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CDC is changing its name to

British International Investment

on 4 April 2022



How are microfinance institutions using technical assistance to address customer needs in the pandemic?

Practical thinking on investing for development

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01

Introduction

The COVID-19 pandemic has emphasised how important it is for microfinance institutions (MFIs) to adapt and respond as customer needs change and operations are restricted. This is critical both in contributing to the commercial sustainability of MFIs as well as in enabling them to support poorer communities during shocks and crises. However, to be able to adapt and respond, MFIs need to have a clear understanding of how customers have been affected and how their needs have changed. MFIs also need to have a clear overview of the tools they have at their disposal to help adapt and respond to the evolving external circumstances, and which address changes in customer needs whilst still being cost efficient for the MFI to implement.

CDC's COVID-19 response

The COVID-19 pandemic restricted mobility, hindered economic activity, and created uncertainty, which hit our investee companies in developing countries hard. Our technical assistance facility, CDC Plus, responded quickly to the urgent needs of companies, by setting up two COVID-19 technical assistance (TA) facilities in March 2020: the 'Business Response Facility' (BRF) and the 'Emergency Technical Assistance Facility' (ETA). These provided grants and advisory support to help companies adapt their business processes and delivery models, and scale up innovative solutions to address the basic needs of vulnerable and underserved people. The two facilities have allocated three rounds of funding, supporting 62 projects with \$6.6 million as of June 2021. To date, these projects have reached 7,700 SMEs and business in countries where we invest and indirectly affected 7.3 million customers. This paper focuses on the results and learning from projects through which CDC Plus supported MFIs in developing their capacity to collect data on their customers and to adapt their business processes or products to respond to these changing customer needs and circumstances.

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\$6.6million

Our COVID-19 technical assistance facilities have provided \$6.6 million funding to 62 projects.

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02

Context: The impact of the crisis on the MFI sector

MFI customers around the globe were significantly impacted by the COVID-19 crisis. MFIs typically serve low-income groups who do not have access to formal financial services. In rural areas, most customers are smallholder farmers or engaged in petty trade while in urban areas the client base is usually more diverse and includes shopkeepers, artisans and street vendors. Overall, the majority of MFI customers tend to be women¹. As the pandemic hit, most countries rapidly put in place lockdowns, enforced business shutdowns and various other restrictions to curb the spread of the pandemic. These measures had an immediate and negative effect on MFI's clients' sources of income: a survey by 60 Decibels of 17,945 clients from 23 financial services providers (conducted between June and November 2020) found that 85 per cent of respondents saw their main source of income decrease. This was mostly due to a fall in demand (52 per cent) and lockdown restrictions (32 per cent), across sectors of the economy². Being poorer and engaged in micro-retail activity meant that MFI clients were particularly affected: the same survey found that MFI clients were more likely than the general population to have reduced food consumption³.

This financial stress made it more difficult for MFI customers to repay their loans. The same survey found that loan repayments became a heavier burden for almost two thirds of clients, particularly for those living in poverty, and that financial stress led 35 per cent of clients to stop or reduce loan repayments. The impact of the crisis on customers' ability to make loan repayments is corroborated by other studies: a survey by the Foundation for Development Cooperation (FDC) of 1,500 microfinance providers serving 130 million clients across 11 countries in Asia, found that 90 per cent of households and microenterprises had asked their MFIs for a grace period or extension of their loan repayment.

» *The financial stress of the pandemic made it more difficult for MFI customers to repay their loans.*

1 Zainuddin, Mohammad and Yasin, Ida Md., Are Women Better Borrowers in Microfinance? A Global Analysis (July 2020). The Empirical Economics Letters, 19(7), pp. 651-660, 2020, Available at SSRN: <https://ssrn.com/abstract=3669673>

2 60db. "60 Decibels | Your Impact, in One Place." App.60decibels.com, app.60decibels.com/covid-19/financial-inclusion. Accessed 15 Dec. 2020.

3 Taylor, Stephen. "Microfinance and the Informal Economy under COVID-19." Devpolicy Blog from the Development Policy Centre, 23 June 2020, www.devpolicy.org/microfinance-and-the-informal-economy-under-covid-19-20200624-2 Accessed 10 Dec. 2020.

MFI operations were also impacted by the crisis, largely due to logistical restrictions, rising bad debt, and changes in demand for credit. Lockdowns and social distancing restrictions created logistical hurdles and made it more difficult for MFIs to reach their customers. In many places, MFIs were classified as essential businesses and allowed to continue operating during lockdowns, but restrictions still remained problematic: for example curfews were enforced, and public transport was restricted which prevented employees from coming to work. This was especially the case for institutions that relied exclusively on face-to-face interactions with their clients⁴. In addition, the financial difficulties of their customers put significant pressure on MFIs. According to the monthly CGAP Pulse Survey of Microfinance Institutions, MFIs had to deal with rising bad debts, peaking in June 2020⁵. This growing insolvability seemed highest in Sub-Saharan Africa, where the average part of portfolio at risk of overdue by more than 30 days reached 17 per cent, and lowest in South and South East Asia, where it stood at about 7 per cent.

