



# SPM ESSENTIALS

PRACTICAL STRATEGIES FOR  
TODAY'S MANAGEMENT  
CHALLENGES

TODAY'S WEBINAR:

USING CLIENT FEEDBACK TO INFORM  
PRODUCT DESIGN

JUNE 8, 2021

# TODAY'S SPEAKERS



MODERATOR  
**Amelia Greenberg**  
Deputy Director, SPTF  
New York, USA



SPEAKER  
**Jitendra Balani**  
Associate Director, Financial Inclusion and Capital  
Markets, Terwilliger Center for Innovation in  
Shelter, Habitat for Humanity International  
Phillippines



SPEAKER  
**Ms. Shiela H. GUANZON**  
General Manager for Operations,  
Negros Women for Tomorrow  
Foundation (NWTF)  
Philippines



SPEAKER  
**Ian Best**  
Social Performance Technical Advisor,  
Entrepreneurs du Monde  
France



SPEAKER  
**Duong Nguyen**  
Program Manager, Anh Chi Em (ACE)  
Vietnam

# AGENDA

- Welcome and introductions (5 minutes)
- Setting the stage (10 minutes)
  - Defining SPM
  - Universal Standards for SPM; review process
  - SPM Essentials Series
- NWTF and Terwilliger Center: Org info, summary of project (15 minutes)
- ACE and EdM: Org info, summary of project (15 minutes)
- Interview with speakers (30 minutes)
- Questions and answers (15 minutes)

# SETTING THE STAGE (1 OF 3): DEFINITIONS

- **What is SPM?**
- Social performance management (SPM) is a continuous process of implementing management practices that facilitate setting and achieving social and environmental targets. The goal of SPM is to protect and benefit customers, employees, and the environment.
- **What are the elements of “good” SPM?**
- 1. Social strategy
- 2. Committed leadership
- 3. Client-centered products and services
- 4. Client protection
- 5. Human resource development
- 6. Balanced growth and returns
- 7. Environmental performance management

# SETTING THE STAGE (2 OF 3): STANDARDS UPDATE AND WEBINARS

## ■ The Universal Standards for SPM

- A comprehensive manual of best practices created by and for people in microfinance as a resource to help financial service providers achieve their social goals.
- Managed by SPTF
- SPI social audit tool managed by CERISE

## ■ Universal Standards Review Process

- First published in 2012; reviewed every ~5 years
- 2020 we began a review process: expert interviews, webinars, public surveys, data analysis, literature review
- New manual to be published by year-end 2021; infrastructure updates underway

## ■ SPM Essentials Series

- Schedule: 1-2 webinars per month, beginning March 2021
- Content: All seven dimensions of the Universal Standards
- Purpose: share good practices of Universal Standards implementation, particularly those that relate to new elements of the manual
- <https://sptf.info/online-trainings-bucket/spm-essentials-2021>

# SETTING THE STAGE (3 OF 3): DIM 3 - FOCUS ON UNDERSTANDING THE USER EXPERIENCE TO INFORM PRODUCT DESIGN

Dimension	Dimension 3: Client-centered Products and Services
Standard	The provider collects and analyzes data to understand clients' needs.
EP	The provider conducts market research and pilot testing.
EP	The provider uses data to identify patterns of financial behavior by client segment.
EP	The provider collects client feedback on their experiences using the provider's products and services.
Standard	The provider's products, services, and channels benefit clients.
EP	The provider uses insights from client data to design products, services, and delivery channels.
EP	The provider's products, services, and channels protect clients from harm.
EP	The providers products and services help clients smooth consumption.
EP	The provider's products, services, and non-financial services help clients achieve their goals.
EP	The provider's delivery channels benefit clients.

**NB:**All indicators and details are in draft form and are subject to change.

Indicator	The provider conducts client satisfaction surveys. Minimum frequency: annually
Indicator	The provider conducts client exit interviews and looks for evidence of product design failures.
Indicator	The provider investigates the reasons for client dormancy. Minimum frequency: annually
Indicator	The provider investigates whether clients face challenges regarding their use of financial products and services for any of the following reasons (minimum frequency: annually):
Detail	Difficulty gaining access to products or services
Detail	Difficulty using products or services
Detail	Control exercised by another household member over the client's use of financial products
Detail	Stress caused by debt and/or repayment pressure

# NEGROS WOMEN FOR TOMORROW FOUNDATION, INC. (NWTF)



NWTF's clients are women from the poorest sectors of society. These mothers and wives struggle to provide the basic needs for their families. NWTF hopes to give them the tools to not only provide for their basic needs, but to live dignified and independent lives as well.



Environment



Health and  
Wellness



Education and  
Training



Microfinance



Social Business



Technology

# TERWILLIGER CENTER, HABITAT FOR HUMANITY INTERNATIONAL – OVERVIEW: ADVISORY SERVICES TO FINANCIAL INSTITUTIONS



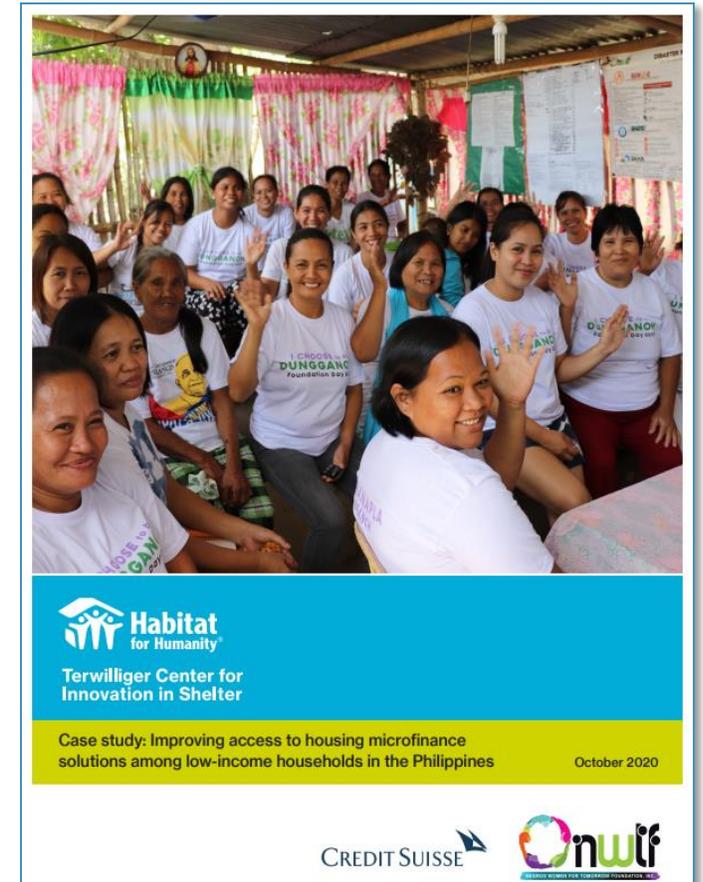
## **MICROBUILD:**

US\$100M+ investment vehicle demonstrating the financial viability and scalability of housing microfinance and providing MFIs with access to capital for housing.

