

# smart notes



## Putting the Principles into Practice

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Tameer Bank, Pakistan employs a unique approach to the complaints handling process by using preemptive, outbound calls to clients, made routinely from Tameer's own in-house call center, the Tameer Customer Service Unit.



The Smart Campaign's Client Protection Principle, Mechanisms for Complaints Resolution states that institutions should:

- have a formal, systematic mechanism for receiving client complaints;
- respond to client complaints in a timely manner
- use information from those interactions to improve operations.

Tameer's approach to complaint resolution can serve as an "excellent practice" example of these items. Tameer staff member Murium Hadi discussed the institution's complaint mechanism with Zahra Khalid of the Pakistan Microfinance Network (PMN), revealing several valuable lessons from the field.

## Responding to Client Complaints at Tameer Bank, Pakistan

**Pakistan Microfinance Network (PMN):** Thank you for giving us the opportunity to learn from Tameer's experience as one of the first Pakistani microfinance institutions to create a call center. What prompted Tameer to do this?

**Tameer Bank:** In 2007, just two years after its inception, Tameer faced the problem of severe client delinquency. The crisis led to a comprehensive review of credit policies and lending procedures. As part of this effort, Tameer realized the importance of exploring an alternative channel to customers, apart from the link already in existence through its loan officers. The idea was to build stronger relationships and deeper understanding of client needs.

In line with these two goals, Tameer established a call center – the Customer Services Unit (CSU) – that would:

1. Allow Tameer to formally monitor and address client complaints
2. Allow Tameer to verify client data before disbursing loans.

**PMN: How does Tameer use the Customer Service Unit (CSU) to monitor client complaints?**

**Tameer Bank:** The CSU accepts incoming client complaints with a universal access number (UAN) and dedicated staff to monitor complaints and gather feedback on client satisfaction levels.

When the CSU receives a call, a CSU staff logs the details in a complaint tracking database. If the inquiry or complaint is simple, it is resolved immediately, over the phone. For other complaints, the CSU staff initiates an investigation of the complaint by contacting the relevant branch office or bank department. For example, if a client complains about incorrect interest charges, the CSU staff sends the complaint information to the branch where the loan was processed, with a request that the branch follow up with the client and resolve the problem.



In the majority of cases, the bank contacts the client within 24 hours of the initial complaint. If Tameer needs to investigate further, we contact the client to inform her of the process and the expected date that we will provide a response. A complaint that requires investigation is passed to the next highest level of authority, until it can be resolved.

The process of receiving complaints allows us to address individual problems and identify trends such as breakdowns in customer service or poorly trained staff.

**PMN: How many complaints does Tameer record on a monthly basis?**

**Tameer Bank:** As of early 2012, we are receiving an average of four to five complaints per month. We actually receive more questions than complaints. We typically get questions about interest rates, monthly repayment amounts, and other credit terms. Sometimes we get simple questions like how to find the nearest branch office. We think that questions are just as important as complaints because they give us the opportunity to ensure that clients are well informed and understand their products.

**PMN: You mentioned that Tameer uses a system of outbound calls as a way to validate the information collected on credit applicants. What type of information is gathered on potential/existing clients through these calls?**

**Tameer Bank:** CSU staff call all unsecured loan clients (around 3,400 customers per month) as part of pre-disbursement verification process. They check whether or not the client's data in our system is correct. If there is an error, the relevant department is contacted and the data are corrected. This call is required before the loan can be disbursed. In addition to using the calls to verify and correct client information, we also take the opportunity to answer any questions the client may have about their product, and to emphasize the importance of on-time repayment.

While these calls serve the bank's purpose of validating and correcting client data, they also function as a welcome to our clients. We ensure they understand that we are here to serve them, and that they can call us any time they have a question or complaint. We think this is an important part of building client loyalty and a culture of service at the bank.

**Tameer Bank:** The CSU office produces analytical reports highlighting potential risk scenarios, such as fraud on the part of staff. Client complaints provide clues into fraud, inappropriate behavior and other problems that will negatively impact our loan portfolio. The CSU also identifies potential clients that may have repayment problems related to unwillingness or inability to repay. The calls identify instances of inappropriate loan size, multiple borrowing, and other repayment capacity issues, thereby preventing over-indebtedness among clients. These functions help us to make better loans, and ensure that staff are managing loans effectively.

The CSU also places calls to clients when their loan payments are due. Clients receive an automated text message to their cell phones informing them that they need to go to their branch and deposit their repayment that day.

Similarly, Tameer also uses the CSU to contact delinquent clients. A client in arrears receives a call from the bank reminding her that her loan is overdue and stating how this will impact her credit history with the bank. The bank also takes advantage of this call to ask clients about the reasons for delayed payments. In this way, the CSU has been able to reduce problems such as branch negligence or mistakes in client credit records, and to improve the credit process. Since installing the system of calling delinquent clients the delinquency ratio has fallen by almost 50 percent.

**PMN: How much has Tameer invested in terms of time and resources to establish the CSU?**

**Tameer Bank:** The idea of the CSU was conceived and implemented within a month. However, it took about a year, and an initial investment of approximately PKR 1 million (USD 12,500) before the CSU was running smoothly, with well-established procedures. In 2007, four university graduates were hired and trained on the job, and now there are 13 staff operating the CSU. They use relatively simple technology—for outbound calls they use cell phones, and they accept inbound calls on Tameer's UAN with an automatic call distributor facility which directs the calls to the most appropriate staff.

**PMN: How have the clients benefitted from having this open line of communication directly with the bank?**

**Tameer Bank:** Clients need a way to communicate with the bank, other than loan officers. We believe that all customers must feel that they have a relationship with the bank as an institution, so that they can appeal to someone other than their loan officer if they need to. We find that this call center mechanism helps clients feel that they have a voice at the bank.

**PMN: Do you have any advice for other institutions that are considering establishing a call center?**

**Tameer Bank:** Clients are the most effective ambassadors of the organization. That's why financial institutions should remember that clients make judgments about an organization based not only on their experience of its products, but also its service and its people. Prompt resolution of complaints and questions is an important part of ensuring that the client has a good experience with the institution. It is also important for staff to understand that they need to accept responsibility for their mistakes and that the institution will monitor their behavior.

Financial institutions should also take into consideration the financial benefits of investing in a call center. Call centers can be used not only for customer satisfaction, but also for cross selling products. Furthermore, a call center can reduce operating costs by routing common customer complaints and inquiries away from busy branch offices and toward a small, specialized team of staff who can provide answers. In short, it is important to look not only at the costs of establishing such a mechanism, but also at the longer term cost savings that it can generate.

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This interview on behalf of the Smart Campaign was performed by Zahra Khalid from the Pakistan Microfinance Network, one of the Smart Campaign's network partners. Murium Hadi, Project Manager at Tameer Bank provided the interview responses.



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