In response, governments adopted various measures to support the economy that impacted MFIs. As shown by an article from CGAP on regulatory responses affecting microfinance providers, some countries encouraged or mandated relief for borrowers, and took steps to facilitate digital payments and transactions. Governments lowered (or tolerated) non-compliance with minimum requirements, for instance for capital and liquidity, providing MFIs with more flexibility. At the same time, other responses constrained MFIs operations, for example by requiring them to waive fees and interests⁶.

To continue to service their customers, some MFIs expanded their existing call centers operations and digital channels and developed new ones. However, almost half of respondents did not expand any remote channels, suggesting a divide between MFIs that are leveraging technology to face the crisis, and those who are not. According to a study by the Institute for Inclusive Finance and Development (InM), medium and small MFIs struggle more to adopt mobile financial services, as their business model tends to depend more on personal contacts and have a less technology savvy customer base⁷.

Finally, to ease the burden on borrowers, the majority of MFIs adopted leniency measures, often without being compelled by regulators. As of August 2020, almost two-third of MFIs surveyed had either agreed to deferrals or restructuring loans⁸. Only a minority had started writing-off loans.

Box 1. The impact on female customers

There is limited available research on the gendered impact of the COVID-19 on MFI customers. While the 60 Decibels study did not find significant differences between male and female respondents, a K4D report on Secondary Impacts of COVID-19 on Women and Girls in Sub-Saharan Africa highlighted that in general, women have suffered disproportionately from the economic and financial impacts of the pandemic. For instance, in Kenya, women account for 60 per cent of job losses recorded since the start of the crisis. This is partly explained by the fact that women often work in high-contact economic sectors such as wholesale and retail, education and hospitality, which have been particularly subjected to restrictions. In developing economies, informal jobs that are likely to be the first impacted by the crisis make up 70 per cent of female employment.



MFIs had to deal with rising bad debts, peaking in June 2020.



To ease the burden on borrowers, the majority of MFIs adopted leniency measures during the pandemic.

4 CGAP. "Microfinance & COVID-19: Examples of Regulatory Responses Affecting Microfinance Providers." CGAP, CGAP, Sept. 2020, www.cgap.org/research/data/microfinance-covid-19-examples-regulatory-responses-affecting-microfinance-providers. Accessed 4 Jan. 2021.

5 Tyson, Judith. "Covid-19 and Financial Access: Supporting Low-Income Businesses and Households in Africa." ODI, 9 Sept. 2020, www.odi.org/blogs/17316-covid-19-and-financial-access-supporting-low-income-businesses-and-households-africa. Accessed 10 Dec. 2020.

6 CGAP. "Microfinance & COVID-19: Examples of Regulatory Responses Affecting Microfinance Providers." CGAP, CGAP, Sept. 2020, www.cgap.org/research/data/microfinance-covid-19-examples-regulatory-responses-affecting-microfinance-providers. Accessed 4 Jan. 2021.

7 Financial Inclusion Network, Bangladesh, and Institute for Inclusive Finance and Development. "Covid-19: Innovation Drivers for MFIs." Finimile Finance for All, vol. 2, no. 3, Oct. 2020, www.inm.org.bd/wp-content/uploads/2020/10/Finimile-October-2020-Draft.pdf. Accessed 10 Dec. 2020.

8 Zetterli, Peter. "Four Ways Microfinance Institutions Are Responding to COVID-19." www.cgap.org, 13 Aug. 2020, www.cgap.org/blog/four-ways-microfinance-institutions-are-responding-covid-19. Accessed 10 Dec. 2020.



03

Purpose and methodology

As customers and their operations began to be badly affected by the pandemic, MFIs had to react quickly to the changing situation, and find and implement solutions to mitigate short and long-term impact on their staff, customers, and profitability. With this learning paper, we set out to try and understand how these responses were implemented during COVID-19, with a view to identifying lessons that can be used to respond to future crises.

This report explores the following questions:

- How can MFIs [best] respond to a crisis to continue supporting their customers and to safeguard commercial sustainability?
- How do the needs of MFI customers change in a crisis, how might these needs vary by context and customer group?
- How can MFIs better understand the changing needs of their customers, and respond to these changes through process and product adaptation, in order to continue to reach and best support customers?

