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The Universal Standards for Social Performance Management ("the Universal Standards") call on FSPs to monitor the client retention rate by client characteristic and understand the reasons clients exit the institution. (Essential Practice 3a.3). Find additional guidance on how to achieve this Essential Practice in the Universal Standards Implementation Guide (Ch. 3, Essential Practice 3a.3) and the Smart Campaign tool, *Collecting and Using Client Exit Data*. The Smart Campaign tool also provides example client exit tools from several FSPs. Additional example tools are available in the SPTF Resource Center, under Dimension 3a.

Learning from Exit Clients

Client feedback helps financial service providers (FSPs) understand the client experience and continuously improve products and delivery. However, candid feedback may be hard to come by, as some clients are afraid to critique their provider. Additionally, clients with positive comments may not take time to provide specific praise that helps the FSP learn from its successes. In both cases, FSPs may find that interviews with exit clients provide an excellent source of useable client data. This tool discusses why you should collect client data, how to do it, and what to do with the data once you have it.

Why you should collect exit data

Client exit data is actionable

For the sake of efficiency, FSPs can only collect data that informs operational and strategic decisions. In the quest to collect actionable client data and feedback, client exit surveys are one of the best tools to use.

Client exit is one proxy for client satisfaction and increased exit is a leading indicator for portfolio quality decline. While exit data is biased toward dissatisfied clients, it is still useful for highlighting specific product and delivery flaws that the institution can address. In some cases, an individual client complaint requires immediate resolution, and it may be possible to recover a former client. More typically, exit client data is analyzed in the aggregate and is valuable for making product/service delivery improvements that may reduce client exit in the future.

Exit clients are forthcoming

Many FSPs find that active clients are hesitant to elaborate on problems with the institution's staff or products. Active clients do not want to jeopardize their relationship with the institution and may not have a mechanism to bypass their field officer, when necessary. However, exit or dormant clients have "nothing to lose" by detailing the dynamics that contributed to their departure.

Exit surveys are collected at one point in time

Social data that seeks to demonstrate progress over time—such as changes in client income or health outcomes—requires following the same clients over time. Exit data is simpler and less costly, in that the institution contacts the former client at one point in time and then never again, unless follow up is prudent.

Example: Ujjivan, India surveys clients face-to-face

In the past, Ujjivan found it challenging to collect accurate client satisfaction data. Customers declined to fill out client satisfaction surveys or use the customer help line. If they were unhappy, clients would simply leave the institution. When personally interviewed, they did not want to criticize or complain, unless a loan was disbursed late.

Ujjivan's solution was to place a customer care representative in each branch. The representative talks with customers in-person to determine any issues and perform exit interviews when customers leave. At least once a year, the representative holds a meeting with each group leader to get feedback on products and services and to determine which client needs are not being addressed.

How to collect exit client data

Use a survey

Choose survey questions that will provide management with information they can use to understand the reasons behind client exit and take corrective action. Call clients or interview them in person. **Box 1** provides sample client exit survey questions.[1]

Some institutions choose to conduct exit surveys on a rolling basis. Other institutions have found that exit survey responses tend to be similar over time, so they conduct exit surveys on an annual basis and when they wish to investigate specific problem areas (e.g., low client attendance at group meetings). To capture a representative sample of clients, select clients from the portfolios of various loan officers/field agents, clients who used different types of products, those with long/short tenures with the institution, and those who left voluntarily (e.g., did not take a subsequent loan) and those who were denied services (e.g., defaulted).

[1] Find additional example exit survey questions in the following documents: The Smart Campaign's tool, *Collecting and Using Client Exit Data*, the SPTF's Universal Standards Implementation Guide (Ch. 3, Essential Practice 3a.3), and in the SPTF Resource Center, under Dimension 3a, Tools and Templates.

Box 1

Example exit survey questions

- What is your most recent: loan size, savings deposit, on-time repayment/late repayment, business type?
- How is your business doing now?
- During your most recent loan cycle, did you experience problems with: your loan officer; group members; business; family?
- During your time with our institution did you have problems: understanding the terms and conditions of your product; making payments on time; getting the loan size you needed for your business?
- Would you consider returning to our institution? If so, under what conditions?
- Do you have suggestions for how our institution can improve products; services; delivery channels; customer service?
- Are you currently using products/services from another financial institution?
- Would you recommend our institution to your friends or relatives?