# NWTF STUDY

*The Terwilliger Center assisted NWTF in developing a new housing microfinance product for low-income households.*

- ❏ NWTF reaches ~549,000 low-income families and has an outstanding portfolio of ~\$67 million.
- ❏ A staggering **85%** of these households were interested in a housing microfinance loan, a clear opportunity for NWTF to introduce a housing product that meets this demand and achieves their social development mission.
- ❏ NWTF overhauled its existing product and delivery mechanism, embarking on an innovation journey with the advisory support from The Terwilliger Center.



# DEVELOPING HOUSING MICROFINANCE MARKET PHILIPPINES AND INDONESIA – PROJECT OVERVIEW

Empower low-income people to improve their homes through housing microfinance

## Outcome



Access to housing finance offered by financial institutions



Improved shelter units through housing microfinance products and services



Expansion of adequate housing

## Impact



Significant reduction of adequate housing deficit

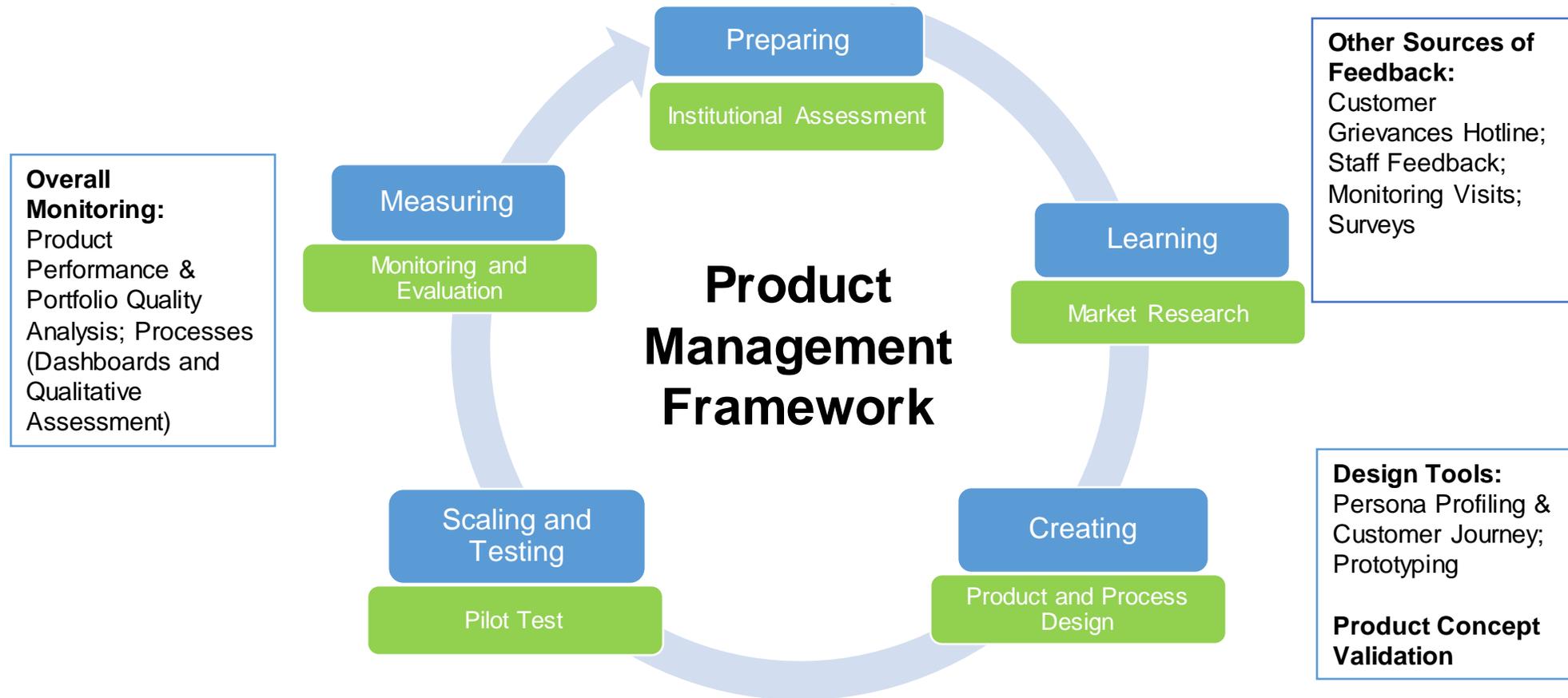


Increased quality of life and overall wellbeing among low income people

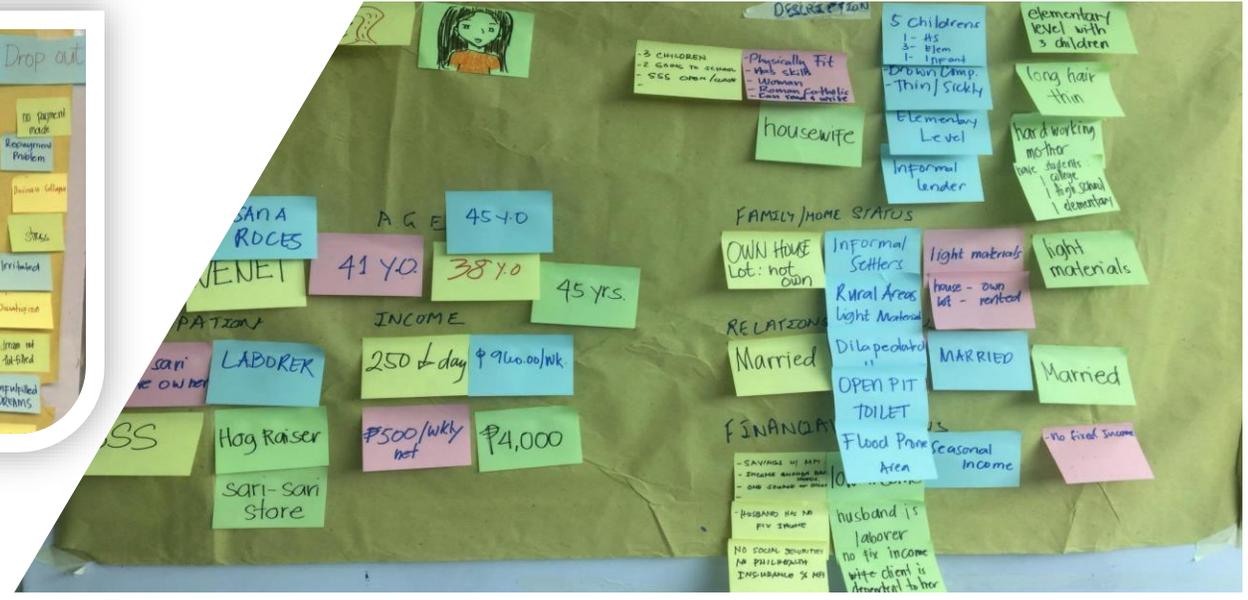
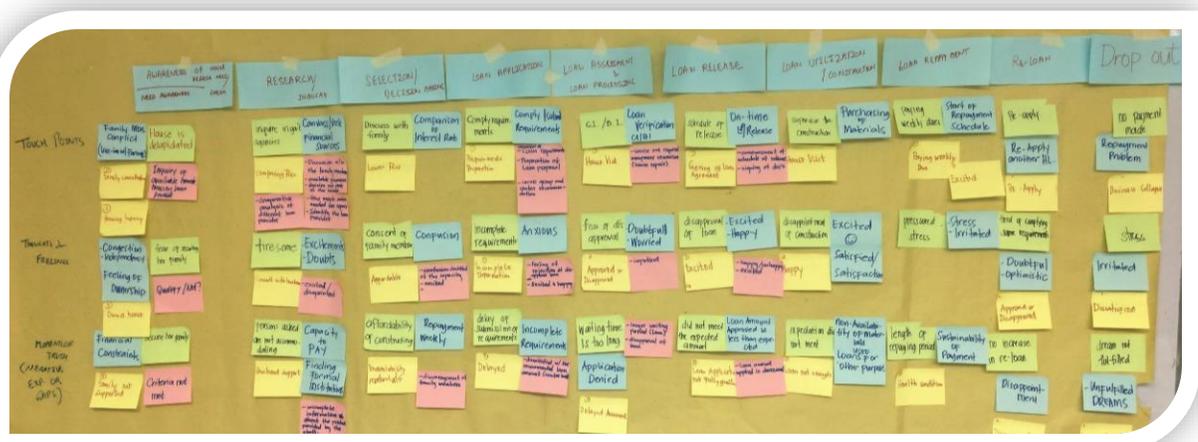