This learning brief seeks to begin answering these questions primarily by drawing from the experience of the Advans Group (Advans), a CDC investee and recipient of CDC Plus BRF funding. Advans was supported in their response to the crisis which consisted of understanding the needs of their customers, adapting products accordingly, and training staff in offering these new or adapted products. Advans was also supported in this process by FMO, the Dutch Entrepreneurial Development Bank. The experience of the AccessHolding Group, which consists of a number of MFIs and MFI banks also in CDC's investment portfolio and recipients of BRF support, has been drawn on to provide additional illustrative examples and corroborate the findings.

Methods

To develop the findings discussed in this brief, desk research was complemented by monitoring data collected by CDC Plus, primary data collected through key informant interviews with Advans staff, internal data provided by Advans, as well as a survey of Advans customers conducted by 60 Decibels and funded by FMO.

Box 2. The Advans Group

Created in 2005, the Advans Group is a network of microfinance institutions operating in Africa and Asia. It is currently active in nine countries (Cambodia, Cameroon, Côte d'Ivoire, Democratic Republic of Congo, Ghana, Myanmar, Nigeria, Pakistan and Tunisia), and serves over one million customers. Advans aims to respond to the need for financial services of micro, small and medium-sized enterprises and individuals who have little or no access to formal financial services, by providing tailored financial services in a sustainable and responsible manner. Advans' shareholders include five other development finance institutions, in addition to CDC.



04

Responding to the crisis: the example of Advans

As the crisis hit, like many MFIs, Advans’ clients and operations were severely impacted. Due to lockdown restrictions and to ensure the safety of its staff and customers, employees were asked to work from home, with only essential staff staying at the branch level to ensure business continuity. Advans’ clients’ livelihoods sharply decreased, due to forced business shutdowns and a decrease in demand. This put financial pressure on the Advans MFIs, which not only faced an increased risk of defaults, but also an increased risk and uncertainty in disbursing new loans.

Advans was prompt to react, but needed support. Very quickly, Advans started to adapt its services to clients by introducing a grace period on loan repayments and emergency loans. Over 120,000 clients took advantage of this initial grace period. However, as the first wave of the pandemic started to subside at the end of May 2020, Advans recognised the need to take stock on the impact that the pandemic had had on their clients, help them in their recovery, and regrow the Advans Group’s loan book.

To do so, the Advans Group decided to launch a “Restart” campaign, to offer clients tailored solutions. This required Advans to (i) better understand the challenges faced by each client through two independent surveys, (ii) adapt their methodologies and product offering to meet their needs, and (iii) train their staff on these adaptations. This process was supported by CDC Plus, primarily through the use of a digital business process management platform called Juakali.

120,000

Over 120,000 Advans clients took advantage of the company’s grace period on load repayments and emergency loans.



Figure 1: Activities supported by CDC Plus funding

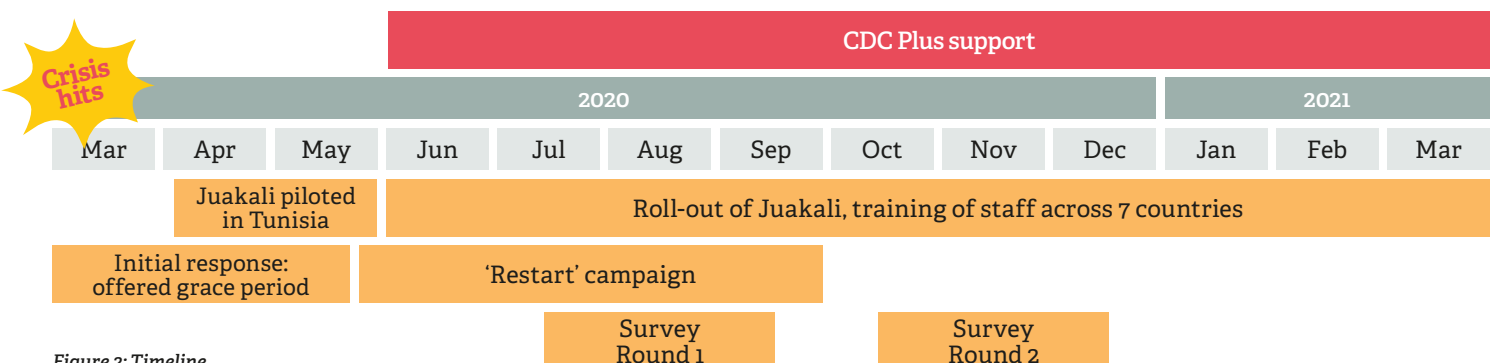


Figure 2: Timeline



05

Key findings

5.1 Digital platforms are key when navigating a crisis, and using existing solutions enables a rapid response.

Building a clear understanding of each client's situation was complicated by the fact that the pandemic reduced the possibility for physical interaction. In order to find solutions and address the changing repayment capacity of their customers and be able to offer solutions that met their specific needs, it was important to gain a good understanding of how the crisis was affecting customers in a granular way. From end of May to September 2020, Advans Client Relations Officers (CROs), staff responsible for customer relationships, systematically reached out to their clients through phone calls. This process was challenging, as the existing banking and CRM systems were not suited for remote working, meaning that client information could only be accessed from branches' premises. In addition, attempting to reach out to large numbers of clients in a short amount of time required efficient processes.



