subsequent product development work supported by *MicroSave*. The course targets the action research teams within these institutions and at least one manager or decision-makers. In addition, operational staff members involved in day-to-day research activities also are trained. The training equips staff with qualitative skills, tools and techniques to carry out market research related to the development of new and improved microfinance products and services. It equips the managers or decision makers to follow up with policy decisions at senior management and board level. Because ARPs are long-term partners of *MicroSave*, they receive direct technical support from *MicroSave* after the initial training. This includes mentoring (by *MicroSave* staff or *MicroSave* Certified Service Providers) in designing a research plan, conducting qualitative research, and developing and testing product concepts and prototypes. The retail course consists of four and half days of classroom work, one day of in-field training, and a half-day for planning follow up activities. This is followed by one or two weeks of “mentored” follow-up. In some cases, the follow up involves three to four days of in-house training on techniques and tools before going out to the field with a *MicroSave* mentor.

**Table 4: Summary of Market Research for MicroFinance Training Conducted by *MicroSave* (June 1998 – February 2002)**

<i>Date</i>	<i>Place</i>	<i>Scope of training</i>	<i>Number of participants</i>	<i>Number of participating organizations</i>
<b>RETAIL TRAINING FOR ACTION RESEARCH PARTNERS</b>				
June 1999	Kenya	KPOSB/TPB plus other ARPs	6	6
Sept. 2000	Kenya	TEBA Bank	3	11*
April 2001	Uganda	New ARPs	13	5
Sept. 2001	Uganda	CERUDEB Credit Officers	9	2
Oct. 2001	Kenya	EBS Staff	26	1
Nov. 2001	Tanzania	TPB/KPOSB Marketing Staff /Product Development Teams	23	2
<b>RETAIL TRAINING FOR OTHER MICROFINANCE INSTITUTIONS</b>				
Oct. 1999	Uganda	Uganda MFI Staff	39***	14
Sept. 2000	Kenya	Kenya and Tanzania MFI Staff	20	11*
<b>WHOLESALE TRAINING FOR SERVICE PROVIDERS</b>				
Jan. 2001	Uganda	ToT	24**	17
May 2001	Uganda	ToT	23**	13
Nov. 2001	India	ToT	28	18

\* TEBA Bank (ARP) and Retail MFIs attended same course

\*\* These numbers include *MicroSave* staff that attended both courses

\*\*\* Note that 3 were *MicroSave* staff members, 8 were from Research International and one from Mitre

In response to the high demand for market research training, the retail course was expanded to include MFIs without formal partnership agreements with *MicroSave*. This training also targets MFI staff members in research and marketing departments and at least one senior manager or decision maker. Similar to the ARP training, the course consists of four and half days of classroom training, one day of in-field training, and a

half-day for planning follow up activities. This is followed by “mentored” follow up support to trainees while they implement their action research plans.

During the last quarter of 2001 the following additional courses on Market Research for MicroFinance were delivered:

- Kenya for Equity Building Society<sup>2</sup> (contracted by Swiss Contact delivered in collaboration with 2 AFCAP Associates certified trainers, and supported by *MicroSave*)
- The Philippines (through the MicroFinance Coalition/CASHPOR for participants from Philippines, Malaysia and Vietnam supported by *MicroSave*),
- Poland (through the Microfinance Center for participants from NIS/Russia supported by *MicroSave*),
- Zambia (delivered by ICC with the remote support of *MicroSave*),
- Other follow-on courses in Uganda, Tanzania and South Africa<sup>3</sup> as well as for the SEEP network, Francophone Africa and parts of Latin America are under discussion. *MicroSave* will attempt to support training courses in East and Southern Africa but is likely to discontinue supporting courses outside its area of operations.

The Market Research for MicroFinance training materials have been translated into Spanish and Portuguese and currently are being translated into French.

### ***Selection of participants***

*MicroSave* does a good job of promoting the Market Research for MicroFinance training. The courses are advertised through various channels including development organizations (including UN bodies and donors), AFCAP and CGAP, MFIs and MFI networks that have had a relationship with *MicroSave*, action research partners, word of mouth through Certified Service Providers, and *MicroSave*'s website. In the initial stages, the objective of *MicroSave* was to work only with ARPs and therefore the focus was to identify the potential partners on the basis of qualification criteria.

For both the retail and wholesale training, a typical class has around 25 participants. The ‘wholesale’ ToT is offered to people who want to be Certified Service Providers. They are expected to have some experience in training, participatory methodologies, and adult learning techniques. Only those that perform satisfactorily during and after the training assignments are certified as trainers/service providers.

For the ‘retail’ training, *MicroSave* provides guidelines to institutions on the required qualifications for attending the courses. The institution selects people to attend the courses based on the *MicroSave* guidelines and other internal institutional factors. *MicroSave* expects that the people selected meet the minimum qualifications and work in areas related to market research within the organization. Although *MicroSave* has always sent guidelines on whom to attend the courses, the institutions have not always selected participants based on those guidelines alone. The mix in trainees therefore has always varied according to the immediate needs of the institutions sending staff for training.

### ***Assessment of the training***

The training received very high marks by those interviewed during this assessment. People particularly liked the unique combination of classroom and field experience provided by *MicroSave*. In terms of content, the training covers a full and appropriate range of theoretical and practical topics. The areas covered are directly related to the effective use of the tools. The training course has improved over time, with the addition of more tools and refinements in the presentation of materials. The allocation of time across topics has changed over time, in response to suggestions made by trainees. In terms of process, the training is well executed and involves an appropriate mix of classroom and in-field training. The size of the

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<sup>2</sup> An Action Research Partner

<sup>3</sup> The course in South Africa has now been conducted and attracted 37 fee-paying participants

classes and the time frame – a week of classroom training and 1-2 weeks of mentored in-field training – are appropriate.

### **Theoretical**

The theoretical part of the training takes place during the first week. Trainees learn about the importance of market research, qualitative research techniques as applied to market research, and how findings can be applied to improve microfinance products and services. The participants appreciate the usefulness of theoretical training in giving a sound foundation to the subsequent field research. One issue is that some consider the first day a bit too packed with background information. Most participants also expressed the view that the last session on action planning at the end of the course was very important and had a direct influence on what they were to do after the course. However, it was not given enough time and therefore was not adequately covered.

### **Field practice**

Participants especially appreciate the in-field training, which involves designing a market research study (e.g. a study of drop outs), developing a research plan, conducting qualitative research, analyzing data and, developing or refining a product concept. Trainees find this part of the training quite challenging. Nevertheless, everyone interviewed agrees that it is a critical component of the training the time devoted to it should not be reduced. Data analysis is considered most challenging and many people feel they needed more help in this during the field practice. All of the trainees interviewed appreciate the real field experience provided by the training.

### **Field application/mentoring**

Trainees found the *MicroSave* field mentors to be quite useful in helping them apply the tools in the real field context and in gaining confidence before going on their own in their own institutions. The presence of the mentor gives the trainees confidence to try out tools they are not quite sure of. Field visits by the assessment team confirm the importance of and need for training and experienced mentoring to be able to effectively apply the tools.<sup>4</sup> In general, the *MicroSave* trainers are more experienced than Certified Service Providers in mentoring and providing adequate back up support. One person suggested that the mentors should be more hands on in the field during the initial stages.

### **Quality of trainers**

The trainers received good ratings from participants. Most of the Certified Service Providers (who often are involved in delivering the training) had some background in training and participatory methodologies. All trainers were acceptable in their delivery methods. *MicroSave*'s own trainers were found to be more experienced in the field guidance part. This is because they have gained experience over time and therefore are more at ease with field facilitation. The initial trainers from Research International were praised on their delivery of market research concepts but were found to have limited experience in microfinance.

### **Timing of training**

Overall, training participants thought the classroom training was very good but felt that more time should be allocated to action planning. A related issue was the sequencing of the action planning session. Currently, it is scheduled for after rather than before the fieldwork. While *MicroSave* is anxious to get the trainees into the field as soon as possible, some would have preferred to go to the field prepared with an action plan. Trainees found the background information offered on the first day to be useful, but some felt that *MicroSave* could reduce the amount of information provided. This would free up more time on day four for Action Planning. Trainees considered the amount of time allocated for field research adequate but the allocation of time for analyzing the results not to be enough.

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<sup>4</sup> ARPs interviewed included Equity Building Society, Kenya Post Office Savings Bank, CERUDEB and FINCA Uganda.

### Links to product development

It is very difficult to train someone to translate findings on client needs and preferences into product concepts. However, many people mentioned this challenge during the course of the assessment. The training provides examples of how this is done. However, the actual translation of findings into product concepts and prototypes requires practice and experience, which can be supplemented by (but not substituted for) follow up support. Much of this learning is beyond the scope of a training course.

Overall, *MicroSave's* Market Research for MicroFinance training course is meeting the objectives of changing perceptions towards clients within MFIs and stimulating client-oriented changes. As noted during the midterm review of the first phase of *MicroSave*, the evidence is clear that the MFIs participating in the course:

- Have experienced significant shifts in the way they think about their clients
- Have learned to talk with their clients more effectively
- Are applying lessons about clients and using the specific techniques in a variety of ways.

<i>User Views on the Training and Toolkit...</i>	
<i>Action Research Partners</i>	→ “How can we go back to doing business the old way?” “Now we are listening to our clients about what they want” “It has changed this bank forever”
<i>Certified Service Providers</i>	→ The training course is an essential and integral part of learning how to use the tools. The training imparts the necessary skills to train and mentor researchers on how to use of the tools effectively. The toolkit is the basis of a large proportion of the business of six of the AFCAP Associates and two of the AFCAP mentors trained and certified.
<i>Retail trainees</i>	→ The training prepares participants to effectively apply the tools in their own organizations. The training enables participants to carry out credible and useful studies on a wide range of topics, including the problem of dropouts. Qualitative market research techniques taught in the training can be applied to study problems related to microfinance and beyond.