The **key components** of the advisory services for NWTF are mentioned below along with the **adjusted timelines**:



# PRODUCT DEVELOPMENT – CONTINUOUS ITERATION OF THE PRODUCT



# PERSONA PROFILE & CUSTOMER JOURNEY MAPPING



# PROTOTYPING & STORYBOARDING

**Balay Ko DUNGGANON**

**STARTS Handumon Ko...**

@ ₱5,000

**Pamilya Ko Kabuhi Ko**

FOR INQUIRIES  
0918-8200-157

**NANGARANG NOON!!!**

**DUNGGANON HOUSING LOAN**

- HOUSE RENOVATION
- HOUSE CONSTRUCTION
- LOT/HOUSE + LOT PURCHASE

**Onulf**

LOANABLE AMOUNT  
MAXIMUM ₱1 MILLION  
UP TO 10 YEARS TO PAY...

**NAGKABAHAY NGAYON!!!**

**Balay na Dugganon**

**Gusto mo magka BALAY?**

entra na!  
MAY LOAN KA NA INSURED KA PA

**BAYOKE**

Renovation - - - - min ₱5K max ₱4K AFTER  
Construction - - - - max ₱300K  
Purchase Lot - - - - max ₱1M or House + lot.

magka<sup>to</sup>, kad<sup>to</sup>, kad<sup>to</sup> .....

Sa dugang na ihibalo lang sa amon

ppisina nga nahangtang sa Lizares Bldg. Talisay City  
r magtanag sa telepono # 432-8820

**Handum Mo**

**Sabat**

Patindog? Bakal?

- Makahulam as
- Madasig nga
- Wala downpay

**NWTF: HOUSING LOAN**

g nga ihibalo pamangkot sa LO ukon

# PILOT RESULTS



848

Families Served



0%

Delinquency



28,500 pesos  
(US\$570)

Average Loan Size



24,162,000 pesos  
(US\$483,000)

