

Request for Proposal (RFP)

Study on Customer Grievance Redressal Mechanisms within NBFC-MFI industry

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1. Introduction

Microfinance Institutions Network (MFIN) is the Self-Regulatory Organization (SRO) for the NBFC-MFI sector recognized by the Reserve Bank of India (RBI). Under its SRO mandate, MFIN's endeavour is to support and ensure that its member NBFC-MFIs conform to highest standards of compliances with respect to RBI regulations, Industry Code of Conduct (CoC) and other directives issued by the SRO from time to time.

Currently 47 MFIN member NBFC-MFIs, provide micro-credit to over 2 Cr low-income women customers with a total outstanding of Rs 37,000 Cr. Delivery of micro-credit is channelled in a highly disaggregated model consisting of 10,000 branches and 65,000 loan officers in more than 500 districts across 30 states/UTs.

Given their educational-social-economic background, customers of the NBFC-MFIs are quite susceptible to being misinformed, swayed and exploited in the process. And, therefore, an independent system linking customer to the management of the NBFC-MFI is essential to ensure that their voice is heard, and their interests are protected.

In this context, Customer Grievance Redressal Mechanism (CGRM) has emerged as an important tool for the NBFC-MFIs to make a stronger connect their customer to address their queries, concerns and complaints and also get insights about their needs, requirements and expectations from the NBFC-MFI. This among other things helps the NBFC-MFI to improve their processes, services and internal controls.

CGRM has been recognized by the RBI and the SRO integral to customer satisfaction and protection¹. And over the years, NBFC-MFIs have put-in efforts to set-up CGRMs and improvise them.

Building and learning from the experience of member NBFC-MFIs, MFIN in 2015 developed a '3-level Progressive Framework' on the CGRM that has nine broad parameters and 17 indicators. This framework provides an assessment tool to NBFC-MFIs to assess their CGRM across a three-tier structure and guide them to gradually move to the highest level based on their capacity and resources. At that time, 40-member NBFC-MFIs were graded across three-tiers and good practices were captured in a study report shared with the members.

In order to capture the changes and new developments in CGRM framework of NBFC-MFIs in last couple of years, MFIN-plans to conduct another review study.

2. Objective

Objective of the study is to

- Arrive at updated 'three-level CGRM progressive Framework' which can serve as a standard industry tool to grade CGRM framework of NBFC-MFIs
- Assess NBFC-MFIs using this framework to understand industry position vis a vis CGRM framework
- Suggest standards for categorization of customer calls (queries, service requests, complaints, bucketing of complaints) and Turnaround Time (TATs) as should be applicable in different complaint scenarios

¹ All related clauses are given in Annex

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- Capture good practices, short comings, challenges, gaps
- Suggest actions (for NBFC-MFIs and MFIN) for improvements

3. Scope of the work

Scope of the study is to:

- Review and update the existing “Three Level Progressive framework²”
- Grade participating NBFC-MFIs on updated “Three Level Progressive framework” through on-line survey
- Capture the current CGRM framework followed by NBFC-MFIs through an on-line survey complemented through field visits/phone calls to get a nuanced perspective and feedback on various aspects of GRM³
- Prepare a study report, capturing
 - a. An updated three-level progressive CGRM framework
 - b. Industry position based on three-level progressive CGRM framework
 - c. Good practices, challenges, shortcomings/gaps
 - d. Suggestion for actions (for NBFC-MFIs and MFIN) to improve further

Study expected to gather feedback from 40-45 NBFC-MFIs. Based on interest, survey could be opened to SFBs and Banks if required (tbc).

4. Timelines

The project will be in three phases:

Phase	Activity	Timeline
I	Review of existing framework for updated version	2 weeks
II	Conduct on-line survey/face to face or on-line interactions	4 weeks
III	Prepare the study report and grading report for individual NBFC-MFI	2 weeks

5. Proposal

5.1 All interested vendors will submit the bid in two parts:

- a. Technical Bid: The technical bid should include proposed methodology, approach and outcome of the study. Previous experience in the related work area and brief CV of the key personnel proposed to be associated with this assignment should be attached.
- b. Commercial Bid: The commercial should include a detailed break-up of different components including personnel costs, person days, travels/logistics, administrative expenses etc.

It may be noted that Commercial Bids will be evaluated only after technical qualification.

6. Submission

Please send in your Bids to sheetalprasad@mfinindia.org and sankalptripathi@mfinindia.org by 23rd Jan 2017 mentioning “Proposal for study on CGRM framework of NBFC-MFI” in the subject line.

² Existing framework will be shared with the selected agency

³ This process will be facilitated directly by the MFIN by coordinating with member NBFC-MFIs

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MFIN will evaluate all the proposals. We may contact vendors in case of clarifications, if required. The short-listed companies may be required to make a presentation at MFIN's office in Gurgaon.

7. Annex

The Industry Code of Conduct has emphasised on the GRM framework to be adhered to by the NBFC-MFIs. It contains clauses on the following:

- Providing formal and informal channels to the clients for feedback and suggestions.
- To consistently assess the impact of services in order to enhance competencies and serve clients better.
- To provide a formal and easy access on grievance redress mechanism to clients.
- To establish dedicated feedback and grievance redressal mechanisms to correct any error and handle/receive complaints speedily and efficiently.
- MFIs must inform clients about the existence and purpose of these mechanisms and how to access them.
- MFIs must designate at least one grievance redressal official to handle complaints and/or note any suggestions from the clients and make his/ her contact numbers easily accessible to clients.

The minimum standards required of the GRM as mentioned in the COC are as below:

- An easy procedure for recording a complaint over phone - with details of phone numbers printed on loan cards,
- A staff assisted procedure at the branch for recording complaints/ grievances,
- Acknowledgement for receipt of the complaint
- A time limit for resolution of the complaint,
- A clear appeal procedure in case where customer is not satisfied with the solutions offered by the MFI,
- Nodal staff in the branch to guide customers to lodge grievance with RBI or SRO,
- Assurance to customers that they will be treated fairly despite the complaint/grievance being lodged.

Following clauses have been mentioned in the Fair Practices Code for NBFC-MFIs by the RBI:

- The Board of Directors of NBFCs should also lay down the appropriate grievance redressal mechanism within the organization. The Board of Directors should also provide for periodical review of the compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of management.
- At the operational level, all NBFCs have to display the following information prominently, for the benefit of their customers, at their branches / places where business is transacted:
 - a) the name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company.
 - (b) If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI (complete contact details), under whose jurisdiction the registered office of the NBFC falls.
- In short, the public notice should serve the purpose of highlighting to the customers, the grievance redressal mechanism followed by the company, together with details of the grievance redressal officer and of the Regional Office of the RBI.
- The loan card should prominently mention the grievance redressal system set up by the MFI and also the name and contact number of the nodal officer.