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FINACCESS FOLLOW-UP RESEARCH - Measuring DIGITAL CREDIT IN Kenya: RESEARCH HOUSE

1. BACKGROUND

In 2006, FSD Kenya funded the first nationally representative survey on access to financial services in Kenya, subsequently referred to as FinAccess 2006, which gave invaluable insight into the demand for and use of financial services. FinAccess 2009 and FinAccess 2013 then made it possible to track trends in financial access and provide information on the dynamic financial landscape. FinAccess 2016 was launched recently, in February 2016, and it provided a 10-year overview of the changed financial landscape. The surveys are overseen by the FinAccess Management (FAM) Committee which is chaired by the Central Bank of Kenya (CBK). Other members include the Kenya National Bureau of Statistics (KNBS) and FSD Kenya.

Over the four rounds of the survey (2006-2016), FinAccess has become a central tool for tracking progress in financial inclusion in Kenya. Policymakers and industry players have increasingly used the data to inform policies and market development strategies, and development institutions have been able to track the penetration of financial services in the marginalised segments of society. However, FinAccess is produced only every three years, so it is difficult to track changes on a dynamic basis, limiting the market value of the survey. Although many FinAccess respondents have formally agreed to be called back after the survey, no additional research has been undertaken on them, missing out on the opportunity to strengthen measures of progress towards financial inclusion.

FAM in conjunction with the Consultative Group to Assist the Poor (CGAP) want to undertake a follow-up survey among the FinAccess 2016 survey respondents. This is the first of its kind and will be considered a pilot to guide the approach that will be incorporated into future follow-up FinAccess surveys. The particular focus of this follow-up survey will be the uptake and usage of digital credit (mobile credit).

Credit markets have rapidly expanded through digitization, substantially increasing access to credit for many low-income consumers. However, little is currently known about the customer experience with this source of credit. The study seeks to understand the various aspects of the customer experience including how they balance multiple digital loans at once, how they combine digital and traditional loans, the purpose of the digital loans and ultimately whether the digital credit is building towards broader financial inclusion and value for consumers. In addition, the study will aim to identify the drivers and effects of emerging markets in digital credit for low-income consumers and the sector as a whole.

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The FinAccess survey found that 5.9% of adults at the time of the fieldwork (September 2015 to October 2015) had mobile bank account loans (M-Shwari, KCB M-Pesa¹) while only 0.2% of adults indicated that they had credit from mobile phone based loan applications. Whilst this sample will not be the only focus for the study, there is need to have a larger sample to deeply interrogate the various aspects of customer experience. The study will thus include a booster sample of digital credit users provided by the respective digital credit service providers as well as qualitative interviews.

FSD Kenya on behalf of the project team seeks the services of a research house that will undertake the follow-up survey as described below. There are strong opportunities to build on the existing sample base and a research house that is adequately able to demonstrate how to leverage this will be the ideal partner for this assignment. The study is also being undertaken in Tanzania to allow comparisons between the two countries. A research house with presence in the two countries will have an added advantage. Proposals will be evaluated on a *value for money* basis, which combines the twin objectives of producing a high quality survey that preserves the existing reputation and standard of FinAccess studies and providing a cost effective design which can be sustainably replicated at more regular intervals.

2. OBJECTIVES

The objective of the study is to pilot a high-quality cost-effective approach to track data on financial inclusion and economic vulnerability on a regular basis, which can be sustainably replicated over time. The goal is to have timely and in-depth data on emerging market phenomena. The focus of this year's survey will be digital credit.

3. SCOPE OF WORK

The research house is required to undertake a phone survey with approximately 8,000 respondents to address progress in financial inclusion. In order to do this effectively the research house will be responsible for developing a high quality survey implementation design, piloting the questionnaire, managing data collection and data cleaning and storage.

The study will comprise of two complementary samples, which will be provided by FAM's sampling experts. The first one (1) will be based on the FinAccess 2016 sample that agreed to be called back, Sample two (2) will be derived from selected service providers and will focus

¹ Equitel had not been launched at the time of the survey kick off

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on users of phone-based credit. A top line presentation of the findings and detailed field and execution report will be expected.