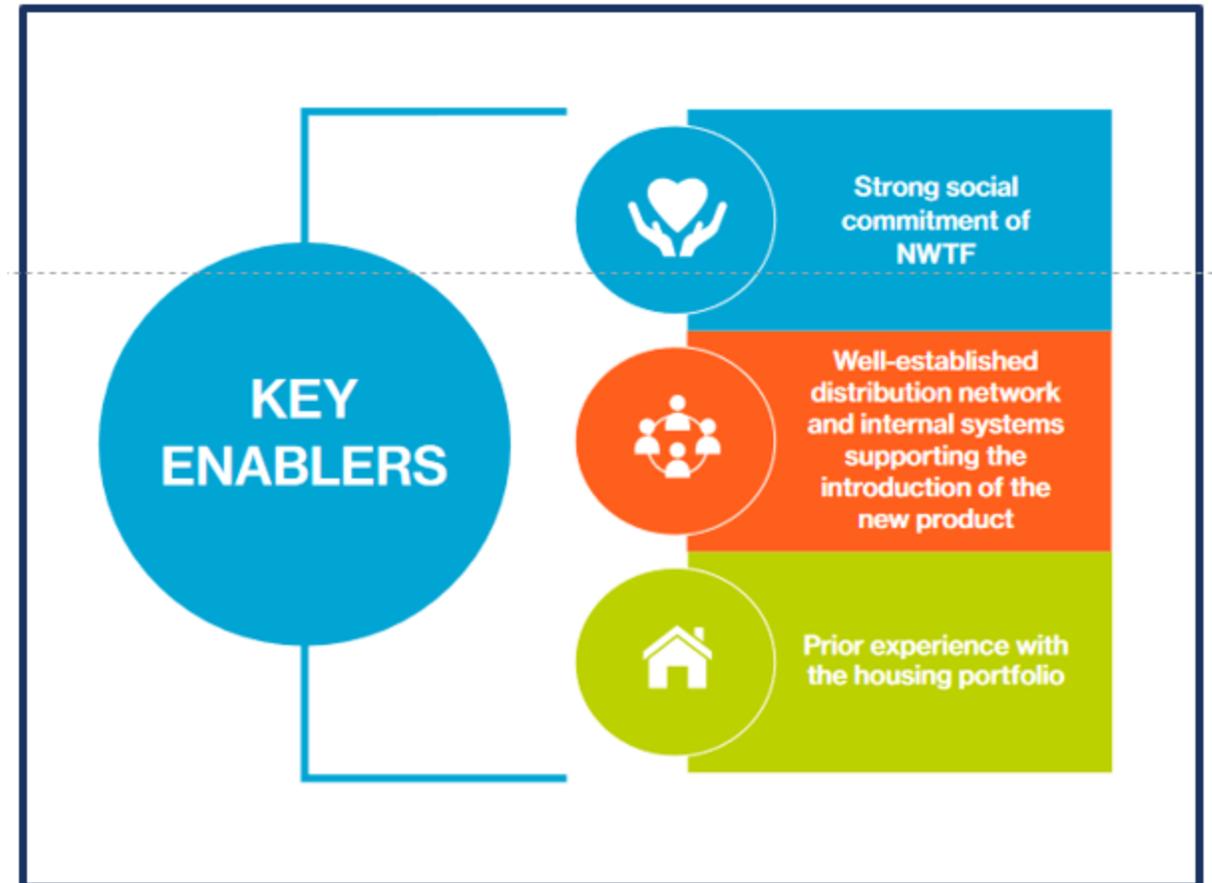
Total Loan Disbursement

- NWTF experienced an overwhelming response to the Dugganon Housing Loan in pilot branches.
- Product consistently showed good performance throughout the pilot and maintained 0% delinquency.
- During the pilot phase, NWTF **mobilized US\$480K, benefitting nearly 850 families** with the housing product, improving their living conditions during the seven-month pilot-testing phase.
- Product has been rolled out to several branches since pilot and is now integrated in their business plan as a core product.

# LESSONS LEARNED

Dungganon Housing Loan's pilot-testing phase provided several useful lessons, including:

- a more agile management information system that can be easily re-engineered to suit the product requirements
- the need to educate customers on material selection, budgeting, and construction basic do's and don'ts, that can be complemented with the financial product for improved resiliency of housing structures
- continuously build the capacity of front-end staff about the new product



## COVID-19 PANDEMIC

- After the pilot-testing phase, as NWTf was gearing up to gradually roll-out the product in other branches, the pandemic started.
- During the significant COVID-19 disruption phase, NWTf had to halt housing loan disbursements temporarily. The focus was on providing emergency and income-generation loans to low-income families to restore their livelihoods.
- The “shelter in place” directives from the local government also reiterated how adequate and safe housing could act as the first line of defense in public health crises. NWTf reinstated housing loans in July 2020.

# HELPING FAMILIES, ONE HOUSE AT A TIME

## BEFORE

taking a housing microfinance loan



## AFTER

using the housing microfinance funds for home improvements



# PUTTING IT ALL TOGETHER



*"Whenever it rained, we had to find a place inside our home without water leaks. It was a challenging period in my life. I am delighted to see my dream turn into reality." - Lory*

## Human-centered design approach leads to client-centric solutions resulting in interventions, which are:

- **Sustainable:** NWTF continues to serve low-income families with housing microfinance products, thus ensuring the intervention is replicated without Habitat's continued support.
- **Scalable:** Private-sector actors, such as NWTF, can deliver housing products at scale to address the global housing crisis, for families whereby housing is a process (not a purchase).

# ENTREPRENEURS du Monde

**SOCIAL  
MICROFINANCE**

**AGRO-  
ENTREPRENEURS**

**SMALL BUSINESS  
CREATION AND INSERTION**

**ACCESS TO  
ENERGY**



**SAVINGS**

**CREDIT**

**MENTORING**

**LAMPS AND COOKSTOVES**

**MICROCREDIT**

**AGRICULTURE  
TRAINING**

**TRAINING**

**MINI-GRIDS**

**TRAINING**

**STORAGE**

**INCUBATION**



*“to empower the poor and vulnerable people in remote areas through the provision of responsible financial and capacity building services in a sustainable way.”*



1. **Anh Chi Em** (means Brothers and Sisters), a social microfinance programme since 2007 based in **Dien Bien**, Vietnam
2. **4** Branches in **3** districts, **37** staff members
3. **4402** number clients
  - **85%** female
  - **100%** rural
  - **93%** ethnic minority
4. **Financial services:**
  - **Microcredit** for income generating activities: loans adapted with needs and capacity of the poor and vulnerable people.
  - **Savings:** regular small amount to practice savings habits
5. **Non Financial Services:**
  - **Activities:** Group trainings, home-visit counselling, value-chain sub-projects and networking
  - **Theme:** Livelihood, social issues (hygiene, HIV/AIDS, domestic violence...), finance and business literacy training



ACE has piloted new methodology in new branch since 2019. Below are key difference between the two:

OLD METHOD	NEW METHOD
<ul style="list-style-type: none"> <li>✓ <b>Optional monthly</b> group meeting and training</li>   <li>✓ Operations includes <b>weekend</b></li>   <li>✓ Financial literacy training is <b>optional</b></li>     <li>✓ <b>Weak connection between Credit Officer with branch</b></li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Mandatory every-4-week</b> meeting and training → Stronger group tie</li>   <li>✓ <b>No</b> operations at <b>weekend</b></li>   <li>✓ Financial literacy training is <b>mandatory</b>:               <ul style="list-style-type: none"> <li>- 3 weeks of training before receiving first loan</li> <li>- 4 compulsory topics:                   <ul style="list-style-type: none"> <li>❖ Group methodology</li> <li>❖ Loan management</li> <li>❖ Savings management</li> <li>❖ Loan contract and loan repayment schedule</li> </ul> </li> </ul> </li>   <li>✓ <b>Branch team has strong dynamism</b> and <b>engagement</b> with decentralization and Credit Officer going to branch office at least twice per day</li> </ul>

ACE undertook a satisfaction survey in 2020, the first since 2013.

