

MicroSave Briefing Note # 126

What Makes ServQual Distinctive Tool for Client Protection?

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[Briefing Note 125](#) explained the *MicroSave* client protection ServQual tool,¹ how it was developed and what insights can be gained from it. This Note aims to discuss the ServQual tool further and highlight what makes it a distinctive tool for unveiling clients' insights on the client protection.

The ServQual tool is *distinctive* because...

- 1. It brings out the clients' voice:** The seven client protection principles (CPPs) have evolved from an industry effort that has included practitioners. The ServQual tool brings out the importance of CPPs from the client's perspective. Recently the [Smart Campaign](#)'s steering committee has been making efforts to bring in clients' voice into this whole exercise through its Client Voice Task Force (CVTF).² The ServQual tool will be a perfect tool to use in such instances. By asking detailed questions to clients on which principles are more important for them and *why*, and by asking them to rate the performance of their financial service providers on implementation of the CPPs, it is possible to gauge the state of CPP practice – not as claimed by MFIs – but as seen by clients – for whom these principles have been developed.
- 2. It helps in decision-making for financial service providers:** Getting clients' feedback on the CPPs is invaluable for effective decision making by financial institutions. Clients, who are the centre of CPP, will

be in a better position to assess the performance of their service providers implementing these principles in the field. With direct inputs from their clients, financial service providers can fine tune their products, channels and services to achieve a more client responsive approach – often at little or no

incremental cost. This can significantly improve their operations and thus their financial and social bottom lines.

For instance, where clients give feedback that they are not aware of the use of their data (which includes all the personal information collected, ID proofs collected and photos) by MFIs; or where clients give a low rating on complaint resolution mechanism (as in most cases the clients do not know whom to contact for registering a complaint), this feedback can be used by organisations to strengthen their processes and training to build capacities of the staff. For example, including awareness about credit bureau in client training; explaining the possible uses of clients' personal data; printing contact details of head office grievance cell on loan cards/passbooks etc. MFIs can use this tool to refine their approach to CPP, by assessing what their clients want (and are most concerned about), and how to effectively deploy the institution's resources to satisfy the requirements of the clients.

- 3. The tool combines both quantitative scoring and qualitative research techniques:** The tool gives both quantitative scoring on MFIs' performance and the relative importance of the principles, as well as qualitative insights into why clients think the way they do. Traditional focus group discussions, the tool often used to collect clients' feedback, provide only qualitative insights, if probing is good.

How Can Results From This Tool Help Other Industry Stakeholders?

Smart Campaign: The tool can be used effectively to gather client inputs on client protection principles. This can help to refine and fine tune these principles for improved relevance and effectiveness in different markets.

Support Organisations: Inputs from the tool can help support organisations - such as technical service providers, social rating firms, assessment firms, etc. - develop content and methodologies to help financial service providers to educate their clients on the principles that have low awareness levels. These organisations can also include using the tool as a core component of their assessments or technical support. Rating agencies can incorporate this tool to assess the performance of MFIs and make comparisons, as well as set and revise benchmarks and standards. This tool can be used along with other tools developed by *MicroSave* or any other organisation to obtain a better perspective on the different CPPs.

¹ Refer to BN # 125 for detailed description of the tool, a reading of which is essential.
² Client Voice Task Force (CVTF) is a task force launched by Smart Campaign the Campaign. *MicroSave* joined the CVTF and as member, *MicroSave* takes clients' views.

There are tools such as ‘[Getting Started Questionnaire](#)’ of Smart Campaign that quantify scores for assessors’ assessment. Under traditional quantitative survey instruments, clients often simply score their financial service providers’ performance on each parameter. When this is set within a ServQual moderated focus group discussion, clients also discuss at length (and the moderator documents) why they have allocated the score and why this principle is important. For example, in India, in some groups, clients believed that it is the moral responsibility of the MFI (and thus not the group) to check if the clients are over-indebted.

Furthermore, the ranking of the relative importance of the seven CPPs provides financial service providers valuable insights on where to focus their efforts. Many financial institutions do not have the resources to address and optimise all the CPPs. Understanding which matter most to their clients allows them to address those that will have the highest impact on customer service and satisfaction.



Pre-requisites For Using The Tool Effectively:

Sample of the group:

- The tool is best administered with a group of carefully selected clients who are largely homogenous (from the same socio-economic background). Each group should comprise around 3-5 members. A large group makes it difficult to facilitate discussion; a small group may give limited perspectives and skewed results (as one cannot validate the responses).

Skills of Moderator:

- The sessions must be moderated by someone who is trained to use qualitative market research tools similar to *MicroSave’s* Market Research for Microfinance (MR4MF) toolkit. Moderation skills are most important as the results of the tool depend on the probing skills of the moderator. Poorly moderated groups will result in results that reflect the moderator’s perspectives and beliefs, as low income people are quick to pick up the spoken and body language cues that we naturally use in day-to-day conversation. These cues prompt the expected or desired responses – don’t they?

- The moderator should be familiar with the CPPs, and related issues, in addition to how to administer the tool itself.
- The training and expertise above will help the moderator probe deeper into the clients’ experiences and thoughts on a complex topic (client protection) that clients are not used to talking or even thinking about. The moderator has to break through the common mindset among most clients to be passive and to accept without question the terms, policies and practices of their financial service providers.

Market Research Skills:

- Knowledge of the financial service provider’s products and services, systems, processes and terminologies is required. For example, in India, particularly in Bihar, the participating organisations never used the word “credit bureau” – but mentioned to their clients that their data is stored in a computer that is accessed by all companies. If the moderators did not know this and used the word “credit bureau” with clients, the results would be different. Clients would have rated the organisation low and the efforts made by service providers would have not been recognised. Similarly, in the case of one Filipino organisation, clients are referred to as “partners”, to facilitate communication, respect and empathy – the moderators had to use this term throughout the discussion.
- Probing matters! Probing (not prompting) as to **why** clients rate the organisation in a certain manner or rank the principles the way they did is essential to deepen understanding and derive insights. The ranking of principles and rating of performance of the organisation is important – but only provides a limited part of the information. The ranking is rather a means to the end: namely, in-depth client insights as to why and what they perceive. Without this, the service providers may not have enough information to make quality decisions that significantly enhance their performance.

Conclusion

When the tool is used correctly, it can be an effective way to bring clients’ voices on client protection to the fore. Bringing out clients’ voices using qualitative research, while quantifying the results, can provide excellent insights for service providers, support organisations, the Smart Campaign and policy makers for decision making.

Client protection research conducted by *MicroSave* in India, the Philippines and Bangladesh also yielded interesting results. For more details, please refer to the [BN # 127](#).