

# Customer views on customer empowerment

## Report on field test of interview field guide in India

Anton Simanowitz, Shweta Banerjee, and Antonique Koning – December 2014

---

### Contents

Background and purpose of the research..... 1

Lessons learned about the methodology ..... 2

Analysis of information obtained ..... 4

Customer personas ..... 10

### Background and purpose of the research

As part of the Consultative Group to Assist the Poor’s (CGAP’s) work on customer empowerment, a series of consultations with financial services customers is being undertaken to try to understand the customer perspective on “customer empowerment.” This will contribute to building the definition of customer empowerment and strengthen the framing of the concept for CGAP’s work on customer-centricity. While looking at financial services in general, there is a specific focus on digital financial services. This report summarizes the findings from the first test of this approach in India.

The underlying hypothesis for this work is that a more dynamic customer-provider relationship that is based on trust and that builds customer confidence will help reduce the problem of inactivity and will result in a win-win for both sides. To advance financial inclusion, there needs to be more uptake and usage of financial services by poor customers. Financial service providers need to improve their interaction with customers to empower them to choose and use financial services.

It is important to recognize that empowerment is not a “state of being”; that is, it is not something that is present or not. Rather, it is about structures that block or enable. It is the result of internal and external factors, and must therefore be understood in relation to the service provider and to the specific context of the customers. While “empowerment” as a concept may be difficult to explain and communicate, people will easily relate to the lived experience of “disempowerment.” The term “empowerment” is multidimensional, and is individual-, context-, and culture-specific. The tested approach was therefore to break empowerment down into a number of dimensions, focusing broadly on “choice”, “use”, and “voice”, which can be explored in order to build a picture of the experience of specific groups of customers.

Focus group discussions and individual interviews were conducted with customers in a small district town, Rajgir, in Bihar state; three villages<sup>1</sup> within 15 kilometers of Rajgir; and in Delhi. We interviewed a total of 48 women and 4 men in focus group discussions, and 5 women and 4 men individually.

The first part of the report presents the findings of the research, and the second part reflects on the methodology used and on lessons learned about how to talk with customers about customer empowerment.

## **Lessons learned about the methodology**

### **Effectiveness of the approach**

Overall, the interviews were successful in building a picture of customer experience and identifying what aspects are important in relation to choice, use, and voice in using financial services, and understanding the differences among customers.

The relative nature of empowerment highlighted by the research affirms that it would not be meaningful to try to directly ask clients their view on empowerment, and that the approach of focusing on customer experience and capability makes sense.

Mostly customers were open, although in some cases nervous. The nature of the questions seemed to be appropriate, but the reaction of one customer sounds a note of caution. A few minutes into the interview she asked, “what are you selling?”, highlighting perhaps that the type of questions asked sounded as though they might have a “right” answer.

### **What worked well and less well**

The field guide was conceptualized as having two parts. The first set out to understand the customer experience using financial services and to break down the customer journey and identify key drivers of choice, use, and voice. The second sought to probe these factors more deeply in order to gain the customer perspectives on the relative importance of various factors.

### ***Understanding the customer journey***

The first part of the exercise worked well; the photo cards helped gain interviewee understanding and focus. Because the first part looks not just at the experience of choosing and using the service but also at the value of the service in managing different financial needs, the probing process is important. The discussion of different providers naturally leads to a conversation about why a

---

<sup>1</sup> The villages were Philki, Muzaffarpur, and Nekpur.

customer would choose one provider over another, their experience using that provider, and the other issues outlined in the framework.

We used cards for providers rather than products, and it would probably be helpful to extend the photo cards to include different financial needs—investment, school fees, weddings, emergencies, and so forth—and explore what products and services customers use for each of these needs and why.

