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Unpacking user-centricity of the MFIN Customer Redress Mechanism (MFIN-CGRM)

Findings and recommendations

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EXECUTIVE SUMMARY

MFIN India and Dvara Research partner to gather insights on users' experience of navigating the MFIN-Customer Grievance Redress Mechanism (MFIN-CGRM). The study deploys mixed methods — a primary survey of over 300 users, stakeholder interviews and desk research to understand the user-centricity of the MFIN-CGRM. The concept of user-centricity is anchored in nine attributes of *Accessibility, Seamlessness, Proactive Communication, Cost-effectiveness and Timeliness, Personal Data Protection, Objectivity, Independence in the Operation of the GRM, Accountability of the GRM and Capacity Building*. These attributes together comprise Dvara Research's framework for designing user-centric grievance redress mechanisms.

The study finds that the MFIN-CGRM demonstrates an incisive understanding of the lived context of its user base. This is manifest in the simple, costless, multilingual, toll-free phone-based channels to access the CGRM. The registration process appears simple, without undue procedural complications or the tendency to collect excessive data and accepts complaints regardless of how old they might be. Most users report being able to register complaints in one attempt and few hesitate in airing grievances on account of a backlash for doing so. Where users are unaware of the procedure, the MFIN-CGRM expends a sizeable effort in familiarising users with it. It also maintains provisions to fast-track critical complaints. Further, when grievances against a particular provider surge, the CGRM escalates the matter to the Enforcement Committee which may take disciplinary actions against the provider. These disciplinary actions are also reported to the RBI, over and above the quarterly reports that the MFIN-CGRM furnishes with the RBI. In addition to reporting to the RBI, the MFIN-CGRM also publishes annual reports in the public domain which share metadata on the trend of grievances and policy takeaways that surface from their analysis.

To further bolster user-centricity, the MFIN-CGRM may consider focussing on five key aspects.

First, there appears to be a gender gap in the access to the CGRM. Even when most MFI customers are women, most callers are male. This merits further investigation. Second, there is scope to complement the toll-free phone-based CGRM with instant message-based channels such as WhatsApp. These channels are now embedded in the daily lives of users and receive high engagement from them. They can also double up as channels to disseminate information to the users and elicit feedback from them. Third, contingent on the call volumes rising in the future, the MFIN-CGRM may consider adopting technology that would enable it to direct callers to relevant venues of grievance redress. When callers need to be redirected to the provider MFI GRM, MFIN may consider being able to transfer them directly or even auto-escalate the complaint to the RBI-IO on behalf of the user. Developments in ODR have led to availability of softwares that offer these functionalities and substantially reduce the burden on the user. Fourth, the MFIN-CGRM can better serve users by proactively, voluntarily, and timely communicating with them. Currently, all communication barring post-resolution verification calls, is initiated by the user. The instant message-based service over SMS or internet-enabled providers can prove to be effective in this regard. Finally, MFIN-CGRM may consider communicating its data protection policies more actively with the user and plug gaps in data protection practices. These recommendations are discussed in considerable detail in this brief. Overall, judicious use of technology and social media can enhance the user-centricity of the MFIN-CGRM.

1. Introduction

In the Indian context, a Self-Regulatory Organisation (SRO) is defined as, “a non-governmental organisation that sets and enforces rules and standards relating to the conduct of entities in the industry (members) with the aim of protecting the user and promoting ethics, equality, and professionalism. SROs typically collaborate with all stakeholders in framing rules and regulations” (Reserve Bank of India, 2020). To qualify as an SRO in the microfinance industry, an industry body must discharge a pre-defined set of roles and responsibilities as set out by the Reserve Bank of India (hereafter, the **RBI**). One crucial function is, “having a grievance and dispute redressal mechanism for the clients of NBFC-MFIs” (Reserve Bank of India, 2013).

Consequently, the SRO Division at Microfinance Institutions Network (hereafter, **MFIN**), one of India’s SROs for microfinance¹ institutions (MFIs)², partnered with Dvara Research to appreciate the users’ experience of navigating MFIN’s Customer Grievance Redress Mechanism (hereafter, **MFIN-CGRM**) with a view to further enhance its effectiveness for the users. This study reports on the users’ experience and proposes recommendations for further bolstering the user-centricity of the MFIN-CGRM.

2. Research Methodology

2.1. Overview: Dvara Research has created a sector-agnostic framework for designing user-centric grievance redress mechanisms. This framework is predicated on a list of nine attributes that together make grievance redress accessible to low-income, digitally distant, less literate users (collectively referred to as vulnerable users). Further, each attribute is mapped to specific, desired design features which help bring it to life. The study surveys over 300 users of the MFIN-CGRM, who are microfinance borrowers, to ascertain the presence and effectiveness of the desired design features in the design of the CGRM. This user survey was conducted by the Customer-Care Executives (CCEs) operating the MFIN-CGRM between December 2021 and April 2022. The questionnaire was designed to elicit quantitative or binary responses from the users, which were analysed through multinomial regression models. The statistical models are set out in [Annexure - 2](#), while the user questionnaire is appended in [Annexure - 1](#). In addition to interviewing users, data was also collected using semi-structured interviews with MFIN-CGRM personnel and select members of the MFIN. The names of these member entities are appended in [Annexure - 3](#). Finally, the study also deploys desk research to understand the stated design of, and objectives and protocols guiding the MFIN-CGRM. By combining the experience of both users and provider MFIs with a study of the stated design of the MFIN-CGRM, the study seeks to draw out any unintended divergence in the actual performance of the MFIN-CGRM (MFIN India, 2023).