In Tunisia, the first pilot country, over 80% of clients were contacted to understand their changing needs as a result of the pandemic.

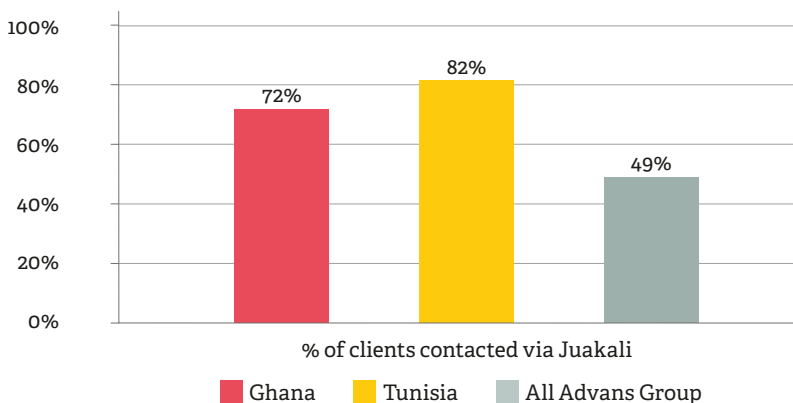


Figure 3: Percentage of clients contacted through Juakali

Note: Group data excludes Cambodia, which was not covered by the BRF CDC Plus project

To address these issues, Advans swiftly rolled-out a digital platform which enabled remote working and drove efficiencies. The team quickly identified an existing solution, the Juakali platform (an online business process management platform for MFIs and banks), which could be adapted to the needs of each subsidiary and launched in only ten days. Juakali enabled CROs to access client information, make calls and then capture relevant data on one centralised platform. The platform was tested in Tunisia, and with the support of CDC Plus, rolled-out in seven countries⁹. By the end of February 2021, Advans had reached 89,724 clients.

Using a central platform led to increased efficiency. By consolidating data from all subsidiaries, the Juakali platform enabled the group to aggregate data, compare contexts, benchmark, identify common trends between the different subsidiaries. This helped the company better understand the evolving impact of the crisis and provided valuable data for strategic decision-making. The platform was so successful that it is now being used to facilitate everyday business operations: all subsidiaries decided to continue using the platform to manage their client relationship beyond the pandemic.

Advans also leveraged digital solutions to train staff and to ensure that the new processes were enforced in a timely and effective manner. New processes needed to be well understood and implemented by staff working remotely. To ensure this, Advans rolled out a digital learning platform (TalentLMS) in Cote d'Ivoire, Ghana and Tunisia and developed three group training modules, while country subsidiaries created additional modules based on their local context. Building on the data collected, the content educated staff on the impact of the crisis on their clients, how to adapt their relationship with them, and how to choose which solution to offer them depending on their situation. Over 600 staff were trained on the three group modules across the three countries, with over 1,500 staff trained on the platform by February 2021. A Frequently Asked Questions (FAQ) list was developed to help CROs answer customers' most common queries. Subsidiaries developed additional strategies to ensure that staff were properly trained: for example, in Ghana, some working instructions were dispatched through WhatsApp, and Zoom trainings organised. See the boxes below for examples of MFIs leveraging digital platforms for staff and customers in Nigeria and Zambia.



Advans swiftly rolled-out a digital platform which enabled remote working and drove efficiencies.

⁹ Implementation was delayed in Myanmar due to the political crisis. The project did not cover the roll-out of Juakali in Advans' Cambodian subsidiary, which accounts for over 300,000 clients, because the MFI needed to ensure that the platform was robust enough for the size of their activity..

Customer engagement through digital platforms: AB Microfinance Bank Nigeria



AB Microfinance Bank Nigeria (part of AccessHolding Group) used a digital platform to maintain connections with their customers when physical distancing requirements meant that it was difficult for staff to engage with customers to provide information, and customers started avoiding visiting banks in person due to crowding.

In order to continue serving customers, many of whom were experiencing financial stress as a result of the pandemic and so needed to restructure loans or access information on grace periods, a chatbot was developed.

As a result, customer care support is now 24/7 remotely accessible via the Chatbot on WhatsApp, USSD, Facebook, and Webpage. This has resulted in 2288 customers conversing with the bank via Chatbot in the first month after go-live.

» *Rolling out the chatbot has resulted in decongestion of the banking halls, compliance with physical distancing protocols, and has reduced health risk to clients and staff.*
AB Microfinance Bank Nigeria completion report

Staff engagement through digital platforms: AB Bank Zambia



AB Bank Zambia (part of AccessHolding Group), a microfinance bank in Zambia, also recognised the need to maintain staff communications and a sense of community when the pandemic necessitated a move to remote working.