### ***Probing***

To get closer to the customer experience of aspects of empowerment, we tried to probe the issues that came up in the first part of the discussion. To do this, we initially tried a ranking process by pulling out key issues highlighted by participants in the first part of the discussion, and then using a pairwise-ranking process to ask participants to discuss their relative importance. The aim of this was to encourage discussion and to be able to probe more deeply how customers understood and experienced these issues. However, the ranking process did not work well, because participants tended to rank in sequential order in relation to their use of the service rather than importance.

In its place, we tried using statement cards where customers located themselves between two extremes. This worked well, and since the cards related to aspects of empowerment defined in the framework, they connect directly to the experience of empowerment.

Statements focus on choice, use, and voice:

"I know which financial services to use for my needs."	"I do not know which financial services to use."
"I know how to use financial services."	"I don't know how to use financial services."
"I am able to express myself to my FSP."	"I am not able to express myself to my FSP."

These will be further elaborated for the final field guide.

### ***Mixed methods***

The combination of focus group discussions and individual interviews worked well. In one focus group discussion, although the group was all low-income men, their very different experiences meant that instead of being able to share common issues, the discussion became more of individual interviews in a group setting. Nevertheless, the group environment did seem to help in terms of creating a more relaxed environment.

### **Logistics**

***Selecting people to interview:*** The use of an organization where there was an existing relationship and trust was very important in the success of the interviews. In the few cases where we tried to interview people without this introduction, the process was much more challenging.

**Sampling:** The interviews highlighted significant differences between customers in terms of age, literacy/education, location, marital status, livelihood, participation in groups, life experience (such as migrating), leadership roles, and other factors (these are summarized in the customer personas above). In thinking through the selection of customers to interview, it is important to think through these (and other) factors so that a representative sample can be interviewed, and so that focus group discussions can be set up with people with similar experiences.

**Profile questions:** Linked to the previous point, it is important to be clear on the distinguishing factors that should be asked to gain an understanding of the profile of customers interviewed. Based on the Indian interviews, these would include age, marital status, experience of migration (customer and husband/wife), livelihood sources, mobile phone access/ownership, participation in group/leadership positions, and financial services accessed.

## Analysis of information obtained

A relatively small number of people (61) were interviewed, so this analysis is impressionistic.

### 1. **General observations: What have we learned about customer views about empowerment?**

**Empowerment is relative:** Customer expectations and reactions to the experience of using financial services have a direct relationship to their knowledge and life experience. Thus, a customer may feel confident and “empowered” within their own context, but from an external point of view may have very limited choice, use, and voice. This was particularly striking when customers were asked to rate themselves against a series of positive and negative statements such as “I know how to use financial services vs. I don’t know how to use financial services,” where all the interviewees expressed confidence except for the objectively more empowered person who put himself in-between, saying that he knows how to use the services he uses, but that there are others he doesn’t use that he doesn’t know about; that is, knowing what you don’t know is a sign of empowerment.

**Personality and life experience are key:** While external factors are important in creating an environment where barriers are low and engagement is incentivized, both the perceptions of customers and their actions are strongly driven by who they are as people. This can be explained in part in terms of education or familiarity with services, but it was notable how people with profiles in terms of livelihood, status, and so forth, responded in different ways. We noted, for example, that the migrants we interviewed had a much more positive attitude to using and trying out services, and this seemed to stem from a more risk-taking and entrepreneurial attitude (the migrants, for example, were the two examples of people who had lost money on high-return chit funds). These migrants were more confident than others and aware of their ability to interact with service providers and explore new possibilities.

Similarly, even where a person may not have a more “empowered” disposition, life circumstances may create the context where they are put into a position of needing to use financial services and thus become familiar and more comfortable through the process—for example, women whose husbands are migrant workers (around 60 percent of the women interviewed in Rajgir) by necessity interact on an ongoing basis with providers. Again, these women expressed confidence and recognized the empowerment they had achieved, and although limited in experience, they were more open to new experiences than others.