## 6. USE OF THE MARKET RESEARCH TOOLS

*MicroSave's* Market Research for MicroFinance tools are used for a range of purposes including to:

- Develop new and improved microfinance products, services or systems, for example, school fee loans, housing saving products, funeral insurance etc.;
- Study a specific MFI program or question, for example, the problem of drop outs or delinquency; or
- Address a general research question relevant to the MFI industry or other development organizations, for example the impact of HIV/AIDS on financial service provision.

Table 5 offers some specific examples of the tools have been used. Annex 5 provides more details on how people interviewed during the assessment said they have used the tools. The wide range of uses suggests their adaptability to different contexts and purposes. Generally, the most common uses of the tools have been to explore:

- Client satisfaction;
- Reasons that clients drop out;
- How existing products/services can be refined; and
- What new products/services clients would like.

<b><i>Examples of How MicroSave's Market Research Tools Have Been Used</i></b>	
<i>To develop products and systems</i>	→ New savings product Housing improvement loan School fee loan Top-up loan Funeral insurance product Life insurance product Money transfer services Financial planning tools for MFI clients Improved customer service Monitoring and impact evaluation system
<i>To address a specific MFI problem/issue</i>	→ How to compete in a highly competitive market How to diversify clients Reasons for drop outs Reasons for repayment problems What to name a new MFI How to address the financial service needs and opportunities for youth
<i>To address a general research question</i>	→ What are the financial implications of HIV/AIDS for affected households and MFIs? What is the impact of microfinance on reducing risk and vulnerability of poor households? What are the needs and opportunities of people targeted for resettlement under a hydro-electric power project?

The tools are highly appreciated by MFIs both within and outside Africa. Respondents generally agree that well-moderated FGDs generate extremely useful information on client needs, preferences and opportunities. Focus groups using the PRA tools help to structure discussion around clearly defined topics. The variety of tools allow for triangulation on particular issues. The information generated is an eye opening experience for many, and has changed the way they think about clients, their needs, and the design of microfinance products and services.

MFIs that have not used qualitative market research methods before have developed a healthy respect and appreciation for the information they generate. While qualitative methods are not easy to use without training and practice, people appreciate the interactive and dynamic approach of the PRA tools and their adaptability to different purposes and situations.

While the tools are extremely useful for learning about clients, more challenging is the process of analyzing this qualitative information, presenting the findings to decision makers, and translating the findings into product and service concepts and prototypes. This leads into a larger set of institutional issues related to the process of introducing new or improved products and services. In addition to the market research training, follow up support to MFIs by *MicroSave* and Certified Service Providers has been critical in developing systems and approaches to support the introduction of new or improved products and services. The product development process has gone further and impacts have been greater for *MicroSave's* Action Research Partners because of this intensive support. *MicroSave* appears to have made considerable progress in this area (for example, with Equity Building Society, Kenya Post Office Savings Bank, and Centenary Rural Development Bank) since the May 2000 mid term evaluation.

The following sections summarize things that make a difference in effective use of the tools and some of the challenges people have experienced in using them. Recommendations for improving them follow in Section 7.

### ***Things that make a difference in the effective use of the tools***

- Participation in *MicroSave* training
- Previous experience with PRA or with qualitative methods
- Good moderation skills
- Practice in their use
- Use of the local language in conducting market research
- Solid knowledge of the microfinance sector by users
- Good understanding of the institutional issues around product development.
- Motivation within the MFI to improve products and services
- Well-defined research objectives
- Clarity in the concepts and definitions used in the research
- Link of research and researchers to top management

*“...People with good research background, with qualities of probing, being inquisitive about the problem is what is needed most. The ‘matter-of-fact’ people will not be able to look into the qualitative aspect of any problem.”*

*(Email respondent, 1/02)*

### ***Challenges in using the tools to gather information***

To identify ways the tools might be improved, the assessment asked people to discuss challenges they faced in using them. As suggested earlier, gathering information on clients generally was less challenging than analyzing the findings and applying the results to product development.

The 18 PRA tools in the toolkit range in their ease of use. With training, the discussion guide driven focus group discussions and the seasonality, life cycle and preference ranking PRA tools are generally used without difficulty. In part, this is because these are the tools most often taught and practiced in the *MicroSave* training. Some people commented on other tools they found more challenging to use. In some cases this is because they are inherently complex and in other cases because they were not covered or practiced in the training. Some examples:

- The Wealth Ranking tool was challenging to use for a few people, especially those who are not familiar with PRA. Some people did not think the tool was useful because their programs are not poverty focused. Others found it difficult to analyze and draw conclusions from the wealth ranking data across groups because the definitions of poverty were so different. One suggestion was to elaborate more on the rationale for doing wealth ranking, provide examples of how the findings can be interpreted in relation to the improvement of MF products and services.
- In using the Product Attribute Ranking tool, some found that the concept of ranking is often confused with likes and dislikes. Because of this confusion, the findings are difficult to sort out. More precise definitions would be useful.
- Several people mentioned the difficulty of using the Cash Mobility Mapping tool. They found it ‘dense’ as described in the manual and presented in the training. It was difficult for some people to relate the information the tool generates to financial services. One suggestion to improve the tool was to specify the purpose more clearly and narrow down the scope of the analysis to key sources of community income. Another was to provide a specific example of how this information might be used to locate a MFI branch or develop a product or service. Some people also found it difficult to get accurate information about cash mobility as the participants were not sure of their intention with

that information (for example, some participants felt that they might be at risk of theft if they gave full information on how and where they move their cash).

- The Financial Sector Trend Analysis is considered very useful in highly competitive environments but, in some places, there are so many financial institutions in a particular community it is impossible to cover them all. Moreover, group participants often do not know them all and have limited information on of the specific terms and conditions of various financial products on offer. To improve the usefulness of the tool in this context one person suggested the moderator could develop a prelist of alternative financial institutions (in addition to MFI) in order to narrow down which ones to analyze.

Another challenge in using the focus groups and PRA tools is the reticence of some people to speak openly in communities where people are not used to sharing opinions with others, or where culturally it is incorrect to contradict others opinions. In these circumstances, good facilitation is key.

To cross check the validity and objectivity of the data, one person suggested involving at least one outside person in the data collection and analysis process. However, another person commented on the importance of involving at least some MFI staff members. If they are not involved, they may be prone to dismiss any results that they do not like.

### ***Challenges in analyzing information generated by tools***

The *MicroSave* training covers how to document and organize the information generated by the FGDs and PRAs and how to analyze it. In general, analyzing qualitative data can be challenging and this was a difficult step for many when they used the tools after the training on their own. Part of the challenge is that the approach varies for each tool and has to be adapted to individual research objectives. The training can discuss principles and present examples, but experience and practice are the best teachers. One respondent commented that the tools generate a huge amount of information, but it is not always easy to know how to use it and how to link it to the original task. Another challenge is triangulating data from more than one FGD and/or type of PRA. A further challenge is reporting and presenting qualitative findings to decision makers, many of whom are not used to (and sometimes skeptical of) qualitative research. Related issues and suggestions offered by trainees:

- Common understanding of the *concepts and definitions* used in the research is critical for drawing meaningful and valid conclusions from the results. This emerged as a key issue for getting useful information, carrying out a good analysis, and coming up with meaningful results. In some cases, the concepts and terminology used in the tools manual and training are not clearly defined. For example, the words ‘attributes’, ‘elements’, and ‘components’ are used interchangeably, which at times can be confusing. Moreover, terms such as ‘savings’, ‘wealth’, and ‘social capital’ can mean many different things in different communities. When terms are not well defined or ambiguous, the responses can be confused and create problems in analyzing the data.
- Managing the large *volume of qualitative data* generated by the tools is also a challenge. To help manage this process, the number of FGD sessions should be limited to two (maximum three) per day. It is important to label the tapes and notes with the time and location of the session, the name of the moderator, and consistent/matching serial numbers. It is important to involve a second person to take notes in addition to the moderator during discussions.
- *Validating and drawing general conclusions* from qualitative data is important for its credibility and usefulness, but a not always easy. How many times does someone have to repeat a point before it is a valid point? To what extent can findings from qualitative data be generalized? The training covers this, but more on this in the manual would be useful in guiding people when they use the tools back home. Guidance from *MicroSave* in the manual and the training would be useful for ensuring the credibility of the data.

- Several people mentioned the challenge of *presenting findings* from the FGDs in a simple but credible way, especially to people used to seeing numbers. More examples in the manual and in the training of how to present findings would be useful.
- The analysis step is more difficult for people who have not used qualitative research methods before. It is easier when the tools are applied to a specific and well-defined task. Involvement of people who are experienced in qualitative research methods is also helpful. Mentoring and other follow up support from *MicroSave* and its certified service providers is particularly useful and valued by MFIs at this stage.
- In general, the *MicroSave* PRA tools manual could include more guidance on how to analyze results. It could provide examples of how others have analyzed and triangulated data from FGDs using various tools. More focus on this in the manual could be helpful in building analysis skills and improving the analysis process. Along these lines, *MicroSave* recently incorporated a new section in the manual on analysis and is now placing more emphasis on this in the training.

### ***Challenges in translating the findings into product concepts and prototypes***

Using information on client needs, preferences and opportunities to develop product concepts can be facilitated by:

- A product champion
- A practical approach: It is important to have an understanding of what is practical for any one MFI to change.
- Skills related to pricing and costing
- Ability to discuss hypothetical product concepts with potential clients: Asking people about a hypothetical product is difficult. Hard to say, hypothetically, what they would or would not like. Easier to get opinion about specific product attributes or a product they have used.
- Knowledge of the overall financial service sector and banking system in order to develop competitive products and see how they fit into the sector.
- Ability to establish a link between change and the bottom line: Without this, it is difficult to get MFIs to respond to the MR findings. For example, the HIV/AIDS study, in itself, was not enough to convince MFIs that it will affect their bottom line.
- Back up support from *MicroSave* in these areas.
- Well documented research methods and data: Because this is a 'non-traditional' type of market research for many MFIs, good documentation is important for establishing the value of the research and the credibility of the results.