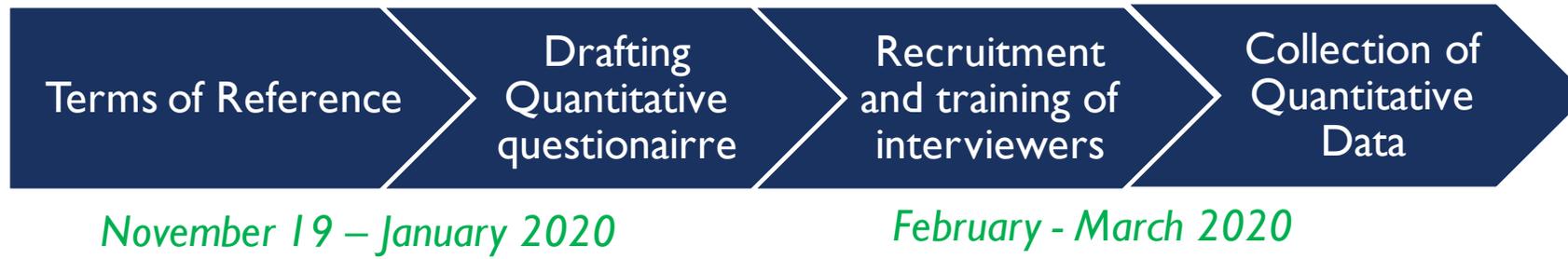
## OBJECTIVES

- Determine the suitability of ACE's methodology
- A deeper understanding of partner's likes and dislikes in order to better improve the programme moving forward.
- Partners experiences with other lenders
- The impacts of ACE's work on partner's lives
- Testing perception based indicators in Focus Groups

ACE took a mixed data collection approach for the satisfaction survey:

- **Quantitative data** was collected on smartphones through a face to face questionnaires.
  - ✓ 310 randomly sampled participants completed face to face with partners with smartphones
  - ✓ Three local interviewers used to collect data
  - ✓ 5% of partners were audited via telephone to ensure the fidelity of data
- **Qualitative data** collected through 10 thematic focus group discussions
  - ✓ 62 participants in FGDs organised into 10 thematic groups
  - ✓ Different partners were chosen for the FGDs to the questionnaire respondents
  - ✓ Themes included people who had stopped borrowing, users of other MFIs and users of the different branches