***Customer negative and not positive experiences:*** A second important observation is that negative experiences are a key driver; that is, customers will be able to identify these, but do not necessarily identify positive experiences (unless it is in comparison to a negative one). Where things were all right generally, interviewees tended not to note this (and also it was difficult to get at why they were happy). Thus, in some ways, interviews with more empowered groups were less enlightening than talking with the less empowered group who experienced more challenges.

***Need to access to learn by doing:*** While learning by doing was highlighted as key, with the customer gradually becoming familiar and confident, if barriers to access prevent an initial engagement, then potential customers will be turned away. If customers are able to become users even at a low level, they can develop over time. An external push to become customers does seem to be an effective means for entry. Once customers access the service, a conducive environment is important. Once people are stimulated/pushed into interaction with an FSP, this repeated interaction allows them to gain experience and become comfortable over time (this does not happen when your husband is doing things for you). The presence of a supportive staff in the Customer Service Point (CSP) (the banking correspondent of the State Bank of India [SBI]) and the support obtained by being part of a self-help group (SHG) allows the women to overcome the practical and psychological barriers to access.

***Influence of “norms”*** is important in considering how people become customers and how they access and use services. This is seen in the choice of which provider to use, where people mostly follow what is familiar and the norm in the community. It is also reflected in gendered patterns where women mostly do not have a separate bank account from their husband, and in expectations in terms of how poor people will be treated and the voice they expect to have when dealing with organizations. Key to empowerment is the information, mindset, and confidence for people to move outside of these norms—for example, SHG members feeling that they need to have a separate bank account from their husband.

## **2. Perspectives on digital financial services**

Placing a digital financial service lens on the interviews, a number of perspectives become apparent.

***Customer-provider interface:***

- Customers experienced nervousness about ATMs and mobile money based on a lack of familiarity. For example, one illiterate woman expressed concern about the security of her money if she had an ATM card. As she expressed it, “*Family members would know the pin, someone could follow me into the ATM.*” There is the additional factor that women do not travel much so do not need an ATM card as much as men do. Portability was a deterrent here. Two women also mentioned difficulty remembering pins and the problems associated with changing them. However, those who have become more comfortable using financial services were more open to trying these channels.

### ***Functionality of service***

- Customers identified challenges in the services they use, that is, the reliability of the biometric identification.
- Once customers gain familiarity with a service, they are in a position to ask for the same functionality across channels. For example, one customer expressed frustration that the CSP does not send a text alert for deposits in the same way as the SBI branch.

### ***Value of service***

- Despite some willingness to try mobile money, the lack of cash out in the service means that there is little value added by the service and therefore little attraction to using it.

## **3. Choice**

***Context:*** The decision to become a new user of formal financial services appears to be something that is largely externally driven—necessity or through circumstance, rather than being an active choice of customers. This was the case for all the people we interviewed, both empowered and disempowered.

***Familiarity and trust:*** The key driver behind choice between providers seems to be familiarity and trust, with most customers choosing poorer-quality bank service from SBI because of their trust in a government institution and the fact that this bank is used by family and community members. In many cases, customers might open an additional account with another bank or wallet service but retain their SBI account.

***Proximity*** was also an important driver of choice, with many examples of people choosing banks because the branch or agent was locally accessible.

***Value:*** Once a user, customers do make choices between the range of products and services or channels they use to determine what is best for different needs (for example, the use of different providers for short- and long-term savings needs in Rajgir).

***Evolution of choice:*** There does seem to be some evolution of choice over time as customers learn by doing and become more confident and familiar with the services. SHG members opened bank accounts and CSP accounts. More educated and more entrepreneurial customers obtained ATM cards and some used mobile money.

**Functionality:** Although the problems with the biometric reader led to customers choosing to open a parallel bank account, this did not seem to be the major issue in terms of choice of channel or provider. Customers seem to weigh a range of factors including trust, access, and ease of use in deciding which service to use. For example, the CSP is more limited in what it offers than the branch, but is more approachable, and in one village, was closer. Similarly, the SBI has a poor level of service but is chosen because of familiarity and trust.

