

A customer-centric response to the COVID-19 pandemic: Social Performance Management in Practice Examples from the field

Phase 1: Support your customers and staff

“If you’re a CEO, taking care of people also means taking care of your employees and customers. This crisis brings into sharp relief that it is the efforts of employees and the loyalty of customers that will see a company through these extraordinary times. The job of the CEO, simply, is to do everything possible to make sure they’re taken care of.” ([Bain & Consulting CEO Action Plan](#))

1. Supporting your clients

Mission-based principles

As a client focused organization, here are some key principles that you might find useful to guide your response to the COVID-19 pandemic. In [ACCION’s guidance to FSP’s during COVID-19](#), they remind us to be mindful of the four points:

- **Mission-driven foundation of response.** Your response should embody your mission and demonstrate your commitment to the well-being of your clients.
- **Populations served are uniquely vulnerable:** Your clients are less likely to have access to quality, affordable healthcare and paid leave for sick family member. Their livelihoods are particularly vulnerable to the impact of Covid-19 and they are less likely to have adequate savings or insurance to weather the shock.
- **From understanding comes action:** Your institution needs to understand the detailed realities for each segment within your clientele to be able to respond to their unique needs and challenges.
- **Take a long term view:** FSPs need to maintain relationships with their clients so as to be able to support them through this crisis, build loyalty, and retain them once the crisis is passed.

Martin Burt of [Fundación Paraguaya](#) also reminds us to remember our missions in the following statement, “I really hope that the microfinance industry puts every chip on the table and says that we are in this boat together. We can’t be more worried about the equity in our portfolio and the health of our investors than the health of our clients. Let’s show the world who we really are, and why we got involved in microfinance in the first place. We’re gonna leave our skin on the barbed wire, but that’s why we came.”

Use your relationships with clients to provide them with trusted advice and information

Communication with clients is very important to provide them with information, understand their situation, and maintain your institution’s relationship to ease the transition once the crisis ends.

- Empower staff with timely and accurate information and use them to communicate regularly with clients to act as a trusted source of information about the virus and educate them on how to stay safe.

- Warn clients about scams and hoax messages - especially with regard to increasing use of digital channels explain what they should look for. [Additional guidance being developed by SPTF [related to cybersecurity and fraud](#) - coming soon]
- Establish a help desk/hotline for clients and promote all available communication channels that comply with social distancing.
- Stay connected to clients via phone and SMS on a daily basis.
- Modify collections protocols and staff incentive structures so as to encourage sensitivity to clients' changed situations and avoid aggressive or irresponsible behavior on the part of staff.

Haiti: Before Haiti had a single confirmed case, Fonkoze created the country's first Creole-language training on kowonaviris. This swift response allowed employees to forestall rumors and panic and spread accurate health information to the MFI's 50,000+ clients. They note that client education can change the course of the virus on the island because clients often trust Fonkoze over other news sources.

Bangladesh: Using digital and social media platforms to raise awareness, BRAC released relevant content on proper handwashing, respiratory hygiene and social distancing which is being regularly promoted through [BRAC's Facebook page](#) and [blog](#)

Coronavirus-Related Phishing— A variety of phishing campaigns are taking advantage of the heightened focus on COVID-19 to distribute malware, steal credentials, and scam users out of money.

Restructure your operations to protect your clients

Identify the risks that your traditional ways of working may pose to your clients and restructure to reduce these.

- Switch to non-branch channels to offer services
- Support clients to use mobile money as much as possible to avoid using physical cash. This will look different in different markets:
 - If your economy is still open, try to transition people to mobile wallets or other channels that permit digital transactions *before* it closes down;
 - If the economy is already closed, try to scale up any existing digital channels or pilots that can allow clients to use digital transactions now; and
 - Document what would be the ideal solutions for your clients now and make plans to implement them after the crisis is over, to be better prepared for next time.
- For group lending, leverage group leaders for communication and to facilitate transactions while minimizing need for in-person meetings with large numbers of clients.

Lessons from China: China had several factors that permitted business continuity. Digital payment and e-commerce platforms like WeChat Pay and Alipay are widely adopted, reducing the need for cash. With good infrastructure in place, including electricity, telecommunications networks, and internet access, many employees were already equipped to work remotely and receive paychecks via digital transfers.