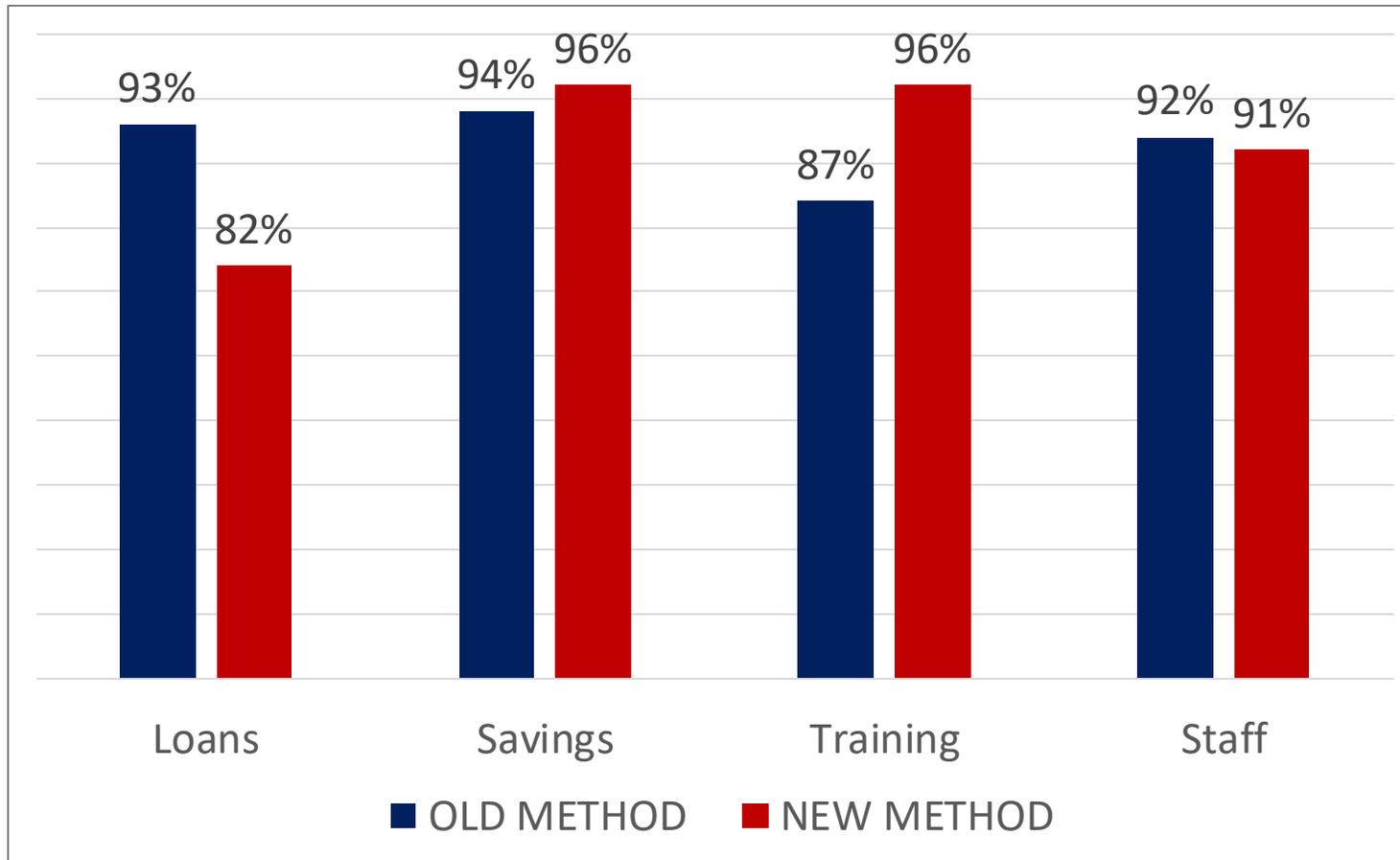
**PART 1**



**PART 2**

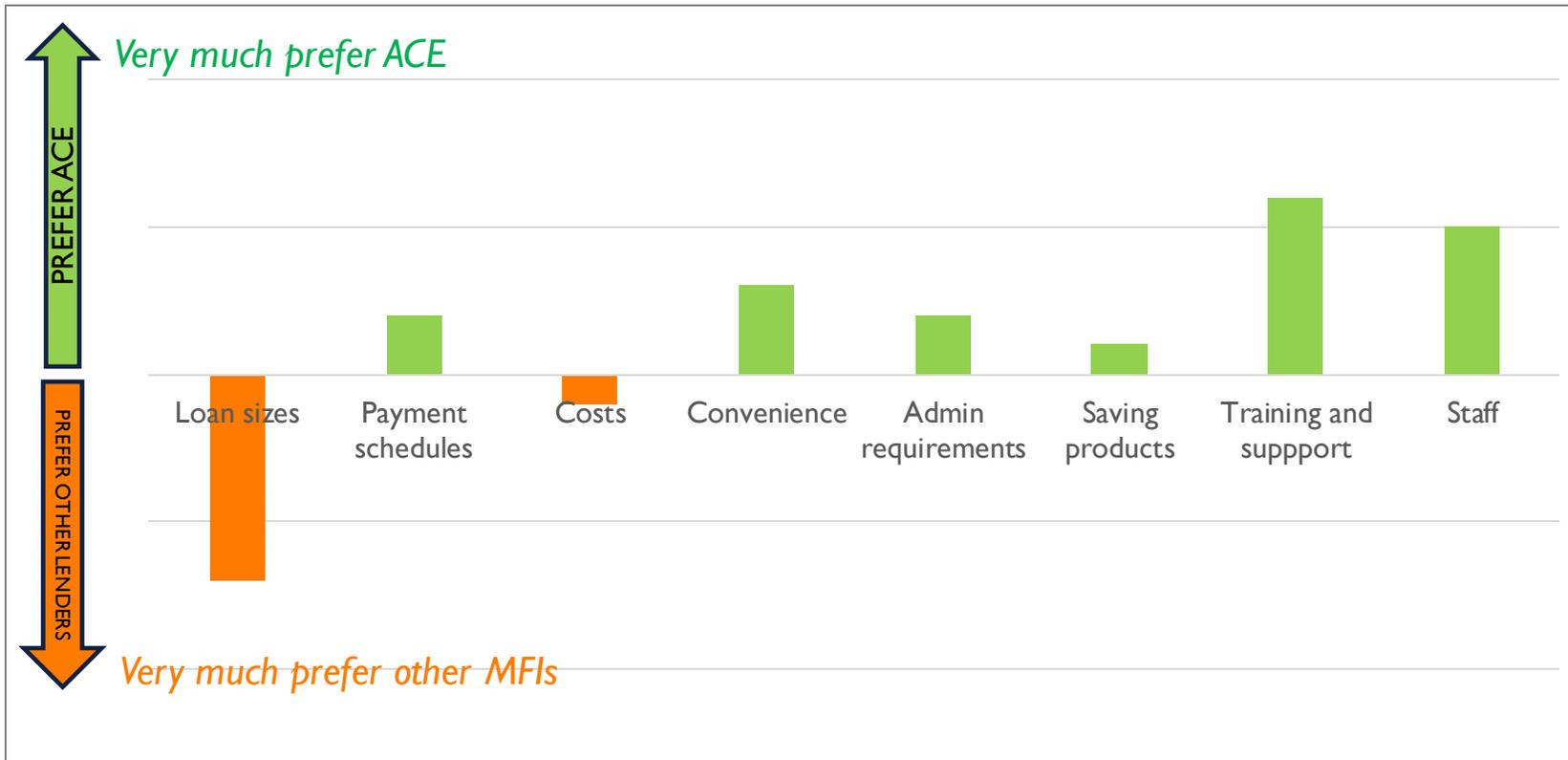


## % SATISFIED OR VERY SATISFIED



- ✓ Excellent overall levels of satisfaction
- ✓ Higher satisfaction with training sessions in the new method
- ✗ Lower satisfaction with loans in the new method (due to higher requirements for new partners)