#### 4. Use

##### Factors relating to customers

**Literacy and education:** Illiteracy is a key barrier to access; however, customers highlighted that this could be overcome through the right support by the provider or help from others (friends, family, group members).

**Personality:** The research highlighted that the individual disposition of the customer is an important factor in their ability and confidence to use a service. Controlling for characteristics such as literacy, poverty, location, and access to information, there is variation in access and use depending on the personality types and previous experience (note the marketing typology that identifies four categories of people—early adopters, early majority, late majority, laggards—with respect to uptake of a new idea or technology may be a useful framework for this). In our interviews, we saw a clear difference in attitude of customers to risk, and doing something new seemed to be critical, with, for example, migrants being more willing to try something and see how they get on. Involvement in an SHG with a focus on mutual support was an important factor in building confidence and willingness to try new things among a group of women who would be expected to be much more cautious.

**Confidence:** All customers talked about *learning by doing* and developing confidence over time as they became more familiar with a financial service. For new things outside of their comfort zone, such as mobile money, it is important that the first experience is positive: “*I’ll try it and if it works I’ll use it; if it doesn’t I won’t.*”

Besides highlighting the importance of the first experience, it was clear from the interviews that confidence is not developed from the delivery of information on a single occasion, but through ongoing engagement over time.

**Leadership:** Linked to confidence is the leadership role played by certain group members. Group leaders interviewed were literate and play a role in supporting the choice, use, and voice of other group members. For example, one group leader demonstrated her understanding of and confidence in the financial services she uses by giving three examples of ways in which the CSP could improve its service. However, while she was confident to express these views in the group, it did not appear

that she had communicated this to anyone who could do something about these suggestions (such as CSP or Jeevika<sup>2</sup> staff).

**Trust** came through strongly as an important factor for customers, with most choosing a provider or service that was familiar and delivered by an established (government) organization, even if more costly or a poorer service. For most, there needed to be a big push factor for them to do something different. Trust is developed through knowing the institution, with government being the most trustworthy, knowing the person—*“I’d only deposit with the agent if I knew them”*—or following the example of friends, family, or community members.

**Reliability:** The issue of problems with biometric readers in the Rajgir CSP was consistently raised, but it appears to apply mostly to older women whose fingerprints are “faded.” This segment also comprises pensioners and wage workers eligible for government benefits who could potentially receive their benefits at walking distance. They know and have had experiences where women, unable to recover money because of biometric issues, have approached the main branch manager in Rajgir who opened another account, transferred the money, and provided them recourse. This issue is a real barrier to access and leads to many customers opening a parallel account in the Rajgir SBI bank branch. While some people may choose not to open or use their account, for most it was experienced as a frustration with customers using the bank in place of the CSP, but this does not stop them from using the service. Reliability is potentially a bigger issue in mobile money, where customers express wariness—*“the money might get stuck in the phone”*—and this would be likely to result in customers choosing not to use the service.

**Gender:** A number of interesting perspectives were highlighted with relation to gender. In rural areas, where one would expect more limitations on women because of traditional gender roles, migration of husbands has created a situation where women are heads of households and engage with the financial sector over a long period of time. In peri-urban and urban areas, where women live with their families, the male head of household leads the engagement with financial services. So women may have accounts, but men use them on their behalf. In rural areas that we were in, many women talked about enjoying their independence, and about their reluctance to open joint accounts or even have debit cards that would provide their husbands access. For them, biometric technology provides them with the opportunity to be sole manager of their account. This independence in use of financial services, combined with the empowering role of the SHG, was important in building women’s confidence to use and engage with financial services.

Despite women engaging with the CSP and bank, there is still a stark gender difference in the use of mobile money. The agent in Rajgir reported that he has not had any women customers in two years of operating. In Delhi, an agent estimated that around 15 percent of customers are women. While most households in Rajgir have access to mobile phones, for the poorer families these are owned by husbands. Women therefore would experience a physical barrier to accessing mobile money.