During the national lockdown, loan officers were unable to visit clients, and clients were unable to visit banks. Mobile communications and digital payment options were critical. Educating customers about digital payment platforms reduces dependence on cash. CD Finance relied on their existing digital platform to manage payments. Based on previous loan history and credit assessments, they were able to make quick determinations on whether or not to offer credit and loan extensions to existing clients through this digital channel.

Kenya: Safaricom and other mobile money providers are [waving fees and raising limits on mobile money transactions](#), which is a prudent measure given the requirements of social distancing and also because it removes cash as a medium for transporting the virus.

Collect regular information to understand the situation and needs of clients, especially the most vulnerable

While it is clear that the impact of COVID will be devastating for many, not everyone will be affected in the same way. It is important to understand the specifics of who is affected and how, and in what way these affects will change over time, so that appropriate action can be taken. The socially motivated FSP should:

- Understand what is happening with your clients, using simple standardized surveys administered by field staff or call center staff working remotely from their homes. Gather information about what clients will need to restart their businesses after the end of lockdown.
- Segment your clients and understand the differences between the segments. Profile markets/clients by economic activity, capacity to repay, and those who need funding now versus later.
- Analyze the client level data collected to understand who is affected most and in what ways, and what policies or factors are impacting them most.
- Make strategic and operational decisions about how to navigate the crisis based on this client level data.
- Repeat this client level data gathering regularly during the crisis to understand how the situation of the clients is changing e.g. once every two weeks.
- Link to national microfinance networks, international aid organizations, national governmental offices to provide policy makers with actionable insights based on client feedback, which can be used to identify where policies can reduce the impact of the crisis and improve outcomes for people in informal markets.

SPTF and 60 Decibels are developing a COVID-19 client survey collection tool for FSPs - coming soon

This survey will help you to understand the situation of different client segments and to be able to respond appropriately. It will support organisations to identify the following:

- Who is struggling and requires relief;
- Who has sufficient income to survive (eg. receiving remittances) but may require access to financial services;
- Who has a continuing livelihood that will require on-going access to credit;
- What policy or regulation changes could FSPs promote to help clients.

Take actions to avoid hardship and respond to opportunities

To treat clients responsibly it is important that providers respond in a way that helps relieve the hardship created by the lockdown and does not create additional risk through unsustainable lending for consumption. People will continue to shop for food and essentials. Depending on the severity of the lock-down, economic activity may be more or less affected. Some of it may go underground. The question then is who is affected more or less, and where may there be opportunities for financial service providers to provide support. It is important to evaluate the situation by sector and develop segment-specific response plans.

For vulnerable clients:

- Freeze loan payments and interest accrual for the duration of the lockdown and maybe some time after economic activity resumes.
- Communicate to clients the need to focus on maintaining their safety and allow them to do this by relieving debt pressure.
- Enable easy access to savings.
- Act as a channel for relief: provide information to governmental or international aid programs on which clients are most vulnerable; if possible help facilitate receipt of government subsidies.

Fundación Paraguaya is:

- Distributing seeds so that in 1-2 months, clients will have self-sustaining gardens with beans, cassava, and tomatoes.
- Assembling lists of all self-employed clients by location to make sure they have access to the government programs that are providing aid to the self-employed.

For clients still operating enterprises/or those with continuing livelihoods

- Restructure loans if necessary
- Consider late payment fee waivers
- Provide information/business advice (e.g. around sourcing produce, marketing, government support, regulations etc)
- Provide emergency capital for those who can take advantage of opportunities (consider what interest rate is appropriate)
- Allow for easy access to savings
- Promote mutual aid for those who are not affected to support others (e.g. offer employment)
- Help clients get produce to market, which helps both smallholder producers and those in cities with food security

Lessons from China: Due to dramatically reduced cash flow during and after the lockdown, overdue loan payments increased greatly. Grassland learned in an impact assessment conducted with support from ACCION that the crisis hit certain sectors harder than others and required a differentiated strategy for each segment. Depending on the sector and market, **Grassland Finance** prolonged the payment period, granted additional loans, or deferred loan repayments.

The agricultural sector faced unique challenges during the lockdown, which occurred during the planting season. Farmers faced challenges in securing the agricultural inputs they needed, like

fertilizers. **CD Finance** was able to disburse \$5 million USD in loans for farmers to buy fertilizers through a partnership with an agricultural inputs company.

Plan for re-capitalization:

- Explore terms of future loans to avoid unmanageable debt burdens
- Talk to investors and others to ensure capital is in place when needed
- Plan additional staff capacity to be able to rapidly distribute capital to where it is needed
- Plan business support/advice and communications to keep clients up to date given the fast changing context and how this impacts on their livelihoods.

