

# MicroSave Briefing Note # 5

## Assessment of the Use and Impact of MicroSave's Market Research for Microfinance Toolkit<sup>1</sup>

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Market research is at the forefront of *MicroSave's* vigorous campaign to promote a client-oriented microfinance industry. Over the past several years, *MicroSave* has developed an innovative participatory market research methodology that builds capacity within microfinance institutions (MFIs) to improve understanding of the demand side of microfinance. The methodology is supported by a 'toolkit' that consists of more than 20 participatory rapid appraisal (PRA) tools. These tools are designed to learn about customer perspectives on financial services and identify financial products and services that they want and need. Microfinance practitioners and trainers learn how to use the tools in *MicroSave's* Market Research for MicroFinance training courses. Classroom and in-field training prepares participants to use the tools to identify customer needs and preferences, and options for responding to them.

*"...The tools are a powerful instrument for MFIs that want to be market driven."*

*(Email respondent, 1/02)*

### Description of the Market Research for MicroFinance Toolkit

The Market Research for MicroFinance toolkit consists of standard PRA tools adapted to microfinance as well as original PRA tools developed by *MicroSave*. The toolkit includes:

- simple and detailed wealth ranking tools;
- seasonality, life cycle, and time series tools adapted to learn about the characteristics and financial dynamics, patterns, needs, and preferences of MFI customers; and
- several original PRA tools developed to understand the financial service use, options, and opportunities within communities, including tools for assessing the gender issues and household control of sources.

*"...Recognizing customers perceptions and considering them in product refinement has decreased the rate of dropout in all branches"*

*(Email respondent, 1/02)*

The toolkit includes guidance on using the tools in the context of focus group discussions (FGDs). It also offers

examples of analysis matrices to help organize and process information generated by each tool. A key feature of the toolkit is its dynamic and flexible nature. The tools can be changed, combined, and adapted to examine areas of specific of interest to the market researcher. Depending on the purpose, new tools can be added, while others can be adapted for different kinds of purposes. In this way, the toolkit continues to evolve as it is used to address new issues.

*MicroSave's* Market Research for MicroFinance training involves two basic courses. One course is targeted at microfinance *practitioners* who will use the tools directly in their work. Another ToT course is targeted at *trainers* who will teach others how to use the tools. The content of the training is similar in both courses with classroom training focused on the product development process, market research methodologies, qualitative market research methods and techniques, product concept and prototype development, prototype testing, pilot testing and launch. Participants then prepare an action research plan for in-field research. The 'practitioner' trainees have one day of in field training and then return to their own MFIs to implement their market research plans with one to two weeks of on-site "mentoring" by *MicroSave* staff or Certified Service Providers. The ToT course has over a week of in-field training with guidance and support from *MicroSave* mentors, after which participants return to practice the tools in their own environments backed by email support from *MicroSave*. This intense "classroom plus practice" approach characterizes all *MicroSave* training courses. It is particularly important for the Market Research for MicroFinance course.



<sup>1</sup>For more on *MicroSave's* "Market Research for Microfinance" toolkit visit the *MicroSave* website.

## **Main Findings**

**MicroSave** has an excellent staff of professionals who conduct the training and mentor MFIs on how to use the tools as part of the product development process. Their experience, hard work, enthusiasm, and ability to work effectively with MFI practitioners on the ground have been key to **MicroSave**'s accomplishments to date.

*"... The tools offer MFIs a structured way to listen to and learn from clients."*

*"...The market research process creates a bond between the clients and staff of an organization. Clients realize you are concerned about them and listening."*

*"...The biggest change resulting from the use of the tools is in attitudes towards microfinance clients. They are seen as having rights as consumers."  
(Email respondents, 1/02)*

The outreach of the **MicroSave** Market Research for MicroFinance toolkit has been impressive. The training has involved international, regional, and national MFIs, networks and support organizations working both within and outside of Africa. Aggressive marketing, promotion and the relevance of the training to current interests in the MF industry, have been key to its successful outreach.

The assessment found the tools training to be solid in both content and process. The practical field experience is invaluable and has had a direct influence on the way many institutions now carry out their activities. The training is highly rated by participants and the fact that they pay up to \$2,500 to attend the course indicates the value it is afforded by participants and their institutions.

The tools are well designed and easy to adapt to different settings and purposes. With training, users can generate information that is credible and useful for improving products and services. Given the growing interest in the microfinance industry for meeting a broader range of client financial needs, the **MicroSave** Market Research for MicroFinance toolkit is timely and in high demand.

The tools have contributed to the development of new and improved market oriented products and services. For example, one financial institution refined and repackaged their existing savings and loan products.

Another introduced money transfer services. Another is working on a strategy for providing funeral insurance. One organization used the tools to design loans and insurance packages for franchise health-service providers.

New and improved products and services can help MFIs to reduce drop out rates, attract a broader range of clients, and become more competitive. **MicroSave** market research training and tools have been important in promoting the "demand side" agenda of microfinance. Overall, the tools have been very effective in changing the thinking of MFIs and raising awareness of client needs, preferences, and opportunities.

*"...To grow, you need to listen to clients...Only MFIs that see client needs will be here in 15 years."  
(Interview with user, 2/02)*

*"...The tools help build momentum for client centered and responsive approaches within organizations."  
(Email respondent, 1/02)*

This assessment confirms the very positive value and effectiveness of **MicroSave** Market Research for MicroFinance toolkit. The PRA tools are well conceived, useful and effective; the training is excellent; and both have received extremely positive reviews by almost all users. The tools have had a significant outreach to MFIs in East Africa and beyond. They have had positive impacts on MFI thinking about and approach to clients and market research. They are unique in the microfinance field and have brought many MFIs to a point where they "can't go back" to their old supply led ways. This has led to the development of a wide range of new and improved products and services that have improved the competitive position of many MFIs. **The change in approach is profound.**

*"...The tools made research so easy, so interactive. They offer many ways of interacting with clients."*

*"...Customers are proud of the new changes. They feel they own them since they were involved in their development. Customers are now advocating for the organization as they feel they own the products."  
(Interviews with users, 2/02)*

This Briefing Note was developed on the basis of the **MicroSave** publication "[Assessment of the Use and Impact of \*\*MicroSave\*\*'s Market Research for Microfinance Toolkit](#)." This paper is available on **MicroSave**'s website: [www.MicroSave.net](http://www.MicroSave.net) under the Market Research for Microfinance section.