In some cases, market research can identify issues – problems or needs – for which there are no obvious solutions. In one example, the tools identified high demand among clients for a new savings product. But further research revealed some key constraints (e.g., no local deposit facilities/collectors; distance to nearest towns) for which there were no evident answers. In other cases, market research identifies problems that organizations do not want to admit or address. Research in and of itself is not enough to create change.

### ***The bigger challenge of institutionalizing change***

The process of introducing a new or improved product or service often has wider implications for an MFI's policies, procedures, staffing, costs, portfolio risk, etc. Taking the larger step of institutionalizing a demand led approach usually requires changes that are even more profound, for example, adding new functions or departments (e.g., establishing market research/product development departments), increasing numbers of staff, changing decision-making patterns and roles, and empowering field staff and clients. The tools and the training are only one part of this larger process of change.

One key “institutional” challenge that people found in using the market research information generated by the toolkit was the *short-term trade offs between product development and profitability*. Sustainability and responsiveness to clients can be at odds in the short-run. Changing products and services can add costs, introduce new risks, require different outreach strategies or create other institutional ‘wrinkles’. Changes may lengthen the time it takes to achieve sustainability or reduce profitability. One action research partner, for example, experienced a dip in profits immediately following the market research period. Another MFI delayed the introduction of new products until the board was convinced that the potential longer-term benefits outweighed shorter-term costs and risks. The longer-term benefits of new products often have shorter-term costs that MFIs should recognize and be willing and able to bear.

Another challenge was *getting top management to buy into the market research process*. One person commented that clients are quick with complaints and ideas but management is slow in responding. In some cases, this is because mid-level staff members involved in the market research process do not have an influence on top management. This makes it difficult to convince them to support changes indicated by the market research results. Under these circumstances, getting top management ‘on board’ often involves a long process of justifying, debating, and back and forth.

Some respondents said that getting top management to respond depends on:

- *Who is involved in carrying out the research and the product development process* – while it does not make sense for top management to be directly involved in carrying out the market research, it is important to involve people aligned to the top level. One respondent suggested that, ideally, this should be someone not more than one level down from the General Manager or executive director.
- *What is driving the research* – internal motivation is very important. If the research is only being done to satisfy outside donors, then it is likely to be of limited use. An MFI has to want to be market driven.
- *The cost of new products* – pricing and costing skills and information is critical. In addition, the cost of realigning systems and infrastructure to accommodate new products also is important.
- *Risks associated with introducing new or improved products* – a thorough assessment of risks is important, especially for bankers.
- *Internal decision making processes* – understanding whether the MFI is information driven or otherwise and the time frame and sequence of decision processes is important.

### ***The cost of using the tools***

Using the *MicroSave* market research tools requires human and financial resources. One major resource is the *time of staff members* to participate in training, design and carry out the research, analyze findings, feed findings back to management and clients, and move into product development process. The time required to go through this process varies and the costs vary according to the opportunity costs of staff time. In MFIs where resources are already allocated to evaluation and market research, the opportunity costs of time spent using the tools are lower. In MFIs where staff take time away from their main tasks (e.g., field level credit officers, branch managers) the opportunity costs are higher and it often is more difficult to get management support for this work. In terms of the length of time, one organization said that it took 90 days to go through the whole product development process from carrying out FGDs to product concept development and design, to board approval. This same process took over a year in another organization. Need to factor in sufficient time for analysis, discussion with, and feedback of findings to stakeholders.

Some MFIs have hired *outside consultants* (often *MicroSave* Certified Service Providers) to carry out the market research task. Although this can be expensive, one advantage of this is that outsiders may have the ear of management. Another is that an outsider may be more objective. A third advantage is that they usually have more experience and skill in using the market research tools.

The estimated cost of using the tools varies widely across organizations, depending on the nature of the market research effort. This assessment did not go into detailed analysis of costs, but asked people to comment on cost and affordability. A few people felt it was expensive. One person commented that it was

an *expensive and time-consuming* process that should be 'fast tracked' to reduce costs without compromising the quality of the results. Another user had to cut back on the coverage of the research because of its expense. Others commented on the *cost effectiveness* of the tools. One manager said the cost was minimal for her organization because only a few staff members were trained and market research was already part of their job. Several respondents reported that the cost fit within the budget already set aside for market research. One organization spent an additional \$100 to \$200 for logistical expenses. Another organization said the cost of using the *MicroSave* methodology was drastically lower because they now use their staff to do it rather than an expensive outside market research firm. Another MFI estimated the total cost of carrying out research on client satisfaction in one branch was \$1,200, including staff time. Another organization undertook a major review of their products and services across branches and spent \$1,618, not including staff time. Another person commented that *cost is relative to the financial position of the MFI*. Her board was reticent to commit resources to market research and new product development because their donor funding was running out and they were tightening up all expenditures.

For most users, the tools are considered very cost effective – especially in relation to the quality and usefulness of the information generated. The main issue is the amount of staff time involved and the opportunity costs of this time for MFIs without market research departments. A related issue is the more expensive approach of using outside consultants in cases where staff members do not have time or experience to do the research themselves.

## 7. IMPACT OF THE MARKET RESEARCH FOR MICROFINANCE TOOLS

The assessment considered changes in products, systems, and approaches resulting from the use of the tools. The findings are based on changes reported by those interviewed and their perceptions of the link between the training, the use of the tools, and these changes.

Overall, *MicroSave* has trained an impressive number of individuals, MFIs and other organizations to use the market research methodology and tools. This, along with its other dissemination efforts, has had a significant impact on increasing awareness of the client-led MF agenda and demand driven approach among MFI institutions, promoters, donor organizations, and the development community at large. Similar to the findings of the mid-term review, our assessment found that the tools have influenced the attitudes and thinking of MFIs about clients and the importance of market research.

### *Change in products and services*

Respondents were quite specific in describing changes in products and services resulting from the use of the tools. Some examples:

- √ One MFI changed its name
- √ One MFI changed its collateral requirement
- √ One MFI changed its default policies
- √ One MFI changed its methodology from village banking to solidarity group
- √ One MFI increased its initial loan size ceiling
- √ One MFI delayed the introduction of a new individual product, and instead introduced a transitional smaller group product which significantly reduced the portfolio risk
- √ One MFI identified client interest in hospitalization insurance
- √ One MFI decided to expand services to a new area based on market research
- √ One MFI repackaged its savings and loan product to target specific market segments
- √ One MFI identified new education topics for a credit with education program – including financial planning training for women

*"...To grow, you need to listen to clients. ...Only MFIs that see client needs will be here in 15 years."*

*(Interview with user, 2/02)*

*"...The tools help build momentum for client centered and responsive approaches within organizations."*

*(Email respondent, 1/02)*

- √ One MFI realized the way they ‘packaged’ their interest rate and fees to customers was different than competitors, and made their interest rates appear higher when they were actually lower. They changed this and introduced new packaging.

*“...The tools are a powerful instrument for MFIs that want to be market driven.”*

*(Email respondent, 1/02)*

A number of organizations have identified the need for change in a particular product or service through the market research process, but have not taken action due to institutional constraints (as described above). This suggests a role for more work on how to translate findings from the research to the next level of product concept development.

Impacts on *new product development* tend to be less for MFIs that are not action research partners because the tools, by themselves, focused more on understanding clients than product development per se. For MFIs that are not action research partners, *greater impacts on improving or ‘tweaking’ existing products and services* because information on client satisfaction is relatively easy to get and the process of change is not as complex, costly, or risky. For these institutions, impacts on new product development are greater when the tools are used to explore relatively specific proposals for new products or services (e.g. microinsurance in Philippines; housing savings in India; and individual lending in Uganda).

It was not possible to assess second tier impacts of new or improved products and services within the scope of this assessment. However, changes in portfolio quality and growth, retention rates, outreach to poor households, geographic coverage, product costs, client transaction costs, improved client satisfaction, new product availability, competitive position, and profitability (or other appropriate indicators) should be monitored in the context of *MicroSave's* work with its Action Research Partners.

*“...Recognizing customers perceptions and considering them in product refinement has decreased the rate of dropout in all branches”*

*(Email respondent, 1/02)*

### ***Change in systems***

Several people reported changes in their MFI's systems, although impacts in this area generally were less visible. There were several examples of new systems to integrate market research and product development into the MFIs functions (new departments; new staff; budget resources; systematic allocation of staff time; recognition of market research as a regular function). A few respondents described new systems to support new products. Another type of system change was the introduction of monitoring systems to track client satisfaction and dropouts.

Action Research Partners tend to experience greater impacts in this area as a result of more intensive follow up support. In some cases, the tools have been used in a ‘one off’ manner (usually as part of the action research trainees commit to when they sign up for the training) and so impacts on systems have been less. Nonetheless:

- √ One MFI changed its marketing strategy to ensure products were clearly understood by the community.
- √ Several MFI's changed the way they do market research by integrating qualitative approaches
- √ One MFI established a marketing and business development department last year.
- √ One MFI now carries out market research before a new product introduced (before it did not)
- √ One MFI formed a permanent Research and Development department, with people skilled in marketing, research, information systems, accounting and costing. This department is valued as an important structure in the development of the institution.
- √ Some organizations added budget resources to establish market research programs.
- √ Several people mentioned promising signs of changes in their organizational culture – with momentum towards an organizational culture of learning and client responsiveness.
- √ One organization uses the tools on a daily basis in the context of its client tracking system.
- √ One organization changed system of delivering services.
- √ One organization got rid of unnecessary procedures.

*“Our organization has recognized Research and Development as the most important structure in development of products”*

*(Email respondent, 1/02)*

√ One organization has instituted a quarterly review of policies, procedures and products.