VALUE OF ACE VERSUS OTHER MFIS\*

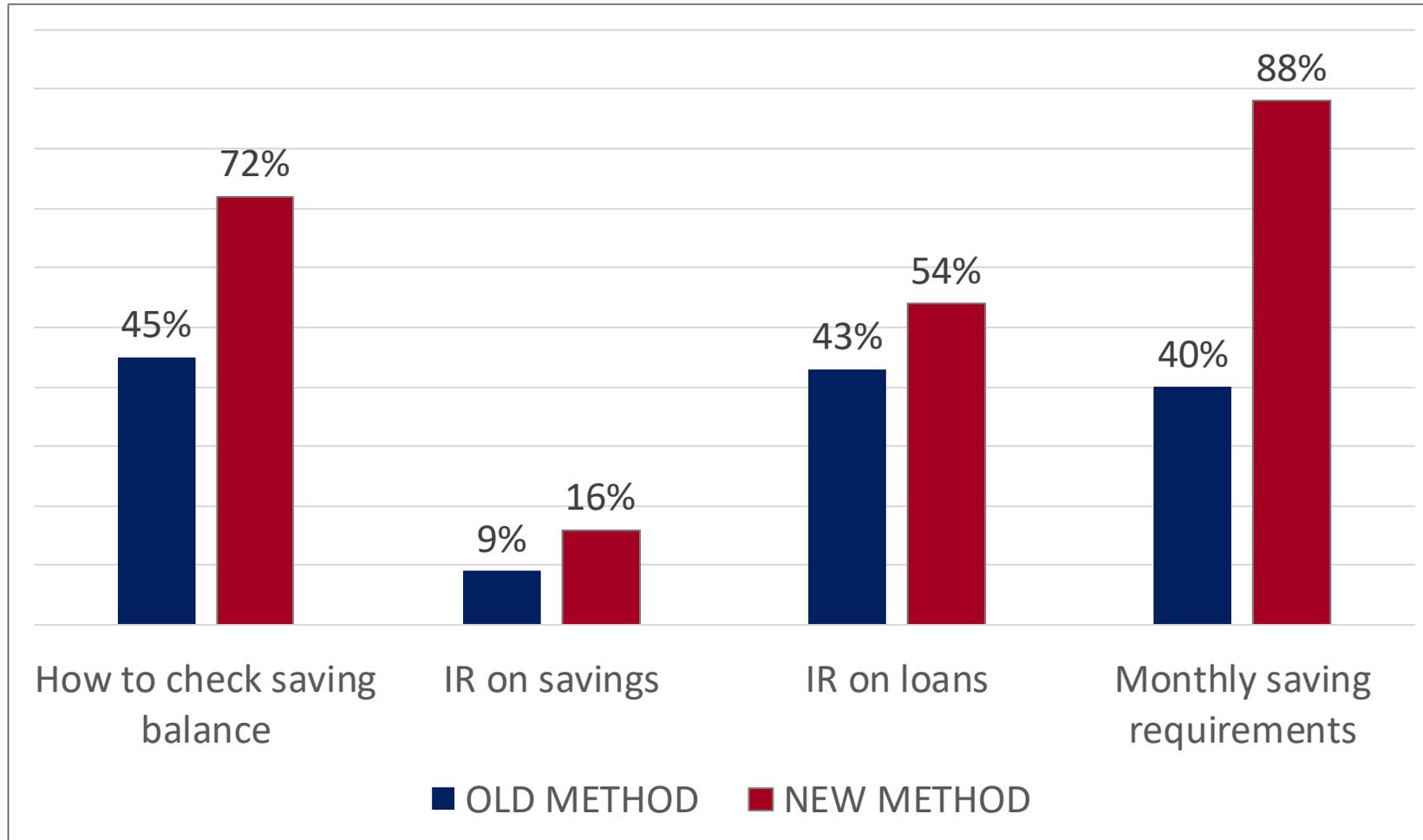


Staff are very helpful, knowledgeable, enthusiastic and kind, like family. Much better than other MFI staff

ACE should increase its loan sizes to 15-20 million to enable us to buy cattle

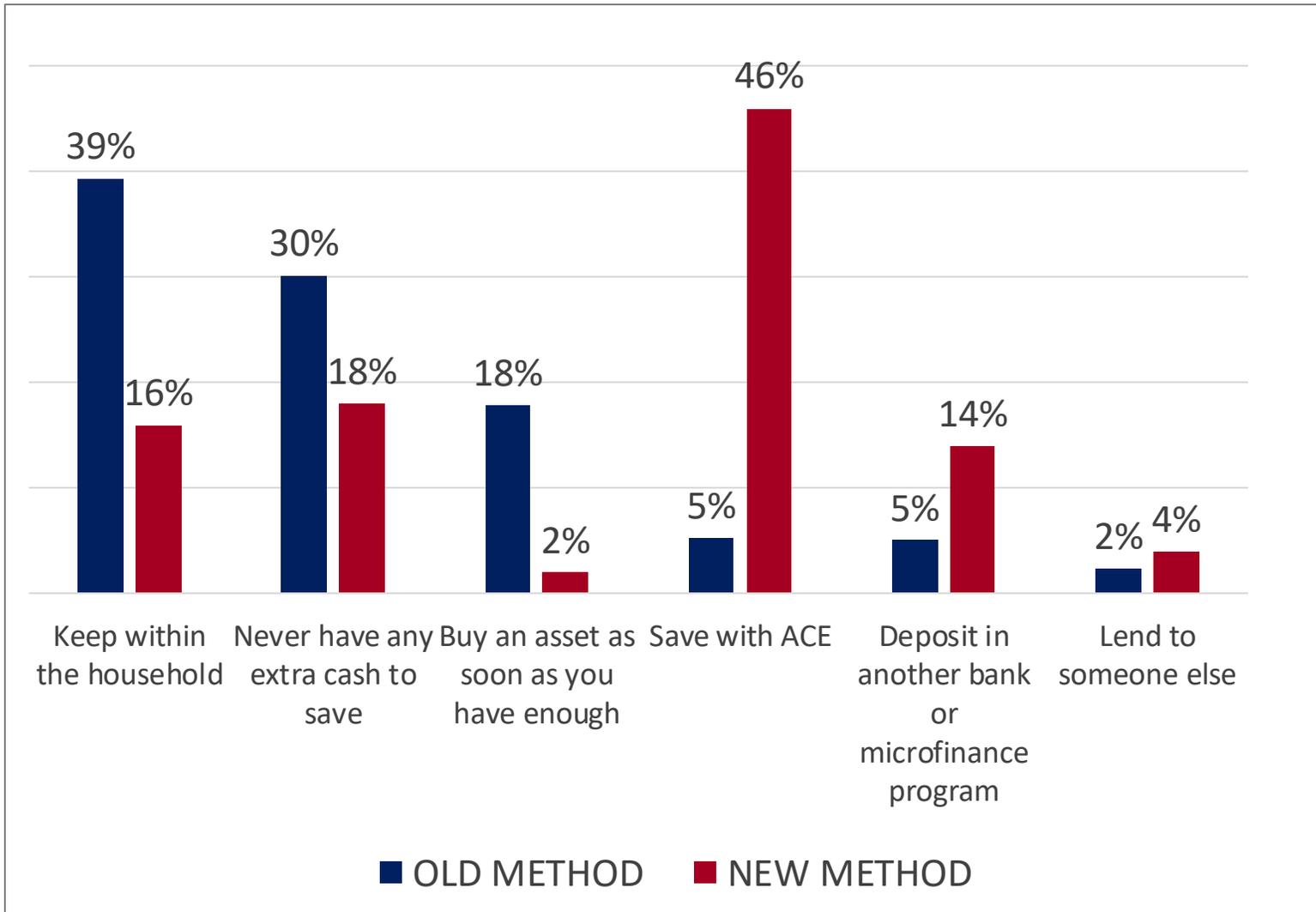
\*asked for the 70% of partners who were using at least one other lender

**PARTNER KNOWLEDGE**



✓ Better knowledge and transparency of products and services in new method partners than old method

