

Working Group on Standards for Responsible Digital Financial Meeting Minutes

Topic: Complaints Mechanism and Fair & Responsible Treatment (Tuesday, May 3, 2022)

Meeting overview: In this meeting, we reviewed the content of the draft standards for two different topics, complaints mechanisms and fair & respectful treatment clients, and participants shared their ideas on what to add, delete, or refine.

Learn more: Visit the [Working Group's webpage](#) to download the latest draft of the standards for responsible digital financial finance, to find content from previous meetings and to see the dates of upcoming meetings, Contact ameliagreenberg@sptfnetwork.org with any questions.

Introductions and Updates

- Amelia Greenberg, SPTF's Deputy Director and head of the Responsible Digital Financial Services (DFS) Working Group, began the meeting with quick introductions and updates.
- Meeting minutes, recording and notes are posted to the [DFS Working Group page](#).
- SPTF updated the Responsible DFS Standards document section on algorithm bias.
- Schedule for virtual meetings: bi-monthly, 90 minutes, two topics
- SPTF annual meeting in Paris, 28-29 September; a full-day DFS working group meeting will take place on the 28th while the 29th will be for conference plenary sessions

Context: Overview of Cerise + SPTF's work on standards

- Over the past decade, SPTF published and has periodically updated the Universal Standards for Social and Environmental Performance Management (“Universal Standards”), which is a comprehensive guide of best practices to help FSPs put clients and the environment at the center of all decisions. SPTF and CERISE, with input from other stakeholders, have also developed an infrastructure of assessment tools and implementation resources for FSPs.
- With the rise of digital financial services, many of SPTF's stakeholders – including financial service providers, networks, investors, and regulators -- have asked Cerise+SPTF to identify best practices in DFS.
- Creating such DFS standards would:
 - Clarify what it means to have good management practices in DFS.
 - Enhance transparency
 - Encourage good practices to grow
 - Propose concrete solutions to the risks we observe
 - Enable stakeholders to distinguish between providers with a desire to create value for clients versus those focused solely on profits.
 - Facilitate partnerships between responsible providers.
- To develop the standards, SPTF conducted a literature review plus 40+ interviews with a broad cross-section of experts.
- SPTF reviewed the following principles/standards/guidelines that relate to responsible DFS while developing the draft DFS standards:
 - G20 High-Level Principles for Digital Financial Inclusion
 - IFC Guidelines for Responsible Investing in DFS
 - BTCA Guidelines for Responsible Digital Payments
 - GSMA Mobile Money Certification

- Smart Campaign Digital Credit Standards
- GOGLA Self-Assessment
- If you are interested in providing feedback, or if you know someone else who should, contact Amelia Greenberg (ameliagreenberg@sptf.info).
- The Universal Standards for SEPM apply to all FSPs including DFS. In the latest iteration of the Universal Standards, we did include some practices specific to the responsible provision of DFS. However, we had not yet identified a comprehensive set of responsible DFS practices. That is the work happening now, with the input of the working group. In the future, the goal is to have one fully integrated manual and one assessment tool. We do not know what this will look like but will be determined after we have identified all the management practices for the DFS standards.
- Reminder: the standards say the *what* to do but not the *how*

Mechanisms to resolve customer complaints: What is already in the Universal Standards for SEPM

- Two quotes to kick off our discussion are “If customers want to complain, it’s better for them to complain to people they know” - DFS Expert A and “There is a huge risk for clients to be completely confused and for resolution of their complaints never to happen” - DFS Expert B
- 4.E The provider receives and resolves client complaints.
- 4.E.1 The provider has a complaints mechanism that is easily accessible to clients and adapted to their needs.
 - 4.E.1.1 Clients have a way to submit complaints to persons other than their loan officer/product officer and that person’s supervisor
 - 4.E.1.2 The provider has at least two complaints channels that are free of charge and accessible to clients
 - 4.E.1.3 The provider informs clients how to submit a complaint
 - 4.E.1.3.1 The provider displays information on how to submit a complaint in branch offices, at agent locations, in product documentation, and in all digital channels it uses to provide services to clients.
 - 4.E.1.3.2 At the time when clients are applying to use a product, the provider informs clients on how to submit a complaint both to itself and to any third-party partner.
 - 4.E.1.4 If the complaint mechanism initially handles complaints through automated means, the provider makes a channel with live, human interaction available to clients.
- 4.E.2 The provider resolves complaints efficiently
 - 4.E.2.1 The provider’s complaints policy identifies levels of severity and requires that severe complaints are escalated immediately to senior management.
 - 4.E.2.2 The provider’s complaints mechanism ensures that all formal complaints are registered in a secure system that reaches the complaints handling staff and/or management.
 - 4.E.2.3 The provider resolves client complaints quickly
 - 4.E.2.3.1 The provider sends to clients a confirmation of receipt of their complaints and a notification when the complaint has been resolved.
 - 4.E.2.3.2 If a provider receives complaints via call centers or chat, it monitors the average waiting time.
 - 4.E.2.3.3 The provider resolves at least 90% of complaints within one month. If the resolution takes longer than one month, the provider notifies the client of the reason for the delay.
 - 4.E.2.4 Complaints handling staff have access to relevant client data, including transaction details and notes from previous complaint conversations