Next, we briefly describe the framework for designing user-centric grievance redress channels and the characteristics of the sample of respondents.

¹ According to the RBI (Reserve Bank of India, 2021),

“Microfinance is a form of financial service which provides small loans and other financial services to poor and low-income households. It is an economic tool designed to promote financial inclusion which enables the poor and low-income households to come out of poverty, increase their income levels and improve overall living standards.”

² In India, microcredit is delivered through four formal channels:

- (i) Scheduled Commercial Banks (SCBs) (including small finance banks (SFBs) and regional rural banks (RRBs)) lending both directly as well as through business correspondents (BCs) and self-help groups (SHGs),
- (ii) Cooperative banks
- (iii) Non-banking financial companies (NBFCs), and
- (iv) Microfinance institutions (MFIs) registered as NBFCs (NBFC-MFI) as well as in other forms.

With 82 NBFC-MFIs operating across the country, they constitute 39.7% of the outstanding loan amount (MFIN India, 2023).

2.2. Framework for designing user-centric grievance redress mechanisms: This framework proposes nine attributes that can make GRMs accessible to vulnerable users. These principles are further distilled into a checklist of design features that serve as guardrails to help vulnerable users overcome widely-recognised barriers to accessing GRMs. This research benefits from an extensive review of literature on grievance redressal platforms both in India and globally, several guidance documents on the creation of effective and accessible grievance redressal, and Dvara Research’s work on unpacking the challenges that vulnerable users face in accessing grievance redress in financial services³ and digital public infrastructure.⁴ These principles have been summarised in *Table – 1*.

Table - 1: Summary of attributes of a user-centric grievance redress mechanism. Source: (Dvara Research, 2023) (forthcoming)

Attributes of user-centric grievance redress mechanisms	Definitions of the attributes
Accessibility	The ease with which users can approach the channel of redress
Seamlessness	Provision of a single, coordinated redress channel that does not require users to approach multiple channels to achieve efficient grievance redressal
Proactive communication	Updating users on the status of their filed complaints and providing clarity on the process of obtaining redress
Cost-effectiveness and timeliness	Time and cost-effectiveness of the redress process
Personal data protection	Standards and practices in place to protect the personal information submitted by the user
Objectivity	Ability to consistently process and resolve the complaints received by it in an equitable and unbiased manner
Independence in the operation of the GRM	Functional independence of the GRM from other organisations and departments.
Accountability of the GRM	Compliance with the set protocols and best practices for providing redress
Capacity building	Active collection of feedback from users and its analysis for regular improvement of the GRM, the ecosystem entities, and the users

Further, each of these attributes is translated into specific features needed in the design of the GRM, to operationalise the attribute. For instance, one of the design features arising from the attribute of accessibility is for the GRM to ensure that information about the availability of the GRM is disseminated to users in several formats. Similarly, the attribute of seamlessness requires that users should be required to access only one, unified GRM channel, regardless of their geographical location or complaint type. Overall, this framework comprises 58 design features, articulated in a checklist

³ Chivukula, C. (2021, February 18). *Consumer Grievance Redress in Financial Disputes in India*. Retrieved from Dvara Research: <https://www.dvara.com/research/blog/2021/02/18/consumer-grievance-redress-in-financial-disputes-in-india/>

⁴ Narayan, A., Narang, L., Gupta, A., Chugh, B., & Ghosh, I. (2023, March 06). *State of Open Digital Ecosystems for Social Protection (SP-ODEs) in India*. Retrieved from Dvara Research: <https://www.dvara.com/research/blog/2023/03/06/state-of-open-digital-ecosystems-for-social-protection-sp-odes-in-india/>

format. Going through the checklist allows for identifying gaps in the user-centricity of grievance redress channels.⁵

User interviews: In order to detect the presence (or absence) of the desirable design features, the study deploys a primary study with over 300 respondents who are callers of the MFIN-CGRM, to understand their lived experience. This sample of callers comprises an equal proportion of live and verification callers.⁶ This diversity in the sample allows us to combine and contrast the experience of both current and past users of the CGRM. Live callers have greater recall of the ease of accessing the CGRM, the number of times they have had to follow up etc., while the verification callers are better able to reflect on their resolution and comment on their levels of satisfaction (or otherwise) with it. **Table - 2** provides the demographic details of the respondents of the survey.