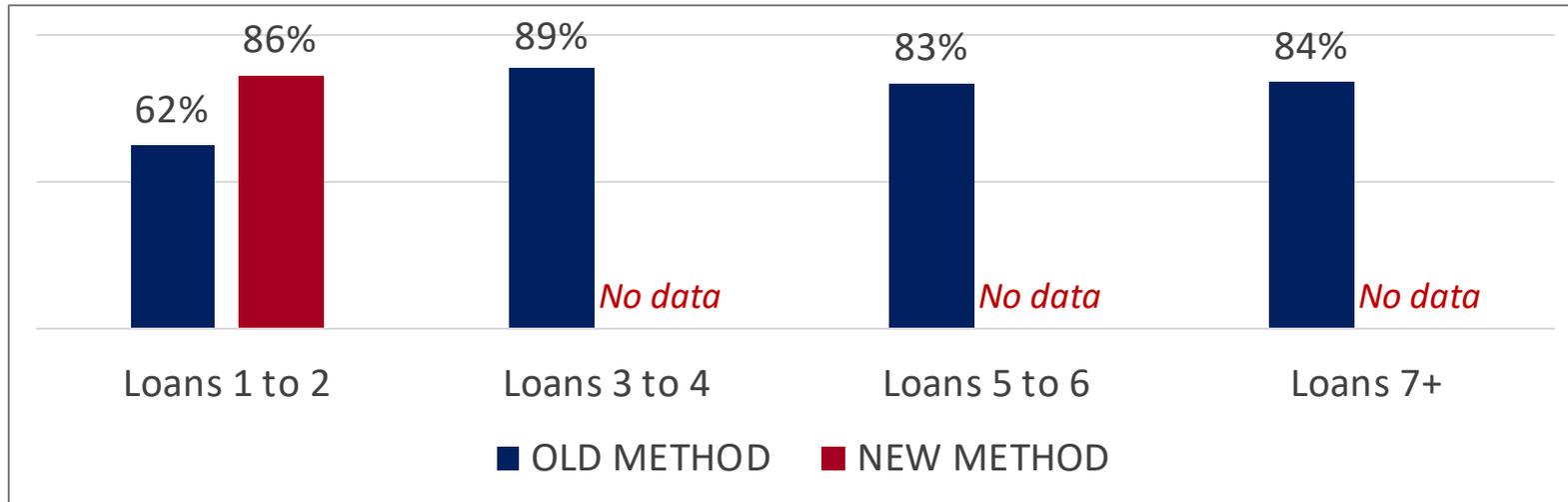
WHAT PARTNERS WOULD DO WITH EXTRA SAVED CASH?



- ✓ Branch 3 members more likely to save with ACE
- ✗ For the older branches money is likely to be kept in the household, assets are bought or no savings are available
- ✓ Higher overall trust in the saving product for the new method

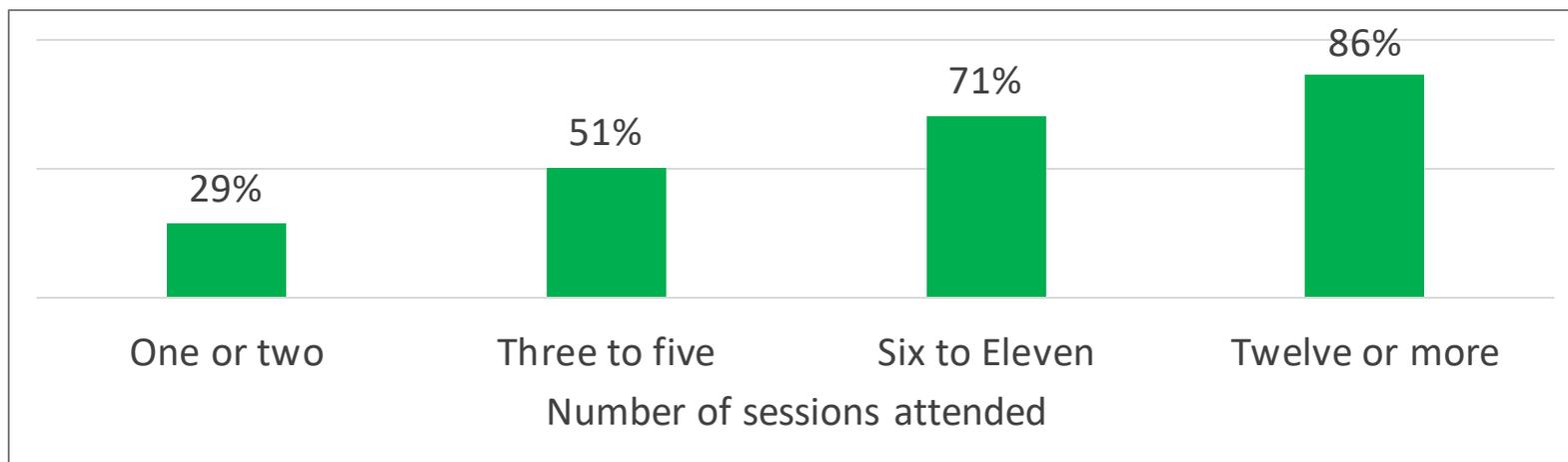
*I believe in ACE, because this service is accessible, easy to understand, and interest rates on demand deposits are high*

## % PARTNERS PERCEIVING THEIR INCOME HAD INCREASED



- ✓ New method partners more likely to see their incomes increase than new borrowers in old branches

## % APPLYING TRAINING LEARNINGS IN THEIR DAILY LIVES



*“Group members very united and share experiences and techniques in livestock production and encourage other members”*

## INTERVIEW QUESTIONS – ACE AND ENTREPRENEURS DU MONDE

1. Why did ACE wait seven years between the 2013 and 2020 satisfaction surveys? How often is it useful to do such a survey?
2. What lessons did you learn from implementing your most recent survey? In retrospect, would you do anything differently?
3. Did you learn anything that surprised you from the satisfaction survey data?
4. Which insights were most valuable to you from the survey?
5. How specifically is ACE applying what it learned from the satisfaction survey to product development and/or refinement?

# INTERVIEW QUESTIONS – NWTf AND TERWILLIGER CENTER

1. Data show a huge gap between supply and demand for housing loans, but only a small percentage of clients the housing loans that are available. Why is this?
2. You take a human-centered design approach to helping your partners design products. What exactly does that mean? How much does it cost?
3. What does customer journey mapping involve and why is it essential?
4. NWTf already had some housing products – one to help families rebuild after a typhoon in 2014, and one to help families gain access to high-quality cement to use in home building. But neither totally satisfied clients' needs. Why?
5. When you developed a new housing product, you also had to change some of your internal processes? What specifically had to change and why?
6. How did you train staff on your new housing product? Any tips or lessons learned?
7. Ultimately, you found that NFS were required to ensure the success of your new housing product. Please explain how you determined that and how the NFS complement your product.

# QUESTIONS AND ANSWERS