As part of the support provided by CDC Plus, an online staff engagement tool called Beekeeper was deployed to coordinate different staff activities during the crisis and communicate on COVID-19 response measures.

By using a pre-existing platform, the tool was swiftly implemented, and within just two months 98per cent of staff members were enrolled and using the tool daily. The platform is now becoming the central knowledge management platform.

» *The application has enabled the bank to maintain social connection between the workers during the crisis because the application works like a social network where you can not only consult the news of the bank and information but also react and interact with other colleagues.*
AB Bank Zambia completion report

5.2 Third party surveys add valuable context and customer data that is not captured during day-to-day business operations.

In addition to contacting customers directly, Advans surveyed a sample of their customers using a third party survey company, which provided them with rich, quality data to complement direct customer interaction. Supported by FMO, two rounds of lean data research were conducted by 60 Decibels on a sample of customers across a number of Advans' focus countries. The survey enabled Advans to have a wider vision of the impact of COVID-19 on its clients, not only on clients businesses but also client's general financial wellbeing and livelihoods and the coping mechanisms they were using. Key results are presented in Box 3.

While the timing of the first round of the survey did not allow the results to inform the design of Advans' "Restart" campaign, using a third party provider to collect data provided objective feedback from their customers. Experienced enumerators were trained to ask questions on food consumption and other sensitive topics which CROs were unable to explore. The findings confirmed observations from Advans' staff about the overall impact of the pandemic on customers (not just on their ability to pay back a loan), while the second round – originally designed to monitor recovery after the pandemic – provided them with information on how the situation was evolving as subsequent waves hit different countries at different times. Results were also used to fine-tune the customer engagement campaign, by identifying issues that should be raised with the clients to better understand the impact of the crisis on their business and household.

The survey also highlighted the fact that women were disproportionately affected by the crisis and vulnerable, confirming data from the Juakali platform and anecdotal evidence from CROs. This led to the launch of a specific project, also supported by CDC Plus, to undertake a global gender diagnostic study using the data collected from both Juakali and 60 Decibels, and develop a gender strategy around both clients and products, with a deep dive and strategy implementation component in Cameroon and Ghana.

Using third party data collection to understand gender differentiated customer needs: AB Bank Zambia and AB Microfinance Bank Nigeria

The value of collecting information from customers through objective third parties in order to obtain open and honest information that is not influenced by the lending relationship the customer has with the MFI, is supported by the experience of AB Bank Zambia and AB Microfinance Bank Nigeria.

- AB Bank Zambia commissioned a survey of 470 female customers by IPSOS in order to better understand the savings needs of rural households and particularly the needs of women, who were affected in different ways to men as a result of the pandemic. The survey found that some customers were avoiding banks due to congestion and fear of COVID-19, and highlighted specific features which were valued by women and were subsequently integrated into the design of a "digital savings pocket".
- AB Microfinance Bank Nigeria commissioned independent market research by CCX when developing their chatbot in order to ensure that customers would provide open and honest feedback. This was also important to ensure that both women and men felt comfortable engaging with the chatbot. Focus groups and testing of prototypes provided useful insights and influenced the design of user interfaces.



Without this survey, we would not have been able to identify our customer needs, especially women and missed expected functionalities to be included in the development pipeline.

**AB Microfinance Bank
Nigeria completion report**



Without this research we would have lacked crucial market insight in terms of market demand and needs of women for remote banking services.

**AB Bank Zambia completion
report**

Box 3. Results from the 60 Decibels surveys on the impact of COVID-19 on Advans' customers

Over 80 per cent of clients saw their financial situation worsen as a result of the crisis. This was typically linked to a decrease in their primary source of revenues, due to lower demand and lockdown restrictions. The impact varied across countries, due to differences in socio-economic context and policy response. Tunisia and Cambodia were the least impacted, while clients in Pakistan and Myanmar saw their situations worsen over time.

This had a significant impact on clients wellbeing. 14 per cent of Advans' clients live on less than \$3.20 a day, and 36 per cent experienced a decreased in food consumption as the result of the crisis. Decreased food consumption was highest among female clients.