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When introducing a new survey, train relevant employees on quality data collection methods, including how to ask questions in a consistent and unbiased way. Beyond training on data collection skills, it is important for employees to understand the institution's motivation for collecting this information. Provide employees with clear explanations of the purpose of the data collection, explaining why quality data collection is important. Show how exit data are used and how they inform decision-making.

Create a standard survey template that allows interviewers—usually customer service or market research staff, to easily record client responses during the interview. After the interview, the responses should be transferred to an electronic database so that an analyst can aggregate and analyze the data.

What to do with exit client data

Combine it with other information to create a complete picture

In addition to detailed conversations with a sample of exit clients, track your client retention rate at least quarterly, and by different segments (at least: male/female, poverty level, business type, product type, loan cycle/tenure/amount).[2] Additionally, look at PAR and PAR trends over time, segmented by client type and product type. Some FSPs also administer a poverty measurement tool, such as the Progress out of Poverty Index® (PPI®) along with their client exit survey, to analyze any differences in poverty status between active clients and those who have left the institution. Finally, use aggregate data from your complaints system to look for trends among dissatisfied clients.

Positive client feedback is equally important, so combine your analysis with the results of your client satisfaction surveys, as well as any other available recorded client feedback, such as your customer service logs, observations from field staff, and the results of a social audit or social rating. Use qualified internal staff to aggregate data and analyze these different sources of information.

Take action on client exit data

Client exit data should be reported to the board and senior management in a format useful for decision-making. Segmenting the data by branch or other relevant division helps management focus their attention more precisely on problem areas. For example, segmenting exit clients by loan cycle may show that the majority of exit cases happen in the first and second cycles, which is highly costly for the institution, as the recruitment investment is not recovered.

Some exit survey responses require immediate action, such as reports of abusive field staff or client willingness to repay a loan and reestablish a relationship with the institution. But the majority of data will be useful in aggregate and will prompt longer-term action. **Box 2** provides an example of exit survey findings that could prompt corresponding actions.

In addition, the board and senior management should determine a level of client retention that prompts further action (e.g., interviews with clients to inquire about the problem; placing particular branches/managers on probation), and should use exit data to understand changes to the retention rate.

[2] Choose a retention formula and use it consistently over time. The MIX uses the following formula to calculate client retention: **Client retention rate** = Active clients at the end of the period / (active clients at beginning of the period + new clients during the period). http://www.themix.org/social-performance

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Choose the right data analysts

Though most staff can easily be trained to conduct exit interviews, analyzing the results of the interviews requires greater skill. For this task, consider using employees who are already analyzing financial data (e.g., risk management, internal audit) to analyze social performance information. Be clear on which types of analysis will be useful for decision-making (e.g., client exit rates by business type) so that managers can use reports to improve operations.

Box 2

Example findings prompting management action[3]

Research question	Specific findings	Management actions
What are the primary reasons for business failure among exit clients?	• 35% of exit clients report some type of business failure as contributing to their exit. • The top three reasons provided are: 1) Needed additional capital and could not get it, 2) Sold goods on credit to customers and did not recover amount owed, 3) Profits were not reinvested in the business due to family needs. • Over half of business failures occurred among "new" clients (tenure less than one year). • Of clients reporting failure from selling on credit, over half also reported lack of knowledge about bookkeeping procedures.	*Management will work to prevent exit due to business failure in the following ways:* • Investigate further the need for larger loan sizes and consider changes to the credit limits used by credit committees. • Provide financial education to small business owners, including the topics of selling on credit and bookkeeping. • Increased monitoring of loan utilization among first-year clients.

[3] From The Smart Campaign's tool, *Collecting and Using Client Exit Data*

Aim to discuss client exit data at least twice a year, if not quarterly. Additionally, mine exit data to answer specific questions: *Why do we see a spike in delinquency among clients of the Loresho branch? Do our clients have a problem with taking on too many simultaneous loans?* If you cannot find the answers to your operational questions in the current database, modify the exit survey to include more useful questions. As management becomes more adept at interpreting the results of the analysis, you may find that exit data is one of your most valuable sources of client input.

"Guidance" is part of a series of short topic-specific bulletins produced by the Social Performance Task Force to inform its membership and other interested parties about key developments. Your comments are always welcome.

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