3.1 Sample

3.1.1 FinAccess 2016 sample

The FinAccess 2016 sample was designed by the Kenya National Bureau of Statistics (KNBS) with the aim of providing a statistically valid, nationally representative sample of individuals. From a target sample of 10,008 obtained from 834 clusters, 8,665 were successfully completed resulting to a success rate of 87%. Out of this sample, 83% formally agreed to be called back for additional follow-up questions, stratified by gender, livelihood and wealth among other parameters. A subsample of approximately 4,000 respondents will be selected for this phone survey. An analysis of this will be done to ensure that this percentage does not introduce any form of bias, and reweighting may be done if necessary. If the survey is successful, another follow-up survey may be organised in the last quarter of 2017.

3.1.2 Booster sample

A booster sample of approximately 4000 respondents will be provided by providers of phone-based credit. This sample will allow us to investigate more in-depth the value proposition of digital credit, the use-cases in different segments of the population as well as issues with consumer protection. Findings from this sample will be compared to the main FinAccess sample to better understand each providers' user-base and their experiences. The FAM/CGAP team will be responsible for providing this sample.

3.2 The questionnaires

The questionnaires will be developed by the FAM/CGAP project team in close collaboration with stakeholders and the research firm. The research house will be required to make recommendations on both the content and layout of the questionnaire in order to enhance delivery of the project. Particular attention should be applied to the routing on the questionnaire and pre inserted respondent specific information. As much of the questionnaire as possible must be pre-coded based on expected answers, although some questions may require additional coding after fieldwork is complete.

The questionnaire and the phone script will be subject to review and sign-off by the project team prior to piloting and following any revisions identified in the pilot before moving to field. Once finalised, the questionnaire and question guide must be translated into Swahili. The questionnaires will comprise:

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The main questionnaire for the FinAccess sample: This questionnaire should build on the already existing respondent profiles as well as selected responses from the FinAccess 2016 data. This will be agreed upon with the project team. These should be pre entered into the interview script. Necessary routings must also be considered accurately.

The booster sample questionnaire: This questionnaire will slightly differ from the main FinAccess sample questionnaire with a few additional questions specific to the digital credit use. User details as will be determined by the project team may also need to be pre-entered into the phone interview script.

The quantitative questionnaires are envisaged to last about 15 to 20 minutes

A detailed implementation plan will need to be developed with activities, timelines, and protocols for each stage of the preparation, implementation and analysis process clearly defined. This will need to encompass mechanisms for quality control and management procedures. The provider will be responsible for all aspects of the implementation process.

3.3 Pilot

The research house will undertake a pilot of the questionnaires prior to full implementation. This pilot must include respondents from a variety of geographical regions to test the questionnaires across a range of contexts. This should specifically include urban and rural regions anticipated to have both high and low uses of credit services (on the basis of relative incidence of poverty and resource/infrastructure development) and a range of language groups but importantly not from any of the EAs selected for the final survey. A report should summarise the results from this pilot, highlighting any potential concerns identified relating to reliability of the approach and content of the questionnaire and making recommendations for revision to the design of the questionnaire. The research house will present these findings to the FAM/CGAP team and interested stakeholders.

We expect that around 100 questionnaires from 10 clusters will be completed at this pilot stage. These responses must be entered electronically to pre-test the data entry and verification process, as well as the data architecture (which should remain compatible with the previous data sets).

In evaluating proposals, substantial emphasis will be placed on piloting and revisions, as well as any re-training needed. Adequate time is expected to be devoted to this stage, as it has been found to be crucial for the quality and implementation of the survey thereafter.

3.4 Phone survey

The research house will have full responsibility for undertaking the phone survey and maintaining adequate quality control processes throughout. Adherence to agreed rules for

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ensuring reliability is essential. Prior to fieldwork, a full training and fieldwork manual must be developed, which states the overall objectives of the fieldwork, and includes detailed instructions for the phone interviews.