Responsible operational restructuring – balancing social and financial performance

The best way to take care of revenues now is to focus on their ultimate source. Do what’s needed now to build trust and loyalty with your customers, and that loyalty will survive beyond this crisis.

Remember, there will be a beyond. Some ways to provide relief now while building trust and good will include:

- Ensuring that continuing collections and/or interest accruals do not contribute to over-indebtedness of vulnerable clients.
- Avoiding being over cautious with lending during the crisis (e.g. Only focusing on best clients or avoiding certain sectors), to ensure that all clients that have opportunities to continue their enterprises have access to credit and support.
- Ensuring that re-capitalization loans are structured in a way that does not add to existing debt in an unsustainable way (e.g. restructuring existing loans so that do not have to be repaid immediately).
- Balancing the need for expense reduction with the livelihoods of staff and the need to be able to start lending again quickly when the crisis ends.

Share your knowledge about your clients to support the actions of others

Investor requirements and regulations can affect the ability of FSPs to respond to the COVID-19 crisis. It is important that providers engage to present the information they have gathered, explain their planned responses and how these are affected by the policies or actions of investors and regulators.

Data about local economic activity, particularly with cross country comparisons, can be used to identify where policies can reduce the impact and improve outcomes for people in informal markets.

- Some MFIs are having difficulty paying staff and are a few weeks away from layoffs. Do they defer client’s payments or pay their staff? Is the goal to survive after the crisis or keep PAR low now? There is a need to involve investors, DFIs, and regulators in these discussions
- MFIs need to have their payments deferred before they can defer their borrowers’ repayments.
- Link to networks or other channels to provide policy makers with actionable insights based on client feedback

Kenya: Loan restructuring and extending suspension of transaction fees on mobile money transactions

Philippines: CARD is advocating for the government to extend financial and non-financial support to the industry as liquidity will be a real concern.

South Africa: SEF is conducting weekly client surveys which look in detail at the impacts on clients with detailed segmentation of types of businesses/sectors. Frequent data means that it is possible to get a good picture of the impact evolving. Based on this data, SEF is being asked to provide policy input to Department of Small Business eg. recent change in regulations for the 500,000 informal 'spaza' shops and informal traders (serving 70% of the population) that could help these people to continue trading. In this way, SEF employees are maintaining individual customer relationships while advocating for their future.

2. Supporting your staff

Responsibility towards staff is critical during the COVID crisis to protect their health, to enable your staff to support your clients, and to ensure that you have a loyal and capable team to ramp up business as quickly as possible when the crisis ends.

- Communicate: More than seems necessary, more than seems reasonable. Communicate with your team (including your board) at regular, frequent, and predictable intervals. Balance honesty and transparency around bad news with a pervasive spirit of optimism. Provide frequent communication to boost staff morale and confidence about their position (especially job security/pay/performance targets).
- Identify vulnerable staff and ensure they self-isolate.
- Set up a response structure within the organization (e.g. a crisis manager).
- Review sick leave policies/messaging for not coming to the office if sick – ensure people don't come to office because they are afraid of losing their jobs.
- Restructure working practices, for example allow working from home, setting up safe cash handling processes etc.
- Communicate information about how to reduce risk of transmission (e.g. e-learning course).
- Repurposing staff e.g. to provide information/guidance to clients.

FINCA Impact Finance is committed to what they call “over-communication”—preferring to err on the side of too much, rather than too little contact with staff. As a network with 20 subsidiaries spread across the globe, FINCA convenes weekly CEO calls for the heads of every MFI. Each subsidiary has also appointed one Crisis Manager who generates weekly reports on everything from changes in local policy to any direct illness among staff.

Microstart: Each staff member is reached every day. Teams meet on the phone each day. The team leader sets a daily objective and each team member emails the leader at the end of each day with a bullet point update on the tasks accomplished. The bullet points allow close oversight of the crisis response and will also be useful for reporting, once the crisis is over.

SPTF created a **video on how to “Treat Employees Responsibly During COVID”** in [English](#) (coming soon in French and Spanish).

And wrote lessons learned from the field in a [blog](#) [Treating Staff Responsibly During the Pandemic: Three Things to Do Today - How can we get to the other side of coronavirus with customer and employee relationships intact?](#)

