

# MicroSave Briefing Note #161

## Developing a Tool to Measure Client Satisfaction and Protection

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### Background

ASKI (Alalay sa Kaunlaran, Inc.) is a non-governmental organisation based in the Philippines that creates opportunities for low income communities and families to work towards socio-economic development aligned to Christian values. It believes that success in meeting its mission comes from providing products and services that respond to the needs and situations of its target groups. It listens to its clients to find out whether or not clients find ASKI products and services appropriate and useful.

One of the tools used for listening to clients, is a client satisfaction survey that ASKI has conducted annually since 2010. The survey gathers client feedback on loan product features, non-financial services that complement microfinance, customer service, and how ASKI compares with key competitors. The report provides insights for the continuing product development and customer service improvement programme at ASKI.

In line with the growing campaign for client protection in the global and local microfinance sectors, ASKI adopted another listening tool—*The Client Protection Principles (CPP)<sup>1</sup> Adherence Survey<sup>2</sup>* in 2012. The survey enables clients to rank CPPs according to their perceived importance and to rate ASKI's adherence to CPPs. The report is used to measure and track the quality of ASKI's service from the client protection perspective. Field staff find it useful as it helps them to advocate concrete ways of treating clients. It is also a way of strengthening the institutional culture that values, respects and protects clients from being harmed through inappropriate delivery of services.

ASKI decided to merge the two client listening tools in 2014 to streamline the process of gathering data and reporting on client satisfaction and protection levels. With support from Opportunity International Australia and technical assistance from *MicroSave*, ASKI developed and adopted *The Client Satisfaction and Protection Survey* or CSPS. The Research and Development (R&D) Department led ASKI in this undertaking.

This Briefing Note documents the process of tool development. It identifies key lessons from the pilot test, which can be used to facilitate the development of future research tools.

### Tool Development

#### *Designing based on users' specifications<sup>3</sup>*

A data use survey questionnaire was developed and the study was conducted with staff in Credit Operations, who are the primary users of the report. This questionnaire consisted of five questions and was designed to capture the ways in which relevant SP data from the survey might be used by the target users when making decisions at work. Results from the survey helped to design the CSPS questionnaire and the reporting template. The CSPS tool also includes a question on Net Promoter Score<sup>4</sup> which is an indirect way of gauging client satisfaction and loyalty.

Two monitoring and evaluation (M&E) forms were also developed to get feedback from users on the quality and usefulness of the CSPS report - the first one is designed to be used by the R&D within a month from the receipt of the report to get immediate feedback, while the second one will be utilised after six months to get results on the use of research data. The reason for putting this M&E system in place is to keep R&D informed on how the reports are viewed and used. It provides the basis for making improvements in the quality and usefulness of future CSPS reports.

#### *Enriching the Process with Techniques*

ASKI enriched the tool development process as follows: *Reaching clients through a tele-survey*. A first for ASKI R&D, the telephone was used to gather data from clients, many of whom can now be reached on mobile phones. The decision to test the use of a tele-survey facilitated the coverage of a sample of 1,100 clients compared to previous surveys, which covered smaller sample sizes of 550 or less. This larger sample size helped to minimise sampling error to +/- 3%.<sup>5</sup> It also enabled coverage of all ASKI branches and deposit collection points, thereby promoting increased ownership of research results by staff. While the sample size is statistically representative at the institutional level, the sample size breakdown per branch is too small to represent each branch.

<sup>1</sup>The development of Client Protection Principles (CPPs) and its global advocacy among microfinance stakeholders is spearheaded by the Smart Campaign. <http://www.smartcampaign.org/about/smart-microfinance-and-the-client-protection-principles>

<sup>2</sup> *The Client Protection Principles (CPP) Adherence Survey* tool was developed by *MicroSave*. ASKI, with support from Opportunity International Australia, tested the tool and found it suitable for its needs. It has used *The Client Protection Principles (CPP) Adherence Survey* as its regular in-house survey since 2012.

<sup>3</sup> Refer to *MicroSave's* toolkit *Market Research for Microfinance* on ways in which to get feedback.