- 4.E.3 The provider uses information from complaints to manage operations and improve product and service quality.
 - 4.E.3.1 The complaints system creates a report for management and customer care staff. Minimum frequency: monthly.
 - 4.E.3.2 Management reviews complaints reports and key performance indicators and takes corrective action to resolve systematic problems leading to complaints. Minimum frequency: annually.
 - 4.E.3.3 If the provider partners with third parties, the provider helps its clients to resolve complaints they have with those third parties.
- POLL on Relevance of Standards on complaints to DFS:
 - What percentage of the current standards on complaints mechanisms do you think apply in a digital context?
 - 14% responded 25-50%
 - 57% responded 76-99%
 - 29% responded All are relevant
- Ideas for management practices so far:
 - 1. Offer multiple channels through which customers may register a complaint, including at least one that allows the customer to reach a live person at no cost.
 - 2. The FSP must assist customers who have a complaint even when it relates to an issue that only the partner organization can fix.
 - 3. Train customer service employees on how your partner's complaints mechanism works.
 - 4. Train customer service employees on how to respond to customers who voice complaints related to services offered by a partner. The response cannot be passive, such as "call X phone number to reach Partner Org's complaints service," but must be active in helping the customer achieve resolution. Tip:
 - 5. Train agents on how to respond to complaints. [NB: Some customers prefer to complain to agents.]
 - 6. Encourage your customers to come to you with complaints about partners.
 - 7. Have a strategy particularly targeted to helping women overcome obstacles to complain.
 - 8. Train/encourage agents to use your complaints mechanism too.
 - 9. At the outset of a partnership, establish who will be your point of contact within the partner organization, to help you resolve complaints by your own customers, but that are related to services provided by the partner.
 - 10. Equip the complaints mechanism to register complaints by agents.
 - 11. Analyze complaints data to see if certain segments of customers (e.g., rural, women) are underrepresented among the customers who complain.
 - 12. Proactively survey a sample of customers to ask if they have complaints about services or products offered by your partner, as not everyone who has a complaint files one.
 - 13. Monitor social media to see if customers are complaining about your services there.
 - 14. Do weekly trend analysis for complaints.

Expert Reflection:

- **Rafe Mazer, IPA:**
 - Runs the [consumer protection research initiative](#) for IPA. Currently mapping out key issues consumers face and working on improving how regulators engage with consumers on social media to resolve issues.
 - First thing he noticed is the emphasis on assisting consumers with complaints that happen on their platform not only on the product, and he supports emphasizing this

issue. In multiple cases, IPA has seen the biggest issues are when there are two systems speaking to each other. For example, between a bank and an MNO. This can create a worst-case scenario for consumers.

- It was nice to see the mention of analyzing complaints data for segmentation for underrepresentation. Would add to use that data for preventative measures such as fraud or to improve policies. It is not just about segmentation around complaints data but also preventative measures for policy improvement or adjustment.
- Underrepresentation is a key issue. It is important to go one step further and looking at what issues may be underrepresented? Most consumers do not report agents charging extra fees. Are there certain topics that consumers experience but do not report?
- Providing contact information more prominently can help consumers know where to complain.
- Social media needs to be treated as a formal complaint channel
- Question from Amelia: People are complaining on their own social media. What is the universal way to know which social media channels you should be following and how?
- Answer: Monitoring the mentions or set up a key word search. Then you know when you are being mentioned and can reply to any complaints.
- Question from Amelia: If someone mentions you on social media, you should engage?
- Answer: Yes. See if you can address the issue immediately rather than asking them to submit a complaint within the FSP's official complaints mechanism. A lot of service providers do not direct those who complain via social media to another channel, but instead have the client direct message them their details and resolve the issue on that platform.
- 98-99% of complaints take a month or more to resolve.

Discussion:

- **Genevieve Hennessy Barret:**
 - When it comes to resolving customer complaints, digital fintech also deals with people. You need to continually check that you are as accessible as possible.
 - Question from Amelia: What do you think about the idea of having to have a “live” person to talk to rather than a chatbot? Should it be a standard that they need to be able to reach a person?
 - Answer: Absolutely. As you grow, you have to make sure you are growing that function as well. A customer that is lost is bad news.
- **Ruth Dueck-Mbeba**
 - As there are more and more digital platforms, the notion of owning the customer will shift to who owns the customer experience. It is going to become confusing. You want to be able to support their journey to digital.
 - Comment from Amelia: The relationship with a customer is important.