---

<sup>2</sup> **JEEVIKA** (also known as the Bihar Rural Livelihoods Project) is a collaboration between Government of Bihar and the World Bank and has been designed to address rural poverty in Bihar.

## **Factors relating to service provider**

**Assistance:** For new customers, the presence of someone to help negotiate the initial experience was highlighted as very important, such as husbands, friends, staff, and SHG promoters. Efforts by providers to “sign customers up” by coming to the village or to encourage use by collecting regular deposits at customers’ doors were important mechanisms to overcome this barrier to access and use a service. Customers expressed their anxiety and nervousness about the process, but where support was available this helped them overcome the initial barrier and, over time, confidence and familiarity grew.

Importantly, much of the information and assistance that customers receive do not come from the provider, but from family, friends, or group members/leadership. The role of the group in facilitating collective power and confidence was strongly evident in the Rajgir interviews. It was interesting to observe that in the village where the SHG appeared to be weaker, customers were less confident in their knowledge and use of financial services.

**Complexity** of the process was also an important factor, and services such as the post office that are perceived as complex and do not provide staff support were not favored. However, as with state banks, the post (despite its problems) was widely regarded as a trustworthy institution—one in which their money would never “run away.”

**Physical access** was identified as important in that it affects customer ability to transact. This is particularly noticeable in the village close to the CSP where customers accepted the lower level of service provided by the CSP because it was much more accessible than the bank branch. In other cases, SHG members used a bank branch as much as a CSP when both were equally accessible.

**Respect** from staff was raised as an issue, particularly in comparing government and private banks. But it was not a particularly important factor affecting use. Most customers interviewed felt respected in their banks and that they received the level of service they needed. This is particularly the case in Rajgir, where CSP staff were supportive, and in the SBI bank branch where the project had hired a “Bank Mitra” (friend).

## **5. Voice**

While most of the customers interviewed expressed confidence in using financial services and an ability to ask questions of the provider, it is clear that perceptions of voice are quite different from how their empowerment might be judged according to CGAP’s definition of empowerment. Participants are judging from within their own experience and context.

- Customer expectations and knowledge of what to expect are limited by their low level of knowledge and experience, and interviewees seem to be very undemanding in terms of their expectations.
- In terms of “reactive voice” (responding to a problem), most customers seemed reluctant to complain, perhaps reflecting a lack of confidence or avoidance of conflict. We did not ask about

client protection issues in any detail, but there was not a sense that clients were clear about what would be acceptable or unacceptable practices or would hold the providers to account. Interestingly, it was the SHG members who had several years of input on empowerment who were most willing to complain to the service provider if there was a problem, using the collective power of the group. However, given the problems they highlighted with the biometric reader, the extent to which they are actually taking up these issues is not clear. Here again, the context plays out. Voice for SHG members is mediated by the group.

- In a close-knit community that frequently interacts via SHGs, the voice of members is mediated by the group, with the group as the main channel for the choice of which complaints to address and how these are made. Certain members are seen as more experienced and able to provide advice and guidance or to address problems. Outside of the groups, voice is developed through individual knowledge and capability. A Nepalese migrant worker living in Delhi, for example, mentioned how he would email the branch manager to voice his issues. This was with a bank that he had built a relationship with over several years.
- In terms of “proactive voice,” all service providers seemed to interact with customers in a standardized “take-it-or-leave-it” way, and none of the customers had any sense that there was a possibility of negotiating their service with the provider, nor was there a sense that they had any voice in establishing their needs as customers when setting up their accounts or on an ongoing basis. For example, one group leader in Nekpur village articulated specific improvements she would like to see at the agent service point—a text message service when she deposits and withdraws, higher transaction limits, and loan facilities—but she had not communicated them to the bank. She is empowered to the extent that she is analyzing and is able to communicate, but with no channel for communication to the provider, she effectively has no voice.