[http://www.microsave.net/resource/toolkit\\_market\\_research\\_for\\_microfinance#.VHVLO9KUeuI](http://www.microsave.net/resource/toolkit_market_research_for_microfinance#.VHVLO9KUeuI)

<sup>4</sup><http://www.netpromoter.com/why-net-promoter/about-net-promoter>

<sup>5</sup> Sampling calculator from [surveymonkey.com](http://www.surveymonkey.com)

As field staff wanted to see the satisfaction level of their respective clients, R&D showed satisfaction levels by 'location' in the report.

*Selecting the sample by using an automated client database.* Unlike previous surveys where the sample was determined by the branch to coincide with the research period and the visits of the researchers, this time the sample was selected from the list churned out by the automated client database which considered the following criteria:

- Repayment history with a sampling mix from clients with outstanding repayment records and clients with records of delayed payments
- Loan type where the three major products and other products were equally represented
- Loan cycle where all the clients had completed one cycle.

This process helped to reduce the sampling bias and promote client confidentiality.

*Building capacity through a hands-on approach.* Research staff increased their knowledge, skills and approval of the study by being active participants and prime movers in the development of the tool and the guidelines, and in its execution. An external mentor from *MicroSave* provided guidance at each critical step of the process until the pilot test.

### **Preliminary Results**

A preliminary analysis report comprising feedback from 171 clients from 14 branches of ASKI suggested the following results.

- **2.73** is the ASKI overall *Client Satisfaction Score (CSS)*, on a scale of 1-3 with 3 being the highest satisfaction level
- **2.73** is the ASKI *Client Protection Principles (CPP) Adherence Score*, on a scale of 1-3 with 3 being the highest adherence level
- **72%** is the ASKI *Net Promoter Score (NPS)*, where the global benchmark for a good NPS is above 50%

Overall results from three satisfaction indicators show that the majority of ASKI's clients were highly satisfied with the products and services provided by ASKI in 2014.

### **Lessons from the Pilot Test**

*Engage actively with the data sources and users.* When designing the tool, the R&D team needed to address two key issues:

- *Engaging clients* - asking the right questions, ones that clients can fully understand and can relate to, so that they can give honest and well-thought out answers
- *Addressing management needs* – having a more effective and efficient listening tool.

It turned out that coming up with a simple, clear and relevant questionnaire was the easy part; the harder part, as learned during the pilot test, was getting clients to stay focused and connected during a tele-survey that

<sup>6</sup> ASKI uses SMS to receive and respond to client and staff comments

averaged 15 minutes. ASKI may have to consider a shorter questionnaire for a quicker survey conducted via telephone; this could entail prioritising content to those areas where client feedback is crucial, for example areas that consistently receive low satisfaction scores from clients; or limiting research to one question per CPP.

*Have backroom support in place to facilitate effective use of technology and guidelines.* Despite early efforts by management to collect and maintain a directory of active phone numbers for their clients,<sup>6</sup> the automated client database did not capture active telephone numbers for most of those clients. It appeared that many Filipinos change phone numbers every time low-priced promotional packages are offered by mobile network operators. This common practice makes it difficult to maintain an active client telephone directory.

This caused delays in gathering data. Researchers had no choice but to revert to the old practice of liaising with the branches and seeking their support in securing clients' active telephone numbers. This affected client confidentiality and staff efficiency.

Instead of staying true to the sampling criteria, the researchers became more dependent on active telephone numbers just to reach the target sample size within the extended research period. This meant that results for some indicators were unavailable – for example the resulting CSPS report is unable to show satisfaction scores by repayment status as researchers could not get enough clients with low repayment records.

*Formalise the research process - set standards, and diligently implement them.* The Implementing Guidelines (IG) that were developed and approved served to guide the conduct of the research and provided the staff with standardised processes. The clearly documented objectives and processes of the IG were found to be useful in the orientation of part-time research staff.

Despite having a research plan and standard processes on paper, a number of things can go wrong during execution. The R&D leadership must provide the necessary guidance to ensure focus is maintained on the objectives, and it must be able to make prompt adjustments while maintaining process compliance and data quality.

### **Conclusion**

ASKI was able to see many challenges when they implemented the pilot CSPS tool right from tool development till the data analysis. With all the shortcomings, ASKI was able to drive the point that if the management of any organisation is committed to providing adequate resources and the executive team is focused on the task at hand and has the ability to listen, learn and promptly respond to any challenges, implementation of such client focussed tools is still possible.