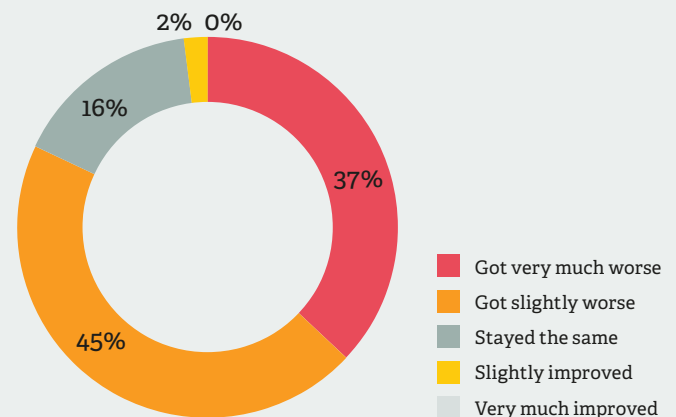
As a result, clients adopted various coping mechanisms. They mainly drew on their savings, but as these were depleted, they increasingly switched to borrowing money – highlighting the financial stress experienced by clients. Evidence of recovery started to be seen, as reliance on borrowing from MFIs increased from 43 per cent to 66 per cent between the two rounds, with corresponding decreases in borrowing from friends and family from 52 per cent to 35 per cent.

Despite lockdown restrictions, only 15 per cent of clients said that their use of digital financial services had increased. Over a third of clients say they have never used digital services, but more 56 per cent expect their usage to increase in the future, suggesting that this limited use is driven by financial limitations rather than interest. Usage and awareness differed significantly between countries. It was highest in Ghana and lowest in Cambodia.

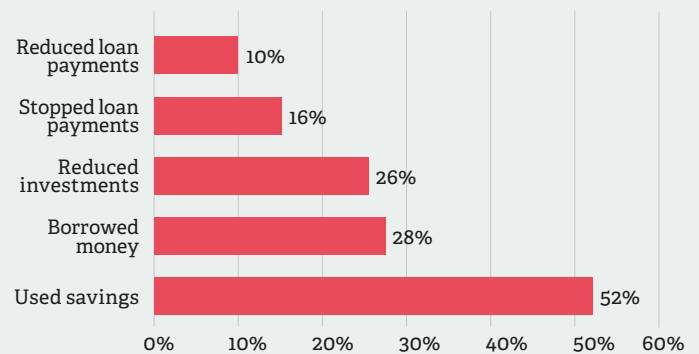
Very few clients reported being in need of loan forgiveness. The proportion of clients requesting new loans and deferred payments decreased between the two rounds, suggesting that Advans' grace period and restart campaigns had helped clients and that they were recovering financially.

Overall, the severity of worsening financial situation improved over time. Retail clients experienced the fastest recovery, while improvement was lowest for the services sector.

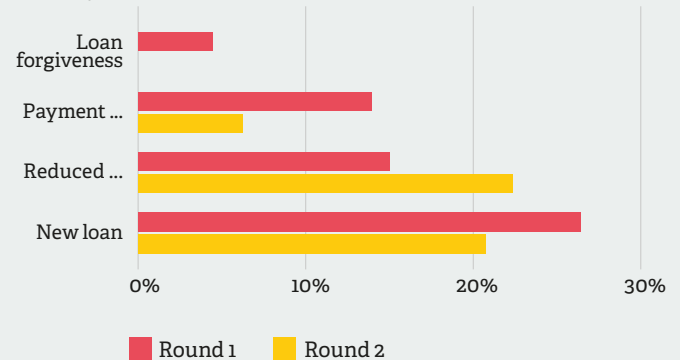
Q: So far, overall, has the financial situation of your family changed since the coronavirus?



Q: As a way to cope with the coronavirus situation, have you had to do any of the following?



Q: Is there anything that the company can do that would be particularly helpful to you?



5.3 Simplicity in crisis management leads to speed and efficiency, especially when responding at scale.

Advans used the data collected through the Juakali platform to categorise clients according to how affected they were by the pandemic, and tailored their product offerings accordingly. To maximize their impact on clients' recovery, Advans had to adapt their methodologies, service offers and processes. Although each client was impacted differently by the crisis, it was not possible to offer completely individualised solutions, as clients were in need of an immediate response. Advans thus had to strike a balance between developing tailor-made solutions and acting quickly. To do so, they used the data collected through phone interviews to sort clients into four simple categories:

- **Business as usual:** clients who reported not needing any changes to their loan repayments.
- **Category A:** clients who were still operating their businesses, but with a reduced level of activity.
- **Category B:** clients who not only reported a reduced level of activity, but also lacked sufficient working capital to operate and restore their level of activity.
- **Category C:** clients who were the most affected, with long-term impacts on their businesses and no capacity to repay the loan.

The data enabled Advans to rapidly assess whether the initial grace period had a beneficial impact on customers, and identify customers that needed further support. For example in Ghana, 60 per cent of customers accepted the initial grace period, and as shown in Figure 4 the categorisation process suggested that among these, almost two thirds entirely recovered, and that of those who took a grace period, only 13 per cent were at risk of defaulting on their loans.