Fair and respectful treatment of clients: What is already in the Universal Standards for SEPM

- 4.C The provider enforces fair and respectful treatment of clients.
- 4.C.1 The provider's code of conduct requires fair and respectful treatment of clients.
 - 4.C.1.1 The provider's code of conduct states the organizational values, standards of professional conduct, and treatment of clients that it expects of all employees and defines the sanctions to apply in case of a breach.

- 4.C.1.2 The provider's policies prohibit the following:
 - 4.C.1.2.1 Corruption, theft, kickbacks, fraud
 - 4.C.1.2.2 Client intimidation
 - 4.C.1.2.3 Discrimination against all internationally recognized Protected Categories
- 4.C.1.3 The provider informs clients, verbally or in writing, about the prohibited behaviors found in the code of conduct.
- 4.C.1.4 If the provider partners with third parties, it reviews the third party's code of conduct prior to signing a contract to check for commitment to fair and respectful treatment of clients.
- 4.C.2 The provider does not use aggressive sales techniques
 - 4.C.2.1 The provider has internal controls to monitor whether employees or agents are engaging in aggressive sales.
 - 4.C.2.2.1 When front-line employees' salaries are comprised of a fixed and a variable portion, the fixed portion must represent at least 50% of total salary.
 - 4.C.2.2.2 The provider monitors front-like employees' productivity ratios and investigates those that are above a predetermined threshold.
- 4.C.3 The provider protects clients' rights to respectful treatment during the loan collection process
 - 4.C.3.1 The provider's collections policy includes the following:
 - 4.C.3.1.1 A list of appropriate and inappropriate debt collections practices, including collateral seizing practices.
 - 4.C.3.1.2 A schedule for the collections process that allows time for the debt collector to determine the reasons for a client's default and for the client to find solutions
 - 4.C.3.1.3 The provider informs the client prior to seizure of collateral, allowing the client to attempt to remedy the default.
 - 4.C.3.1.4 A prohibition on sales of the clients' collateral to the provider, the staff of the provider, to their relatives, or to third parties involved in the seizing process.
 - 4.C.3.2 The provider restructures or writes off loans on an exceptional basis, based on a list of cases of specific distress.
- Poll: Relevance of standards on treatment to DFS
 - What percentage of the standards on fair & respectful treatment do you think are relevant in a digital context?
 - 22% responded 51-75%
 - 56% responded 76-99%
 - 22% responded all are relevant
- Ideas for management practices so far:
 - 1. Inform your customers of the top risks they incur if they use the products or services offered via a partner.
 - 2. Incorporate human touch at minimum at the following points in a customer's journey:
 - A. Onboarding/receiving information about the product
 - B. Resolving a problem or complaint
 - C. Answering customer questions
 - 3. Record calls made to the call center to monitor whether employees are handling complaints well, even about third-party providers, and that in general employees are helpful to customers.

- 4. As part of the agent selection criteria, consider whether the personality of the person will appeal to your target customers, and whether they speak your target customers' local language.
- 5. When you educate customers about a product, teach not only how the product works but also what behaviors are good/bad from the service providers, which can be agents or other partners.

Discussion:

- **Corinne Riquet (CGAP)**
 - Corinne stated that she has a lot of questions about how to share information with customers when the customers have a fully digital customer experience. The issue of how to share information is particularly complex for the customers who use basic/USSD phones, because there is limited information you can share through this channel. For example, how can you talk about the approved staff code of conduct with customers who use only mobile money from a fintech that provides only digital financial services? How you can best make your customer aware of good practices from your staff, from your agents? There is the same problem with sharing terms and conditions with those who apply for digital credit. If the customer has a USSD phone, you cannot send them a link on the web to go for the terms and conditions, so they will accept the product without ever reading the terms and conditions. How can we think about adapting the way to inform customers about good practices and what should be done for them? Corinne said it's a question she has – she does not have the answer - how can we adapt to this complexity?
 - Ruth Dueck-Mbeba gave a thumbs up to Corinne's comments. It's important to put in nudges or reminders because most of us don't read the fine print.
 - Comment from Amelia: Someone said it is not reasonable to think that anybody is going to read terms and conditions. These documents are not conducive to explaining. It is not about making sure people have access to the information it is more about setting your own standards and conduct to being reasonable and fair. Your customer should trust you and not have to read your own code of conduct.
 - USSD phones have limited storage and so there is a risk that even if you are sending messages does not mean they will be received.

Next Steps:

- Save the date for the [next Working Group meeting](#).
- Invite your colleagues to join
- Read the draft DFS standards document.
- Send written comments on the document to Amelia Greenberg at ameliagreenberg@sptfnetwork.org.