The research house will be expected to train all field staff involved in executing the survey, with inputs from the FAM/CGAP team to ensure that training is of the highest standard. A proposed design for this activity should be submitted.

All terminated interviews must be recorded and reported weekly to the FAM/CGAP team, stating the reason for each termination. Any issues which could impact significantly on the reliability of results should be brought to the attention of the project team at an early stage together with recommendations for mitigation.

At the end of fieldwork, a comprehensive field report must be produced which details the entire fieldwork process, summarises target and achieved interviews and any problems encountered including remedial measures.

3.5 Quality Control

The research house will have full responsibility for undertaking the fieldwork and maintaining adequate quality control processes throughout. A minimum of 20% back-checking of the interviews is expected as well as checks on the interviewers to determine whether they have been conducted as per the set standards. The research house will be required to provide details of how they propose to provide verification of completed interviews within each selected EA.

FAM will also be implementing its own quality control checks alongside those of the research house, and the selected bidder must be prepared to facilitate and accommodate these as appropriate. This will include spot checks of phone interviews and access to recorded interviews as requested.

3.6 Data capture

The research house will have responsibility for the processing of the questionnaires, including coding of answers to open ended questions and data capture. The pilot data should be entered into a database and subjected to documented procedures that will also be applied to the final data set. This is in order to make the later data entry process faster and of a consistent quality.

Preliminary tabulation is required to help validate the data set and ensure that all variables without valid responses are correctly flagged with '*not applicable, don't know, or refused to answer*'. These tabulations must be submitted in an Excel format. The data set must be internally consistent and this must be demonstrated by constructing high-level tabulations for key questions. The un weighted dataset should be submitted to KNBS for weighting; the weights must be incorporated into the dataset using a validated method to match individuals, and the final data set delivered in multiple formats - including SPSS, STATA and Excel formats.

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4. CONDUCT OF THE WORK

The research house will work in close collaboration with the FAM/CGAP project lead and other members of the team. All technical decisions must be agreed with the FAM/CGAP team and signed off.

The research house must have a dedicated manager to coordinate all aspects of the study. The manager will be required to regularly update the FAM/CGAP team on the progress of the survey and be available to answer any questions concerning project progress from the internal project lead, who will be identified to the research house team.

The selected research house must adhere to the highest ethical standards both in the practice of research and in business operations, in particular in regards to respondent confidentiality.

5. OUTCOMES AND DELIVERABLES

The FinAccess follow-up survey has three primary objectives. The first is to measure changes in the portfolio of formal and informal financial services in the Kenyan population and track the economic vulnerability of respondents. The research will allow us to understand which segments of the Kenyan population (by gender, wealth and livelihood as well as rural and urban residence) have intensified or lessened their use of financial services, and how relates to their economic vulnerability. The second goal is to track emergent market phenomena. In this instance, the study aims to develop an in-depth understanding of the uptake and usage of phone-based credit. This will allow us to understand the size of the market, value proposition and issues with consumer protection, and provide representative and robust measure of credit use in Kenya. A more general goal of this survey is to pilot a model to conduct FinAccess follow-ups more frequently and sustainably, possibly on an annual basis, in order to deliver market information more effectively from the point of view of cost and periodicity.

A detailed implementation plan will need to be developed with activities, timelines, and protocols for each stage of the preparation, implementation and analysis process clearly defined. This will need to encompass mechanisms for quality control and management procedures. The research house will be responsible for all aspects of the implementation process.