### ***Change in approach***

The tools have engendered a more “*listening approach*” to customers. MFI staff members have developed practical interactive skills and techniques and have a structured way to relate to clients. This has helped to build confidence among staff members to talk with clients. According to one MFI manager, better communication skills developed through the *MicroSave* tools training have helped staff deal with the public and build their confidence to work in rural areas. The participatory approach of the tools fosters an

*“... The tools offer MFIs a structured way to listen to and learn from clients.”*

*“...The market research process creates a bond between the clients and staff of an organization. Clients realize you are concerned about them and listening”*

*“...The biggest change resulting from the use of the tools is in attitudes towards microfinance clients. They are seen as having rights as consumers.”*

*(Email respondents, 1/02)*

institutional culture of listening to clients and responding to their needs. Improved attitudes towards clients are reflected in more respect for what they know and want. One person commented that the tools help MFIs identify emotional links between clients and products. Most clients enjoy participating in the FGDs and PRA exercises.

By fostering this interactive approach, the tools have contributed to *improved knowledge* of customer needs, preferences, and opportunities. Another person said her thinking “opened up” to new ways of doing things. One MFI realized the critical importance of recognizing differences between new and older clients in designing products and services. Another MFI discovered a demand for housing loans from people at all wealth levels, not just those who are better off.

The tools also have contributed to more responsive and sensitive *behavior* towards clients. One staff person said they helped his MFI shift its focus from the needs of the organization to the needs of clients. This resulted in better relationships between customers, MFI staff, and the MFI overall. Several MFIs described their shift from a product driven to a market driven approach.

*“...The tools improve staff communication skills.”*

*“...Staff members have more confidence.”*

*(Interviews with users. 1/02)*

The tools can play an important role in empowering staff. By tapping their ideas, knowledge, and creative thinking, they enable staff members to become a force for change within their institutions.

### ***Improved understanding of issues relevant to the wider microfinance industry***

The tools also have been used to carry out research on topics relevant to the wider MFI industry. These include a study of the impacts of MF on managing risk and reducing vulnerability in Uganda; microfinance and HIV/AIDS in East Africa; financial services to promote livelihood opportunities for people in resettlement areas in Uganda; and why people drop out of microfinance programs in several African countries. All of these studies have contributed in some way to improved understanding of the financial strategies of the poor and opportunities for new products and services. While the impacts may not be direct or immediate, they have opened the door to new thinking on the financial needs of clients and the design of products and services to meet these needs.

One respondent commented that the HIV/AIDS study has not led to specific changes because MFIs do not see a direct relationship to their bottom line. However, health experts and other non-microfinance people in the development community have commented on the usefulness of the study in helping them understand the potential role of microfinance at the household level in the context of preventing and coping with the disease. Another person commented that the report on resettlement areas has not yet been acted upon because there is no strong advocate for taking up the program recommendations. Nonetheless, supplementary training sessions and a resource center have been implemented in response to the report.

### ***Things that make a difference in the effectiveness of the market research process and outcomes***

*“...The tools made research so easy, so interactive. They offer many ways of interacting with clients.”*

*“...Customers are proud of the new changes. They feel they own them since they were involved in their development. Customers are now advocating for the organization as they feel they own the products.”*

*(Interviews with users, 2/02)*

The assessment revealed a number of factors that influence the impact of the tools on products, systems and approaches. These include:

- √ Who drives the market research process, conducts the research, analyzes the information, and develops product concepts. Direct involvement of MFI staff and someone who has the direct ear of top management is important.
- √ Other institutional factors such as continuity of staff; institutional stability; institutional flexibility and willingness to respond to clients; internal decision making processes; real and perceived risks associated with change; the existence of an immediate problem to address; whether changes fit with the MFI's business plan
- √ Level of competition for microfinance customers in the market (e.g., competition is high in the

*“...A few years ago, microfinance institutions were discussing how to blackball clients for joining more than one microfinance organization. The attitude now has completely turned around. MFIs fight to attract clients. With increasing competition, MFIs are motivated to learn about clients and respond.”*

*(MicroSave Certified Service Provider, 2/02)*

mountain region of Kenya and in Uganda and therefore they are ripe environments for the **MicroSave** market research methods)

- √ The market orientation of the MFI and whether or not they buy-in to a market-driven approach (one person commented that banks tend to be more business oriented than NGOs and there is increasing involvement of commercial banks in microfinance)
- √ Intensity of 'inputs' from **MicroSave**. The impact of the tools tends to be greater in MFIs that receive follow-up support from **MicroSave** and its Certified Service Providers following the training. Impacts tend to be greater for Action Research Partners, because they are involved more intensely with **MicroSave**. They are bought into the process and receive more support, encouragement, and push. MFIs in Uganda and Kenya that are in close proximity and interact more closely with **MicroSave** staff also tend to be bought into the process.
- √ Experience in using the tools – skills increase with use and experience over time. The more they are used, the better the results.

## 8. SUGGESTIONS FOR IMPROVING THE TOOLS

The *MicroSave* market research methodology is highly appreciated by users as innovative, easy to use, and extremely effective in generating information on client needs, preferences, and opportunities. Through the training and experiences in using the tools, users have come up with a number of practical suggestions on how the toolkit could be improved. Earlier sections discuss challenges in using the toolkit. The sections below discuss some suggestions made by respondents to help overcome these challenges. The paragraphs below offer several general suggestions for improving the training process and content, the manual, and follow up support.

### *General suggestions*

In general, the training is a huge success and should be continued. It should retain its unique combination of classroom and practical work. In terms of improvement, the training could be 'tweaked' to cut back on some topics and deepen coverage of others. The manual could be expanded provide more guidance in certain areas (concepts and definitions, action research planning, how to present findings). Perhaps the most frequent suggestion was to provide more practical and concrete examples – in both the training and the manual – of how data has been analyzed, synthesized, and translated into product concepts by others. Participants find such examples extremely useful. It should be noted that some of the email respondents participated in the early training sessions, and suggested changes that *MicroSave* already has made.

- ⇒ Provide *more examples* – in the training, in the manual, and in other written materials – of how to do things, how not to do things, how others have done things, and different ways of doing things.
- ⇒ *Refine concepts and sharpen up definitions* used in the training, the tools manual, and the program. It is critical for people using the tools to have a clear and consistent understanding of concepts and definitions being used in the training, and in their own research. Language in the manual is not always precise. *MicroSave* could include a glossary of concepts and terms at the end of the manual and cover this in the training. Action research plans should include a section on concepts and definitions to ensure consistent use of terms in the research.
- ⇒ Integrate more *adult learning concepts* in the training. Many Certified Service Providers are not familiar with adult learning techniques and this limits the impact of training spin-offs. As one person commented, “50 to 60% of the training is in the delivery.” Adult learning techniques are an important complement to the experience-based training provided by *MicroSave*. For ToT participants without previous experience in participatory training methodologies, *MicroSave* could offer an optional module at the end of the training.
- ⇒ Include guidelines for *action research planning in the manual*. Several people mentioned the critical importance of the action research plan for their follow up work. It is especially useful for specifying the research objective, narrowing down the tools to use, thinking through how to use the information generated in relation to the research objective, and planning out the process of analyzing the findings. More time in the training for developing action research plans would be useful. A related suggestion is to further refine guidelines for the action research plan in the manual and handouts.
- ⇒ Provide *more emphasis on data analysis* in the training and in the manual. Several people mentioned the challenge of analyzing the data generated by FGDs and PRAs and suggested that more guidance from *MicroSave* in the classroom and in-field training would be useful. More examples of how to record and analyze the information could be included in the manual. Currently, examples of data analysis are provided for each tool. However, the research topic is different for each tool. One person suggested providing examples in the training and in the manual of how findings from different tools are analyzed to address the same research question. Action Research Partners tend to be better at this because *MicroSave* provides mentoring support at this stage.

- ⇒ Give more examples of how to relate the market research findings to product concept development in the training and in the manual. No two efforts are the same. This takes creative application of research findings in relation to what is practical for the organization. More emphasis on this in the in-field training, and more examples (case studies) of how this has been done by other organizations would be useful.
- ⇒ Involve people with the *ear of senior or top management* in the training and market research process to ensure 'buy in' at highest levels. People at the highest levels generally do not have time to use the training. But it is important to involve them in defining the problem. It is important to involve people with a direct link to top management (e.g., branch managers; heads of product development, market research departments) in the training and market research process to ensure its use. It's also good to get senior management away from their screens and into the field to witness one or two sessions – it makes all the difference in terms of commitment to believing/doing something about the results
- ⇒ Put dates on all materials, manuals, reports, training guides, and handouts produced. It is difficult to track written materials produced by *MicroSave* because they often don't have dates on them.
- ⇒ Be consistent in the use of terms in the manual, the training, and the program. For example, the words 'attributes', 'elements', 'components' used interchangeably which at times can be confusing. Be consistent in the name of the toolkit (the toolkit has had different names at different times and in different documents). Be clear in what the 'tools' refer to (PRA tools, FGDs, a mix of qualitative methodologies) and what the 'toolkit' consists of (sometimes it is not clear if the toolkit refers to the PRA manual, that plus other handouts and workbooks, the training, or a combination of all). 'Certified' ToT graduates are variously referred to as Certified Service Providers and Certified Trainers. This can be confusing for outsiders.
- ⇒ One way to tidy up the presentation of the tools in the training and manual would be to *cluster/categorize them by purpose* to be more conceptually logical and consistent. Annex 5 offers one suggestion for 'tidying up' the presentation of the tools. It suggests a way of integrating the gender tools across the purposes.
- ⇒ Another way to tidy things up a bit would be for *MicroSave* to write a concise descriptive (perhaps less promotional) overview of the components of its Market Research for MicroFinance program and its relationship to other *MicroSave* work. For an outsider it is a bit difficult to understand how all the pieces fit together. This partly relates to the complexity, changing nature, and evolution of the program. A more concise (and regularly updated) program statement could give a clearer picture of the overall program. The program description could specify the types of training courses *MicroSave* offers; how often the training is offered; who the training targets; a list of training materials used/available (PRA toolkit; handouts; trainers manual; slides); a list of trainers and their qualifications; the types of follow up support that it provides; and the role played by certified service providers. *MicroSave* should keep a running list of the training courses it has conducted by date, content, names of participants, their organizational affiliations, and country. *MicroSave* should also mention the links to other work that it is doing (e.g., the pricing and costing course). Consistent terminology in describing the program should be used to avoid any confusion.