» *A simple categorisation was used to adapt product features to customer needs, rapidly offer the solutions to clients, and stabilise Advans' loan portfolio.*

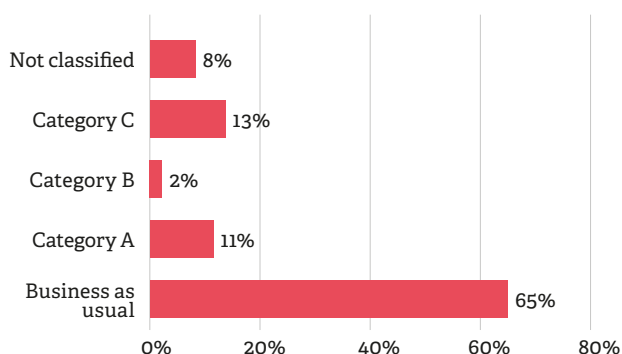


Figure 4: Customers in Ghana having taken a grace period according to the Juakali categorisation

This simple categorisation was used to adapt product features to customer needs, rapidly offer the solutions to clients, and stabilise Advans' loan portfolio. Advans had to both reduce the risk of defaults, and encourage clients to renew their loans to address the major fall in demand for credit. This required identifying which customers were in need of a grace period, and which would need loans to re-start their businesses. Using a simple categorisation system enabled Advans to quickly determine the most appropriate solution to offer to each client type. While the exact product adaptation differed by country, in general, Category A and C customers were offered a rescheduling of their loans, while category B customers were offered an additional loan along with the grace period.

Overall, Advans offered tailored solutions to more than 400,000 clients. More than 150,000 clients adopted the solutions proposed. This strategy was very successful, with very low default rates (a Portfolio at Risk level of just 1.29 per cent at end of the project for the group), as well as growth in the loan portfolio as the crisis eased and new loans started to be taken by clients.

Simple solutions tailored for the local context: Access Bank Liberia

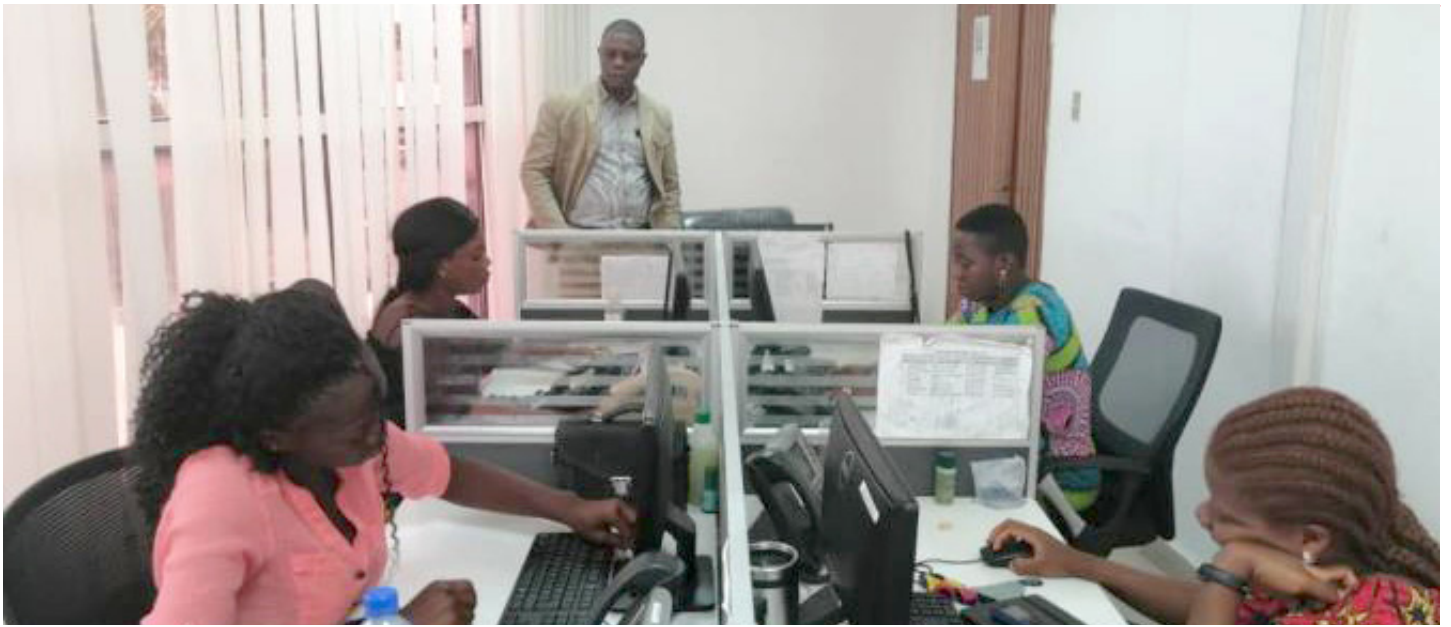
The value of simple, scalable solutions is also illustrated by the experience of Access Bank Liberia (part of AccessHolding Group), which was supported to expand the capacity and capabilities of their customer contact centre. Usage of smart phones and mobile data is relatively low in Liberia. This had to be taken into account when engaging with customers who could no longer have face to face contact with staff, as smart phone apps or website apps are not accessible to large parts of the customer base.