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The specific deliverables required from this work are:

Phase	Deliverables
Design	Detailed implementation plan
	Detailed quality control measures
	Final questionnaires including questionnaire coding and phone script
	Translations of questionnaires
Training	Training
	Training and fieldwork manual
	Details of the team, including responsibility, qualification, language skills and their head count
Pilot	Presentation/report to FAM/CGAP and interested stakeholders on pilot
	Revised questionnaire and phone script
Fieldwork	Final printed questionnaire that will be incorporated into the electronic gadget
	The final phone scripted questionnaire
	Regular weekly reports including status of interviews
	Weekly update meeting with FAM/CGAP team
	Brief progress report to FAM/CGAP on completion of the interviews
Analysis	Preliminary tabulations of all variables in the dataset together with cross-tabulations of key variables
	Coding of open ended questionnaires and data capture resulting in a clean data set
	A final clean dataset in SPSS for the purpose of data weighting by KNBS
	Clean, weighted dataset in Stata , SPSS, Excel (in English) for analysis by FAM/CGAP
Reporting	An inception report detailing all the design and execution protocols and tools
	A report on issues encountered in the training
	A report on issues encountered in the pilot
	A final field report detailing execution challenges and strengths.
	A final field report detailing execution challenges and strengths

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6. BUDGET

The financial proposal should provide a detailed costing for the scope of work and deliverables described above, for an indicative sample of 8000 respondents. Costs should be broken down into

- i) direct costs per completed phone questionnaire
- ii) professional and management costs.

Note that the sample size is indicative, so the budget might change at later stage

III) REQUIREMENTS

The research house must meet the following criteria:

Mandatory requirements
Track record in successful implementation of major phone based, nationally representative surveys in Kenya within the last five (5) years
Adequate Kenya-based research capacity to conduct phone based surveys across all social economic classess
Proven ability to pre-code specified information onto a phone based interview script
Ability to create and work with panel samples
Strong quantitative and qualitative skills
Commitment to produce required deliverables by end mid-January 2017

For qualified providers, the assessment of bids received will be made by a panel appointed by the FinAccess Management Committee and CGAP against the following criteria (weighted as shown):

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Assessment criteria	Weighting (%)
Quality of proposal: <ol style="list-style-type: none"> 1. a clear definition of the overall approach, 2. description of research objectives, 3. maintaining international cross-comparability, 4. definition of outputs, 5. an overview of the research methods to be used, 6. mechanisms for quality assurance, 7. assessment of risks, mitigation and contingency planning, and 8. proposed methodology and rationale for proposed methods. 	30
Organisation's reputation and market position including existing client portfolio	15
Past experience with conducting national phone based surveys in Kenya. Experience with financial industry research will be an advantage.	15
Project resources and proposed team member CV's, with emphasis on quality of personnel responsible for day to day execution and management	20
Cost – appropriate cost levels and justification for the survey, with adequate times for preparation, fieldwork as well as adequate office backup.	30
Total	100

IV) TIMETABLE

The target is to be in field by mid November 2016 with fieldwork completed by mid-December 2016. Deliverables should be forwarded at key points (to be agreed) during project implementation, with the final ones expected by mid-January 2017.

	OCTOBER				NOVEMBER				DECEMBER				JANUARY			
	W K1	W K2	W K3	W K4	W K1	W K2	W K3	W K4	W K1	W K2	W K3	W K4	W K1	W K2	W K3	W K4
Contracting completed				X												
Questionnaire coding and scripting					X	X										
Piloting and training						X	X									
FinAccess sample interviews conducted								X	X	X						
Booster sample interviews conducted								X	X	X						
Data entry, cleaning and weighting								X	X	X	X					
Final field report														X		
Cleaned datasets														X		

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V) SUBMISSION OF PROPOSALS

Technical and Financial Proposals should be sent to Nancy Atello, nancy.atello@fsdkenya.org. The deadline is **1700hrs on 21st October 2016**. Research Houses should provide electronic versions of all documentation.

Shortlisted Research Houses will be invited to make a presentation of their proposal on **25th October 2016** at the FSD Kenya office, 4th floor, Mbuni meeting room, KMA centre off Chyulu Road, Upper Hill. The selected Research House and its key project personnel must be prepared to meet with the project team on 31st **October 2016** for briefing before submission of the inception report. Once the selection process has been completed, FAM will issue a contract confirming the appointment of the Research House

Any queries relating to the preparation of the proposal should be referred to Geraldine Makunda by email: Geraldine.Makunda@fsdkenya.org Answers to queries from one candidate will be circulated to all who indicated their intention to submit a proposal.