### ***Selection of trainees***

- ⇒ To give the training its 'best chance' *MicroSave* could *target participants* with good communication, analytical, and writing skills; previous interview experience; field experience; and good interpersonal skills. Select trainees who are likely to stay with the organization for a while.

- ⇒ *Select MFI partners* that are committed to change; have motivation and capacity to follow through; are willing to commit staff time and other resources to the market research process; and have senior management to engage in the process.
- ⇒ One respondent commented that **MicroSave** should *target MFIs that are interested in working with the poor* to start with. By themselves, the market research tools will not persuade banks to work with poor.

### **Training process**

- ⇒ One suggestion was to divide the training into *modules* that can be delivered in phases. This is especially relevant to the wholesale training for Action Research Partners.
- ⇒ Consider the development a *self-instruction manual* that includes phased practice with the tools
- ⇒ The *slides* used in the ToT training to Certified Service Providers following the training as they are an excellent guide for them to train others. Ensure they are consistently provided to the trainees.
- ⇒ Involve *more women* as **MicroSave** trainers.
- ⇒ Involve experienced Certified Service Providers in the **MicroSave** training courses to *mentor new trainers* (a suggestion from India)
- ⇒ Consider the use of a wider range of *teaching aides*. Some FGD participants found using bottle caps and beans child-like and a bit demeaning. Encourage facilitators to use props that are acceptable to participants.

### **Training content**

- ⇒ Reduce the amount of material covered in the *first two days*. Several people, including some **MicroSave** trainers, find the first part of the training too intense and many people do not grasp everything. One suggestion was to leave out the introduction about MFI industry trends and to give a handout on this instead. Another suggestion was to make the first day more participatory.
- ⇒ Leave more time at the end for participants to develop their *action research plans*. Several people commented that the last day of the training was rushed. A good action research plans improves the potential impact of the market research by helping people define their research problems/issues and match the tools to their task.
- ⇒ Provide guidance on sampling techniques in the training and other methods for *validating* data.
- ⇒ Provide more examples of how to *analyze data* from individual tools, and how to bring together data from different tools.
- ⇒ Provide examples of *how to customize the tools* for specific needs. One issue here is sequencing the use of the tools to address a research question.
- ⇒ Add more training on how to *present the findings* in a user-friendly way through presentations and reports.
- ⇒ Consider offering *three levels* of training: basic; intermediate; and advanced. A mix of learning levels among participants can influence the effectiveness of the training. This would allow for training geared to the same learning level. It also would enable trainees to participate progressively in more than one course.

- ⇒ *MicroSave* could offer an *optional ToT component at the end* of the wholesale training for participants without experience or expertise in participatory, adult learning methodologies.
- ⇒ The training outreach could be *expanded* by offering the training to a wider range of MFIs through regional and national networks in Africa. Certified Service Providers could be called upon to deliver the training.

### ***PRA tools manual***

- ⇒ *Clarify concepts and terminology used in the toolkit.* It would be helpful to provide definitions (that can be adapted) for several terms used in the tools to head off confusion. Some terms that could use definition: social capital; SWOT analysis; informal institutions, manila. Definitions could be provided in a glossary of terms provided at the back of the toolkit.
- ⇒ Offer guidance to researchers on *how to define/delineate 'community'*. This is particularly challenging for urban users. Several tools require this (e.g., wealth ranking; financial services matrix; preference ranking) and more guidance would be helpful.
- ⇒ Add a reference in the manual to the Day Two manual on guided focus group discussion
- ⇒ Provide *cautionary statements* for each tool on challenges others have faced in using it.
- ⇒ Include *practical examples* of how to use the tools in the manual. For example:
  - For the pair-wise ranking tool, an illustration of pair-wise ranking could be provided (see point 4 in the PRA for Microfinance Manual). An example of how to analyze the information could be offered including a small chart that lists *why* each attribute is preferred; and
  - Examples of which sets of tools have been used to study a particular research objective would be useful.
  - Provide 'good practice' examples on how to handle FGD participants, moderation, probing and other facilitation techniques.
- ⇒ More visuals and drawings in the PRA toolkit could improve its appeal

### ***Other complementary training materials and tools***

- ⇒ *Add modules on quantitative market research.* Quantitative information is an important part of market research for many, especially in quantifying the potential demand for a new financial product. One institution identified a product that suited the market using the qualitative tools, but was unable to quantify the potential demand. They found a need for quantitative data to identify the size and location of markets for the new product. *Training* on the role of quantitative information in product development; and how to design, gather, process, analyze, and interpret quantitative information would complement to the qualitative tools. Training should include ideas about sequencing quantitative and qualitative data collection and how one set of data feeds into the other. *MicroSave* could consider developing a complementary, user- friendly *quantitative tool*.
- ⇒ Develop VCDs that take into consideration some of the above suggestions. (more on this in the dissemination section).

### ***Information collection process***

- ⇒ *MicroSave* could offer more guidance on trade-offs between the intensity of the research effort and cost. If resources (time and money) are scarce, and the information generated is repetitious (e.g., clients don't like weekly meetings) or already known (e.g., the counter in the bank branch is too short) the tools could be *fast tracked*.

**Analyzing information**

- ⇒ In general, the analysis section in the manual could be more developed. Examples of how to interpret the findings from the analysis matrices for each tool would be useful. An example of how to analyze and triangulate data from more than one tool in relation to a single market research effort also would be useful. Examples of how the information has been analyzed and translated into product concepts and prototypes would be useful.
- ⇒ More space in the analysis matrices on the ‘why’ behind certain responses would be useful.
- ⇒ More guidance in the training and in the manual on how to generalize and draw conclusions from the data would be useful. For example, one respondent mentioned the challenge of generalizing the PRA findings on income flows because the responses were so different among respondents.
- ⇒ More attention in the training and manual on how to present qualitative data to management, especially if they are not used to qualitative market research information

**Translating information into new or improved products, systems, approaches**

- ⇒ *MicroSave* has made considerable progress in bridging demand and supply side issues since the mid-term evaluation, largely through its work with Action Research Partners. As *MicroSave* builds its knowledge bank on the institutional processes of product development in African MFIs, streamlined -- but well grounded -- information on this could be added to existing training modules on concept/prototype development and action research planning.
- ⇒ There are considerable challenges associated with institutional changes required to support product development, and promoting new products in MFIs with different organizational capacities. To address these challenges, it might be useful to consider adapting a modified version of an organizational capacity assessment tool (along the lines of PACT’s Participatory Organizational Capacity Assessment (OCAT) or MicroAccess tools).
- ⇒ *MicroSave* should provide as much technical assistance as possible to MFIs to improve the use and impact of the tools. Email support is extremely valuable, but may not be fully exploited by everyone. Resources permitting, MFIs should be encouraged to use Certified Service Providers more actively to provide follow-up support to organizations.
- ⇒ Action plans are a key way that MFIs think through and plot out the steps that are required to change products, systems and approaches. *MicroSave* might consider increasing the amount of time devoted to this in the training.
- ⇒ To monitor the “supply side” impacts of a “demand led” approach, *MicroSave* should track changes in portfolio quality and growth, retention rates, outreach to poor households, geographic coverage, product costs, client transaction costs, improved client satisfaction, new product availability, competitive position, and profitability (or other appropriate indicators) in the context of its work with Action Research Partners.

**9. OPTIONS FOR DISSEMINATING THE TOOLS**

To date, *MicroSave's* efforts to promote a client-led MFI agenda and disseminate the tools have been very effective (see Section 3). One result has been a growing demand for the toolkit. The usefulness and uniqueness of the training warrants its further dissemination (see Section 9).

*“No amount of theory can replace practical examples.”*  
(Email respondent 1/02)

There is considerable scope for disseminating the Market Research for MicroFinance Toolkit to an even wider set of actors. Geographically, there is scope for extending the tools to more MFIs, MFI networks, and consultants within sub-Saharan Africa (especially West Africa) and

Asia. There is also room to disseminate the tools to MFIs, MFI networks and consultants in other regions (e.g., Latin America, Middle East and North Africa, the newly independent states, and much of Southeast Asia). In terms of diversifying the types of institutions that have access to the tools, smaller MFIs could benefit greatly from the use of the tools as they develop and grow. In terms of 'who', *MicroSave* should continue to target MFI staff from research, development and marketing departments, as well as branch managers. There is also the possibility of increasing dissemination to field level practitioner staff of MFIs.

### ***More tools training***

Various options for disseminating the *tools training* more widely were suggested during the assessment.

- One option is for *MicroSave* to continue to disseminate the tools through training workshops but expand to more regions of sub-Saharan Africa. To cover more areas of Africa, *MicroSave* could draw more heavily on Certified Service Providers to conduct the training workshops.
- Another option is for *MicroSave* to increase its collaboration with international, national, and local MFI networks and other partner organizations in offering the training, similar to its recent collaboration with Friends of Women's World Banking in India.
- *MicroSave* also could consider developing relationships with institutional technical service providers (who are Certified Service Providers) to further disseminate the tools training and provide follow up technical assistance.
- Another option might be for *MicroSave* to liaise with universities (researchers and students) engaged in development research in disseminating the tools.

To extend the training beyond large MFIs, *MicroSave* could establish a small matching grant fund to co-finance training participants from smaller MFIs that cannot afford the full fees.

To support the dissemination process, *MicroSave* should continue to present the tools in conferences. Conferences are an effective way of disseminating not only the tools, but the client-led MF agenda they support. *MicroSave* could also consider ways to share more widely experiences with its Action Research Partners. The practical lessons from *MicroSave's* successful partnership with Equity Building Society, in particular, could be disseminated (see Annex 7).