## Customer personas

*Note: These personas were developed based on a small number of interviews and should be seen as a summary of data from the interviews rather than as comprehensive profiles.*

### **Rural woman nonusers**

These are poor women with low levels of education and very limited knowledge and experience of financial services. These women are not members of an SHG and do not have a bank account.

These nonusers may in some cases become users out of necessity, for example, opening a bank account to receive a state pension. However, their level of agency in this process is very low and the account opening process is undertaken by the husband.



### **Rural woman basic user, self-help group (SHG) member**

These are poor women about 40 to 60 years of age with low levels of literacy and without reliable income sources. Their major source of income might be from agricultural labor they perform on other people's land, or from government funds provided from a safety net program. These women have chosen to become part of an SHG and to use the savings and credit services of the group, but they also registered with the Customer Service Point (CSP) when the CSP came to the village to sign up members.

These women have become confident, though fairly low-level, users of basic services through participating in the SHG. They are comfortable with using a limited number of services—primarily for day-to-day financial management and longer-term saving—particularly the SHG and CSP, and make active decisions about what service to use for what purpose. They are not comfortable with the possibility of channels or services outside their immediate knowledge and experience.

Engagement in the SHG has helped the women develop a sense of self-worth and the ability to engage with institutions and people in authority, but this power comes through the ability to act as a group, and individuals are not likely to engage or complain on their own. However, importantly, one result of the empowering role of the SHG is that these women have a bank account separate from their husband's, which is something the women value.

While they use the CSP and bank accounts, they report frustrations and challenges. In particular, they have a low level of trust in technology due to the problems with the biometric reader at the CSP. Access to a mobile phone is mostly through the husband, and the women have no familiarity with mobile money. Mostly they do not use ATM cards due to lack of familiarity and their inability to use due to being illiterate.

The women value the presence of staff within the CSP or the bank (the Bank Mitra) to support their use of services. This plus the support of the SHG has allowed them to “learn by doing” and to build familiarity with and confidence in the use of the services they access.



### **Rural woman more empowered user, SHG member**

Compared to the basic user, these women are younger, have a better or more diverse form of livelihood (work on their own land, engage in dairy farming, own goats), are literate and numerate, and are more likely to own a mobile phone.

They are similarly confident about using the services they have access to, feel they face fewer challenges, and are more open to trying new channels such as ATM cards and mobile banking. They have a greater awareness of the terms and conditions of the services they use and ask more questions. However, given a choice of accounts, they are likely to focus on what is familiar and to open an account in SBI.

While these women experience fewer challenges in using the services, they still value the presence of staff who can support their use, and have built confidence over time.



### **Individual new bank user, low-income man**

These were people new to formal financial services who have been brought in by circumstances such as requiring a bank account to receive a salary or government payment. They have a basic education and are nervous about and unfamiliar with a bank and therefore value efforts made by the bank to be welcoming and supportive. They have enough literacy and confidence to be able to engage and over time become more familiar and confident.

### **Migrant men**

The two migrant men interviewed were striking in being more willing to engage, take risks, and put themselves in unfamiliar situations. They seemed more entrepreneurial, used a wider range of financial services, and were more active in their use of these than other users. The risk-taking behavior is seen in the losses that both migrants experienced—one with the collapse of a ‘high-return’ chit fund, the other paying a fraudulent ‘agent’ to arrange travel to Japan where he planned to open a business.

Despite a level of confidence and familiarity, these users are still second-class citizens in the bank—they are addressed as “brother,” not “sir”—and they do not assert their needs as users. Rather, they just accepted the situation when they lost money through the mis-conduct of others.

**Patron man**

This man's engagement with financial services is entirely mediated through his employer, who plays a paternalistic role in managing his affairs. His knowledge of and confidence in using financial services is low, but this is because he is happy to accept the guidance and support of his employer.

**Married urban woman**

From the sample of people we interviewed, the married urban woman was among the least empowered people, on a par with rural nonusers. The woman we interviewed was employed as a cook in Delhi, received her salary in cash, and made no use of financial services other than remitting money to her daughter.