This meant that expanding the contact centre was a simple and effective way to continue communicating with customers, who valued in-person contact and are able to make voice calls on non-smart phones or where mobile networks do not support data. AB Bank Liberia employed 20 additional staff to the unit, developed a standardized loan management process and trained 48 employees on improved client relationship management through the contact centre, which prevented credit officers from having to travel to the field, protecting staff and clients from infection.



Recognising that its most affected customers needed more than payment terms accommodations, Advans' Tunisian subsidiary developed a programme to provide advisory support to 1,000 of their most vulnerable entrepreneurs, 36 per cent of which were women.

MFI can also partner with other stakeholders to provide services that go beyond their core business. Recognising that its most affected customers needed more than payment terms accommodations, Advans' Tunisian subsidiary developed a programme to provide advisory support to 1,000 of their most vulnerable entrepreneurs, 36 per cent of which were women. The MFI partnered with two training organisations to deliver remote coaching support through a digital platform called Wikiflow. This was inspired by a similar training programme that Advans had run in the past. By drawing on existing partnerships and systems, Advans was able to design and launch the programme in just a few weeks.



06

Emerging lessons

1. Digital platforms are key tools for collecting data and connecting with customers during a crisis.

During a crisis, companies need to act very quickly. They have to take decisions, communicate these decisions to staff and clients, get feedback, adjust, train staff, and roll out solutions in a very short timeframe. Digital platforms used by Advans and AB Bank Zambia were thus key crisis management tools which enabled customers to be reached at scale, enabled remote working and training, drove efficiencies and facilitated decision-making by centralising information. **This experience suggests that in a crisis, MFIs should leverage digital platforms to gather data and facilitate rapid decision making.**

2. Simplicity in crisis management enhances to speed and efficiency.

The scale of the response that was required, and the need to execute this at speed meant that complication needed to be minimised. Advans achieved this by using ready-to-use, easily adjustable platforms, building on previous experience and existing partnerships, and using a simple system to categorise their clients into one of four categories, each with an associated revised product offering and process of implementation. **Crisis responses should therefore aim for simple processes that leverage existing experience, tools and partnerships rather than build more complicated solutions from scratch.**



In a crisis, MFIs should leverage digital platforms to gather data and facilitate rapid decision making.

3. Third party surveys add valuable context and customer insights that companies cannot always collect themselves.

The use of customer surveys as a tool to collect data on how clients were being affected provided context which was not captured during day-to-day business operations, and allowed both Advans and the AccessHolding Group to calibrate their response and confirm their internal assessments of the situation. However the fast changing nature of the pandemic did mean that data was always slightly out of date. Relying on a third-party provider was key in enabling Advans to successfully collect sensitive information on household stresses and coping strategies, and ensured that AB Microfinance Bank Nigeria and AB Bank Zambia obtained objective information which allowed them to ensure their products took the needs of women into account. **Using surveys to monitor the impact of crises on customers is therefore an important tool in deploying appropriate solutions.**

4. Responsive systems contribute to resilience.

Having platforms which allow for rapid client engagement enables institutions like Advans to respond to both future waves of COVID-19 as well as other crises – for example in cases of political instability or natural disasters, a similar process of rapid engagement and response can be undertaken. **Consideration should be given to deploying this kind of customer engagement capability in MFIs as a resilience building measure, even when a crisis is not being experienced.**

5. The speed of CDC and other funder support was critical.

Almost all businesses supported by CDC Plus under the BRF have referenced the fact that flexible and rapid support from donors and investors was critical in assisting them to respond to the crisis in the way that they did. **DFIs should therefore aim to respond quickly in a crisis to enable investees to rapidly adopt processes and product offerings.**



Using surveys to monitor the impact of crises on customers is an important tool in deploying appropriate solutions.

About CDC Plus

In 2018, CDC established CDC Plus as our technical assistance and support facility. CDC Plus aims to make a lasting difference to the lives of under-served groups by increasing economic opportunity, improving standards of living and creating a more sustainable environment. Using our experience as an investor in emerging markets, we identify and create opportunities that are beyond the scope of returnable capital.

Triple Line

Triple Line is a consultancy that works with governments, financial institutions, the private sector, foundations and civil society to deliver an expanding portfolio of development assistance in countries across Africa, Asia, and the rest of the world. As captured in our name, we focus on the triple imperatives of inclusive economic growth, social development and environmental protection, which taken together enable us to deliver results that work for people and the planet.

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