### ***Dissemination through Video Compact Disks (VCDs)***

*MicroSave* recently launched a project in collaboration with Microfinance Opportunities to produce VCDs that illustrate how to use the Market Research for MicroFinance toolkit (Annex 9). This idea is well received by most people interviewed in the course of the assessment, although it is still considered second best to live training workshops. One advantage of VCDs is that they provide visual examples of moderation and probing techniques, body language, eye contact, temperament, using the PRA tools, and other aspects of the research process. Involving experienced users to present 'good practice' examples will be important. To the extent possible and relevant, findings from the assessment should be considered in developing the VCDs.

### ***Posting the tools on a website***

The assessment also considered dissemination by *posting the tools on a website*. Almost everyone we talked to felt this is NOT a good idea. Many people expressed a strong view that *MicroSave* training is critical for effective use of the tools. Without training, people would lose the opportunity for learning through interaction, dialogue and discussion. They would lose exposure to the dynamic aspect of the tools and their approach would likely be more static. People would miss the knowledge-based experience from the trainers and others who have used the tools before. As one person commented, the philosophy behind the tools and qualitative research, in general, requires training and field practice with supervision. Adapting the tools is necessary and training is critical for honing this skill. The process of shifting from a quantitative to qualitative approach would be more difficult for some. And the discussion of pitfalls and problems in using the tools would be lost. Some people expressed the fear that the credibility of the tools may be compromised if people use them without training. Some people gave examples of the problems and poor

*“I had an experience with one organization that felt it was easy to run the qualitative research on their own without staff training on the use of **MicroSave** toolkit. I was invited as an observer and was not expected to participate in the exercise. The first problem was that they were not adequately prepared for the exercise. The staff began to refer to the tools in the field in front of the participants. They were thoroughly embarrassed when they lost control of the discussions. I was therefore asked to jump in to salvage the situation in the exercise that I was not prepared for. In my opinion they did not get accurate information and therefore the whole exercise did not achieve its objectives.”*

*(Interview with Certified Service Provider 2/02)*

results that already have occurred with use by untrained people. Another point was that web based tools would reach higher-level people within organizations, not people in the field who should be using the tools.

A few people thought that web dissemination would be okay for strong organizations and individuals with solid knowledge of microfinance and existing skills in FGD and PRA techniques. But overall, there was limited support for the idea of web dissemination.

Nevertheless, there is strong pressure from some quarters for **MicroSave** to post the toolkit on the web. If **MicroSave** proceeds with this, they would like to do it as responsibly as possible. This should involve presenting the tools clearly, guiding people on the appropriate use of the tools, offering cautionary statements on pitfalls, offering examples of ‘good practice’, and including references to resources (Certified Services Providers, previous users, written materials, visual aides, and other resources) that can support the market research process.

Respondents offered several useful suggestions along these lines:

- Provide thorough introduction on the concepts behind tools and their purpose.
- Improve and expand the PRA manual along the lines suggested in Section 7.
- Provide a thorough explanation of each tool and notes on how to use it.
- Provide practical examples and illustrations of how the tools have been used.
- Give examples of mistakes and ways tools can be misused. Give examples of problems others have faced in using the tools.
- Make the VCD easily available to web users.
- Provide a help desk to keep people backed up.
- Refer people to resources to support the use of the tools. For example: List and, if possible, post, written resources to support the market research (**MicroSave** documents and training materials; reference to PRA manuals; other VCDs on PRA).
- Post names of people willing to share expertise and experience in using the tools.
- Post names of **MicroSave** Certified Services Providers who can be commissioned to answer questions, facilitate use, and provide TA.
- Provide cautionary statements about who should and should not use the tools. A few examples of cautionary statements offered by experienced users:
  - ▽ Only use the toolkit if there is an institutional commitment and resources to carry through changes; and a willingness to consider new ways of marketing and managing products. Otherwise, the effort is wasted.
  - ▽ Only use the toolkit if an experienced practitioner is involved. Experienced practitioners can judge the extent to which something can be modified.
  - ▽ Use a combination of tools to get useful and balanced information and to examine research issues from different angles.
  - ▽ Limit the fieldwork to two or three FGD sessions a day.
  - ▽ Leave enough time in the work plan for analysis. Gathering the data is easier than analyzing it.

- ▽ Be sure to label tapes and notes so they can be easily matched. Give each a serial number, time, date, and location of the session.
- ▽ At no point are the tools perfect. They are flexible and should be adapted to the context.
- Solicit feedback from users on how to improve the tools.
- Post a disclaimer that *MicroSave* will not accept responsibility for flaws when used by people without training.
- Include information on cost of using the tools and discuss cost effectiveness
- Provide examples of how the tools have been used by others.

## 10. SUMMARY OF RECOMMENDATIONS

This assessment confirms the very positive findings of the mid-term assessment on the value and effectiveness of *MicroSave*'s Market Research for MicroFinance Toolkit. The PRA tools are well conceived, useful, and effective; the training is excellent; and both have received extremely positive reviews by almost all users. The tools have had a significant outreach to MFIs in East Africa and beyond. They have had positive impacts on MFI thinking about and approach to clients and market research. This market research methodology is unique in the microfinance field and has brought many MFIs to a point where they “can’t go back” to their old supply led ways. This has prompted MFIs to develop of a wide range of new and better financial products and services that have improved the competitive position of many MFIs. The change in approach is profound.

As detailed in Section 7, people interviewed during this assessment – MFI staff, Certified Service Providers, other users, and *MicroSave* staff – offered many useful suggestions for improving the training and the toolkit. Key suggestions included: refining the concepts and terminology used in the toolkit; integrating more adult learning concepts in the training; giving more emphasis to data analysis in the training and the manual; and providing more examples of how market research information can be translated into product concept development.

*MicroSave* should continue to strengthen its follow up support to organizations in the product concept development and prototype testing process. Based on lessons from its intensive work with current Action Research Partners *MicroSave* could work to develop a more streamlined approach. *MicroSave* should fully utilize Certified Service Providers in this process. Guidelines for providing this follow up support could consider what kinds of support are useful, for what kinds of products, in what kinds of institutional contexts.

To monitor the “supply side” impacts of a “demand led” approach, *MicroSave* should track changes in portfolio quality and growth, retention rates, outreach to poor households, geographic coverage, product costs, client transaction costs, improved client satisfaction, new product availability, competitive position, and profitability (or other appropriate indicators) in the context of its work with Action Research Partners.

The usefulness and demand for *MicroSave*'s Market Research for MicroFinance toolkit warrants its wider dissemination. *MicroSave* should consider cost effective ways to extend market research training to more MFI practitioners and trainers in Africa and other regions. One strategy would be to promote the training more actively through MFI networks, especially in Africa. Another would be to utilize more fully Certified Service Providers to conduct the retail training courses. *MicroSave* also should consider disseminating the tools in other ways, for example, through its website. However, this should be done with caution and, insofar as possible, with training. To promote responsible dissemination of the tools, *MicroSave* should develop supportive written materials, provide names of Certified Service Providers who can provide back up support; and offer visual aids to support this process. *MicroSave* should provide cautionary statements about using the tools; lessons from others; and references to supplemental PRA manuals and materials.

## **ANNEX 1: List Of People Interviewed**

\* Indicates Certified Service Provider

### **MicroSave Staff**

Mr. Graham Wright\*

Mr. Leonard Mutasasira\*

Mr. Henry Sempangi\*

Mr. Peter Mukwana\*

### **Action Research Partners**

*Equity Building Society (Kenya)*

John Mwangi (Chairman)

James Mwangi, (Financial Director)

Sam Wainaina, (Marketing and Research)

*Kenya Post Office Savings Bank*

Nyambura Koigi

Willy Bett

Sammy Kiplagat

Kipkorir Kiplagat

Loise Mopel

Josec Mudiri

Ibrahim Koech

Nakuru Branch staff

*K-REP Development Agency (Kenya)*

Miriam Cherogony (Research Department)

Shahnaz Ahmed (Health Care Financing Project)\*

Charles Mutua (Health Care Financing Project)

Augustine Cherioyot (Financial Service Associations)

*FINCA (Uganda)*

Robert Lule (Marketing Department)

*Centenary Rural Development Bank (Uganda)*

Ntungwa (Marketing Department)

*Uganda Microfinance Union*

Rodney Schuster (Director)

Michael

### **Others in Kenya**

*Fineline Systems*

Kamau Kabuccho (Director)\*

*K-REP Advisory Services*

Nthenya Mule\*

*Faulu Kenya*

Mary Kishoiyian

*AFCAP*

Robert Hickson\*

Roland Pearson

**Others in Uganda**

*Independent Consultants*

Sylvia Osinde\*

Evelyn Stark\*

*National Smallholder Business Center*

Irene Ntanda (Executive Director)

Alex Sekiranda (Training Officer) \*

*Faulu Uganda*

Grace Sebageni (Branch Manager)

*Catholic Relief Services*

Guy VanMeenan\*

Innocent Garakumbe\*

**ANNEX 2: List Of People Who Responded To The Email Questionnaire**

**Kenya**

Augustine Cherioyot

Kamau Kabuccho

Mary Kishioyian

James Mwangi

Rosmary Marcharia

*K-Rep Development Agency,*

*Fineline Systems and Management,*

*Faulu Kenya,*

*Equity Building Society*

*Kenya Women Finance Trust*

**Uganda**

Guy VanMeenan

Innocent Garakumbe

Alex Sekiranda (TO)

Robert Lule

Sylvia Osinde

Evelyn Stark

Esther Sseoga

Mbara Staff member

*Catholic Relief Services, Uganda*

*Catholic Relief Services Uganda*

*National Smallholder Business Center*

*FINCA (Uganda)*

*Independent Consultant Uganda*

*Independent Consultant Uganda*

*Centenary Rural Development Bank*

*Centenary Rural Development Bank*

**Tanzania**

Moses Manyatta

B.J. Gogadi

Managing Director

*Tanzania Postal Bank*

*Tanzania Postal Bank*

*Tanzania Postal Bank*

**Zambia**

David Musona

*Consultant (DM & Associates)*

**United States**

Barbara Mknelly

Warren Brown

Ursule Yekpe

*Freedom from Hunger, Consultant*

*ACCION, Consultant*

*WWB, Consultant*

**South Africa**

Gerhard Coetze

Kalipe Mashaba

Ntoko Seleke

*ECI, Consultant*

*SEF*

*Teba Bank*

**Mozambique**

Henriqueta D. Hunguana      *Consultant*

**France**

Michal Matul      *Planet Finance*

**India**

Khomal Parmar      *FWWB India*

Padmaja Reddy      *SPANDANA, India*

Madhurantka Moulik      *CARE India*

**Zimbabwe**

Petronella Chigara      *Consultant, Vulindlela,*

**Poland**

Katarzyna Pawlak Kasia      *Finace Centre – Poland*

**Philippines**

Jesila Ledesna      *TSPI, Consultant,*

Lalaine Joyas      *MicroFinance Network Consultant,*

**ANNEX 3: List Of Documents Reviewed**

***MicroSave* Market Research for MicroFinance documents:**

Participatory Rapid Appraisal for MicroFinance – A Toolkit

Market Research for MicroFinance course descriptions

Training slides

Training handouts

Training Guides for Days

Planning workbook

Action Research reports from:

Catholic Relief Services (Uganda)

Friends of Women's World Banking (India)

Freedom From Hunger/Women's World Banking (India)

Freedom from Hunger/SEWA Bank (India)

**Donahue**, Jill, Kamau Kabboucho and Sylvia Osinde. 2001. "HIV/AIDS – Responding to a Silent Economic Crisis Among Microfinance Clients". *MicroSave*. September.

**Wright**, Graham A.N., 2001. "Market Research and Client-Responsive Product Development: *MicroSave*."

**ANNEX 4: Examples Of How *MicroSave's* Market Research Tools Have Been Used**

<i>Users</i>	<i>Use</i>		
	<i>Product or System Development</i>	<i>Specific MFI Problem or Question</i>	<i>General Research Question</i>
Equity Building Society (Kenya)	-To refine and repackage existing savings and loan products -To review marketing approach -To improve customer service	-How to vie in highly competitive environment -How to go 'down market'	
K-REP (Kenya)	-To diversify FSA products and services -Develop FSA impact monitoring system and indicators; -To design loans for franchise health service providers (future); -To design loans for clients to buy into health services package (future);	-Financial Service Association (FSA) client/member satisfaction; -Reasons for slow growth of FSAs; - more vibrant than others; -What is the relative poverty level of clients in communities; -What are the financial service needs and opportunities for young women (future) -To study impact of microfinance on clients	
-Kenya Post Office Savings Bank	-To develop and test out new savings product ( <i>Bidii</i> )	-To examine effectiveness of marketing program	
Faulu Kenya		-Reasons for client exits -Customer preference for new products -Understand local dynamics and how -Faulu can improve its fit with client needs.	
Kenya Women Finance Trust	-To look at developing new individual lending product	-Client satisfaction in branch experiencing problems -Competition analysis -Demand analysis	
TEBA Bank (South Africa)	-Funeral insurance -Savings account linked to debit card	-Product concept to prototype refinement	
Uganda Microfinance	-Money transfer	-Impact monitoring	-Impact assessment

<i>Users</i>	<i>Use</i>		
	<i>Product or System Development</i>	<i>Specific MFI Problem or Question</i>	<i>General Research Question</i>
Union	services - Savings product Agricultural loans (future)	system How to diversify clients	work
FINCA (Uganda)	-Will probably use in process of transformation into a bank -Will use to assess progress of Self Employment Partnership Loan - Will use to roll out other new products	- Reasons for drop-outs - Client satisfaction - Loan use experiences -Financial service needs, use, and experiences in poorer communities	
Centenary Rural Development Bank (Uganda)	-Identify possibilities for consumer based products -Develop house improvement loan package (CERUDEB is getting ready to pilot test this product)		
Faulu-Uganda	Develop new products (School fee loan; individual loans; top-up loans)		
Small Enterprise Foundation (South Africa) with Brian Kuwik and Kalipe Mashaba (Certified Service Providers)		- Client perception of SEF's services	
Spandana (India) with Padmaja (Certified Service Provider)	-Develop housing savings product -Change household savings product into an emergency savings product		
Sharda Women's Association (India)		- Analyze late payment problems	
PRIDE-Tanzania		- Reasons for drop-outs - Opportunities for new products	
David Musona (Certified Service Provider)	- Communicating with clients - Product development	- Impact assessment - Baseline study	

<i>Users</i>	<i>Use</i>		
	<i>Product or System Development</i>	<i>Specific MFI Problem or Question</i>	<i>General Research Question</i>
	and refinement		
Barbara MKNelly (Certified Service Provider)	FOCCAS Uganda  Card Philippines  CRECER Bolivia	- Impact assessment - Product improvement analysis	
<i>MicroSave</i> Sylvia Osinde, Kamau Kabuccho, Jill Donahue			-Financial implications of HIV/AIDS for affected households and MFIs
<i>MicroSave</i> Graham Wright, Deborah Kasante, Germina Ssemogerere Leonard Mutesasira			Study of the impact of microfinance on reducing risk and vulnerability of poor households in Uganda (for the World Bank's 2000/2001 World Development Report on Poverty)
<i>ACDI/VOCA</i> Evelyn Stark, Peter Mukwana, Alex Sekiranda			To identify development strategies for people in post conflict area of NW Uganda
<i>ACDI/VOCA</i> Peter Mukwana, Alex Sekiranda			Examine needs and opportunities for people targeted for re-settlement under a hydro -electric power project in Uganda
<i>MicroSave</i> Evelyn Stark (Certified Service Provider)		To study problem of drop outs in South Africa and Tanzania	
<i>MicroSave</i> Graham Wright, Leonard Mutesasira			- Understand levels of and reasons for loss of savings by poor people
Petronella Chigara (Certified Service Provider)	To develop appropriate loan product for new MFI launching its first loan product.	To find a name for the MFI	
Kathleen Stack	Develop financial planning tools for SEWA members		

<i>Users</i>	<i>Use</i>		
	<i>Product or System Development</i>	<i>Specific MFI Problem or Question</i>	<i>General Research Question</i>
Henriquetta Hungwana and Bonnie Brushky (Brazil)			- Why are MFIs in Brazil used so little?
Demos Croatia	Promotional meetings Develop impact monitoring system Develop market research system		
ACCION DR, Ecuador, and Peru with Warren Brown (Certified Service Provider)	Develop home improvement loan		
INRA Benin		Research on financial markets	
IKM PADME	Develop client tracking system	Reasons for drop outs Reasons for loyalty	
Padmaja, India	Identify life insurance product		
Friend of trainee			Demand for private primary school in rural area and input on design of school curriculum

## ANNEX 5: Option For Presenting The Market Research For MicroFinance PRA Toolkit

### **MARKET RESEARCH FOR MICROFINANCE PARTICIPATORY RAPID APPRAISAL TOOLS**

#### *Tools to Understand Customer Needs*

- Tool 1: Seasonality of income, expenditure, savings, and credit
- Tool 2: Seasonality of migration, casual employment and goods/service provided by the poor
- Tool 3: Life cycle profile to trace lump sum cash needs over time
- Tool 4: Times series of sickness, death, loss of employment, theft, natural disaster
- Tool 5: Time series of asset ownership
- Tool 6: Cash mobility mapping

#### *Tools to Understand Customer Preferences*

- Tool 7: Simple ranking of product attributes
- Tool 8: Relative preference ranking of financial service attributes and providers
- Tool 9: Pair-wise ranking of financial service attributes

#### *Tools to Understand Customer Characteristics and Intra-Household Dynamics*

- Tool 10: Simple wealth ranking
- Tool 11: Detailed wealth ranking
- Tool 12: Gender analysis of household cash flow
- Tool 13: Gender analysis of household expenditures and savings

#### *Tools to Understand Financial Service Use, Options, and Opportunities*

- Tool 14: Financial services matrix
- Tool 15: Gendered financial services matrix
- Tool 16: Financial sector trend analysis
- Tool 17: Financial landscape analysis
- Tool 18: Venn/chapatti diagram analysis of groups/organizations and their role

**ANNEX 6: *MicroSave's* Work With Action Research Partners**

<b>Partner</b>	<b>Institution</b>	<b>Date of Training</b>	<b>Country</b>	<b>Product</b>
Yes	Centenary Bank	April 2001	Uganda	Housing Loan
Yes	FINCA	April 2001	Uganda	Refinement of StepCredit Flexibility VB products SME Partnerships Savings products. Incentive Schemes.
Yes	Kenya Post Office Savings Bank	June 1998	Kenya	<i>Bidii</i> product
Yes	Tanzania Postal Bank	June 1998	Tanzania	Domicile-Quick Account Product
Yes	TEBA Bank	September 2000	South Africa	Housing Loan, Savings Product
Likely	Uganda Micro-finance Union	April 2001	Uganda	Product to be identified
Yes	Equity Building Society	October 2001	Kenya	Refining Existing Products examining options for additional product(s)
Likely	Ithala Bank*	Not yet	South Africa	Proposal awaited: linking with Credit Indemnity
Maybe	KREP-FSAs**	September 2000	Kenya	Operations/Systems Research
No	National Microfinance Bank	Not yet	Tanzania	NMB has other more pressing priorities
Maybe	Pride-Tanzania	September 2000	Tanzania	Proposal awaited
Unlikely	FSA International **	Not yet	Uganda	Operations/Systems Research
Unlikely	Akiba Bank	September 2000	Tanzania	Support awaiting new CEO & change in product development procedures
Possibly later	LandBank	Not yet	South Africa	Proposal received and evaluated – significant rev.
Discontinued	Chai/WOCCU/KUSSCO***	April 2001	Kenya	Medicare Savings

## **ANNEX 7: Impact Of The *MicroSave* Market Research For MicroFinance On Equity Building Society's Products, Systems And Approaches**

Equity Building Society's response to the email questionnaire:

### **Q1. What was the name of the course?**

Training on opportunities to increase market penetration through product development and refinement.

**Venue:** Green Hills Hotel at Nyeri

**Dates:** 21<sup>st</sup> October to 26<sup>th</sup> October 2001

### **Q2. What did you like about the retail raining?**

#### **(a) The Process**

- It was participatory through the use of group works, discussions, presentations and lectures.
- The field practical gave us the required practical knowledge on carrying out research.
- The objectives for the training were clearly stated and a detailed programme was drawn.

#### **(b) Content**

- The tools were relevant for the research (the perception of clients on our products)
- The training was rich in details, clearing explaining the importance of qualitative research and how to use the FGD and PRA tools.
- The trainers provided important reference materials, handouts and workbooks that were useful in doing the actual research.
- The training met our expectations as it equipped us with the relevant knowledge of carrying out research for our organisation. The trainers were skilled and competent and guided us professionally through the training and the research.

The training process can be improved in the following areas.

- Allocate more time for training e.g ten days instead of 6 days
- More practice on the tools is needed before using them for actual research.
- Give more guidance on data analysis

### **Q3. Following the training, for what purpose(s) did you or others in your organization actually use the market research tools?**

The findings were used to refine loan products especially the interest rates and differentiating them to fit different customer needs and the difference market segments.

### **Q4. Which of the tools have been most relevant and/or useful for your purpose(s)? Why?**

The following were the most relevant tools in our research (in order of priority).

#### **(i) Focus Group Discussion (FGD)**

- The tool was important because it gave customers a forum to express their perceptions on our products.
- It gave them the freedom to discuss various aspects of our product and services enabling us to collect valuable data.

#### **(ii) The Participatory Rapid Appraisal (PRA) tool which were important to us**

- (a) Product Attribute Ranking
  - (b) Seasonality of Income Expenditure Saving and Credit analysis
  - (c) Financial Services Matrix
- These PRA tools were easily acceptable to participants.
  - They were important as they enabled us to gather specific information from the customers easily.
  - The tools helped us to cross-check information given by participants using different tools.
  - The tools were able to give consistent results when applied in similar situations.

- The tools were flexible and can be made to fit in different situations with considerable ease.

**Q5. Besides you, who within your organization has used the market research tools or the information generated (position/s within organization)?**

All members of Equity Building Society staff got the feed back during a full day seminar at Utalii Ground on 30<sup>th</sup> December 2001. The members of the research team formed a panel, which answered questions and gave clarification to other staff members on the research issues.

**Q6. Has it been easy for others in your organization (who have not gone through the *MicroSave* training) to use the tools or the information generated? Why or why not?**

Other members have been able to use the information from the research easily but not to use the tools.

**Reasons**

The data was analyzed in comprehensive reports, which were availed to all members. The seminar (earlier referred to) was used to give full explanation to all members of staff.

Information was given in simple terms as it was stated in customers' perspective. The tools are technical and one needs to be trained on them before using them.

**Q7. Have there been any changes in your products, systems, and/or organization's approach related to the use of the *MicroSave* Market Research for Microfinance tools?**

**(a) Changes in products**

There have been appropriate differentiation of products with characteristics features and benefits. These products target specific market segment in Equity Building Society areas of operations.

**(b) Changes in systems**

A permanent Research and Development department has been formed in the organization constituted by people with special skills i.e marketing research, information systems, accounting and costing.

The organization (EBS) has recognized Research and Development as the most important structure in development

**(c) Approaches**

Pricing system has been changed, removing all hidden costs, communicating readily about all charges to customers.

Customers perceptions have been recognized and are considered in decision making e.g quoting interest rates in flat rate which the customers can understand and compute. The marketing philosophy in EBS is now market driven and not product driven.

There is an increased sensitivity to customers feelings.

**Q8. How have these changes have benefited the organization and the clients?**

***The Organization***

Recognizing customers perceptions and considering them in product refinement has decreased the rate of dropout in all branches.

Customers are proud of the new changes. They feel they own them since they were involved in their development. Customers are now advocating for the organization as they feel they own the products. There is improvement in the numbers of new customers joining the organization.

***The Clients***

Loans are cheaper as most charges have been done away with.

The process is more simplified. Information is easily available and accessible in all branches. Customers are now served by more sensitive officers.

**Q9. What was the cost of using the toolkit?**

	(Ksh.= 78: \$1)
Fuel	8,220.00
Customers Lunch&	243,179.45
Hire of halls	
Staff Accommodation	<u>250,809.00</u>
TOTAL	502,208.45

**Q10. Does your organization have the capacity to continue to undertake market research using the tools without technical support?**

Market research without technical support. The research team has not completed a single process in product development and we need to be guided through.

**Q11. What did you like about the toolkit? What were its limitations?**

- The tools enabled us to learn from the people other than studying them from a distance. They tell us about ourselves.
- Different tools were able to give information where one tool could not have given if applied singly.
- The tools were able to replicate what was observed in similar situation showing that they were able to minimize research biases.
- They are easy to use both for the researchers and the participants.
- The tools can easily be changed from one situation to another.

**Limitations**

- The use of the tools is expensive for the organization. In terms of time organization of venues, refreshments to the participants.
- Some tools were rejected by customers in certain places. e.g the Financial Services Matrix this is because the tool was not dear to the participants and was not specific.
- The tools are not easy to sell to the participants and at times they would reject the use of bottle tops or beans as they found this “childish”.
- The time limit (25-30 minutes) for each discussion was short and participants would be left still wanting to say more.
- Consensus gravitating around opinion leaders.

**Q12. How could the toolkit be improved?**

- Simplify the toolkit and make then more understandable to customers.
- Train researchers more on how to adjust tools in different settings
- Use more acceptable items in place of a bottle tops and beans e.g use of a chalk board.
- Come up with better sampling techniques to minimize influences by certain individuals.

**Q14. How could the toolkit be disseminated more widely?**

- Putting the toolkit on the website
- Publishing it in journals with wide circulation
- Presentations in national, regional and international conferences
- Sharing information and research findings with action research partners.

**Q15. Any advice to individuals or organizations who want to use the toolkit?**

- Train before using the tools.
- No single tool is better than others it depends on the situation where it is applied and the skills of the moderator.
- Minimum skills: a person with practical people skills, and analytical skills

**Q 16. What issues should *MicroSave* consider in posting the tools on a website?**

*MicroSave* should consider

*MicroSave - Market-led solutions for financial services*

- The cost implications of using tools without training
- Give thorough details on how to use the tools even quoting case studies e.g EBS
- Consult expert web designs.

**Q17. Any other comments?**

An indispensable toolkit once you know how to use it.

- A cost effective toolkit once the findings are implemented.
- Easy to learn and apply

**ANNEX 8: List Of Market Research For Microfinance Course Handouts****Manuals**

Day 1 (42 pages)

Day 2 (16 pages)

Day 3 (9 pages)

Day 5 (14 pages)

Day 6 (13 pages)

(All days bound into one manual – total 94 pages)

Workbook (17 pages)

**Pre-Reading**

1. Market Research and Client Responsive Product Development (15 pages)
2. Mobilizing Massive Savings: Bank Rakyat Indonesia's Unit Desas 1984-96 (13 pages)
3. Recruiting for Focus Group Discussions (2 pages)

**Day 1**

1. Lesson Plan (1 page)
2. Marketing Framework (7 pages)
3. Beyond Basic Credit and Savings: Developing New Financial Service Products for the Poor (15 pages)\*
4. Account Opening Questionnaire (1 page)
5. Analysing MFIA's Internal Records (2 pages – Excel)
6. Competition Analysis (4 pages - part of "Market Research and Client Responsive Product Development")\*
7. The Poor and Their Money (book)\*
8. AIMS Client Exit Survey (19 pages)\*
9. MFIA Research Plan (3 pages)
10. BURO, Tangail's Approach to Product Development (20 pages)

**Day 2**

1. Semi Structured Dialogue (6 pages)
2. Sample Focus Group Discussion Guides on Financial Services and Institutions (3 pages)
3. MyMFI Product FGD (6 pages – 4 in Word, 2 in Excel)
4. Video on Focus Group Discussions\*

**Day 3**

1. Participatory Rapid Appraisal for Microfinance – A Toolkit (39 pages)
2. Qualitative Data Analysis Exercises (10 pages)
3. Savings and the Poor: The Methods, Use and Impact of Savings by the Poor of East Africa (34 pages)
4. Reporting Back from the Field (1 page)

**Day 5/6**

1. Getting Serious About Banking for the Poor (3 pages)
2. Concept Design Matrix (2 pages - part of Market Research and Client Responsive Product Development)\*
3. AIMS Client Satisfaction Tool (7 pages)\*
4. Summary of Planning, Conducting and Monitoring Pilot-Tests (4 pages)

**ANNEX 9: Description Of Video Compact Disk (VCD) Toolkit**

An emerging trend within the microfinance industry is the redesign of product lines and service delivery systems to better meet the needs of their clients. Faced with the challenge of key operational issues such as high drops outs, new product development, competition, and staffing, the industry is turning to a market-led focus in microfinance. This innovation calls for the development of capabilities within institutions to listen to clients and to better understand their use of financial services. USAID's AIMS project and *MicroSave*, well known for their pioneering work in this area, have developed complementary tool kits that microfinance institutions can use for market research. The demand for both the AIMS/SEEP Practitioner-Led Client Assessment Tools and *MicroSave*'s Market Research for Microfinance tools well exceeds any capacity to provide training in their use. To date the options are specialized courses or a step-by-step application of information published in manuals.

To increase MFI's access to and effective use of these tools, Microfinance Opportunities, in collaboration with *MicroSave*, will produce a suite of video compact disks that provide training in both sets of tools. The Microfinance Opportunities Institutional Development toolkit will provide instruction on techniques for undertaking market research using these specialized tools. This new suite of tools will include:

- an introductory module for senior management and donors;
- a series of 11 modules intended for managers of the market research process. They will focus on technique as well as specific tools that address how the poor manage financial resources and their preferences; and
- an agent level module for front line staff who will be using the tools with the clients.