Table – 2: Demographic specifications of the survey sample

	Live Callers	Verification Callers
Sample size	151	150
Number of Indian states	15	15
Location of callers	64.9% callers from rural areas 21.85% callers from semi-urban areas 13.24% callers from urban areas	66.67% callers from rural areas 20% callers from semi-urban areas 13.33% of callers from urban areas
Gender of callers	41.06% female callers 58.94% male callers	32% female callers 68% male callers
Primary occupation of callers	Services, Agriculture	Trading/Business, Agriculture
Median age interval	26-40 years old	26-40 years old
Number of microfinance (MF) loans	19.21% callers with one prior MF loan 24.5% callers with two prior MF loans 21.19% callers with three prior MF loans 35.1% callers with more than three prior MF loans	14.67% callers with one prior MF loan 20.67% callers with two prior MF loans 19.34% callers with three prior MF loans 45.34% callers with more than three prior MF loans

Further, using the respondents’ demographic information such as the state from which they were calling, gender, location of household and number of prior microfinance (MF) loans as explanatory variables, a multinomial logistic regression analysis was conducted to predict the outcomes related to a typical user’s experience with the MFIN-CGRM. The outcomes of interest include the impact of explanatory variables on the modes of finding out about the MFIN-CGRM, users’ awareness of alternate points of contact, any hesitation reported when approaching the MFIN-CGRM and the average time taken for the resolution of complaints. Detailed multinomial logistic regression models are presented in [Annexure - 2](#).

⁵ The attributes identified as part of this assessment framework will be applicable for GRMs for public and private organisations. The operational questions that are part of each criterion may be customised for the context.

⁶ **Live callers** refer to those users who are calling MFIN-CGRM toll-free number to either register a complaint, or to follow-up on an earlier registered complaint. **Verification callers** refer to those users whose complaints have been resolved by the concerned MFI, and representatives of the MFIN-CGRM are contacting them to verify whether they are satisfied with the resolution.

The questionnaire used in the study is designed to detect the presence of the desired features as set out in the framework. It was translated into 11 languages (Hindi, Odia, Bengali, Marathi, Punjabi, Assamese, Gujarati, Malayalam, Kannada, Telugu, and Tamil), enabling us to gauge responses from varied geographical locations. This questionnaire is attached in [Annexure - 1](#).

As discussed earlier, the user-side interviews were complemented with semi-structured interviews of MFIN personnel and member NBFC-MFIs to garner a rounded understanding of the workings of the MFIN-CGRM. [Annexure - 3](#) sets out the list of provider MFIs that participated in the study.

Next, we briefly describe the MFIN-CGRM.

3. MFIN and the MFIN-CGRM

In 2014, MFIN was recognised as the first SRO for NBFC-MFIs. As of March 2023, the microfinance ecosystem comprised of 211 entities with a gross loan portfolio of INR 3.48 lakh crores across 6.6 crore unique borrowers. (MFIN India, 2022). MFIN has a total of 101 members as of June 2023 (MFIN India, n.a.). The primary members of MFIN disbursed loan amounts of INR 3.1 crores in the last financial year (information as updated on March 2023) (MFIN India, n.a.). MFIN recognises its principal role is to ensure its members institute policies, processes, and systems adhering to the regulatory and industry standards. It also emphasises high ethical standards among member entities and aids member entities in achieving regulatory compliance.

In fulfilment of its user protection mandate, MFIN performs four core functions, i.e., (i) framing rules and standards for its members, (ii) building capacity for the industry, (iii) monitoring members' compliance with industry standards, and (iv) operating a user grievance redressal mechanism.

3.1. A brief explanation of the working of the MFIN-CGRM

The MFIN-CGRM functions via a toll-free helpline number, available in 12 regional languages. Users are routed to a CCE based on their language preference. They can also approach regional coordinators of MFIN when they are on-ground. However, these field visits occur annually or semi-annually, usually triggered by topical developments (e.g., when loan moratoriums were offered to users in India during the COVID-19 lockdowns). Further, it appears that the MFIN-CGRM receives three kinds of calls:

- a. *Queries*, i.e., calls seeking information about products or services users may have already availed of or more broadly about the suite of financial services on offer to them.
- b. *Service requests*, i.e., calls made by existing users to request services related to a product or service they use, such as requests for the re-issuing of lost loan cards. In the case of queries and service requests, callers are redirected to the relevant NBFC-MFI.
- c. *Complaints*, i.e., calls made by existing or past borrowers to report a grievance about a service provided to them by a member NBFC-MFI. Protocol mandates that customers approach the MFIN-CGRM only when they have either not received a resolution from their provider, or they are dissatisfied with it. MFIN-CGRM must redirect critical complaints within 2 days and non-critical complaints within 7 days to the concerned MFI.

During 2021-22, MFIN-CGRM received a total of 89,000 calls, of which 41,000 were unique callers. It registered 1,947 complaints, and this number was 21% higher than the number of complaints received in 2019-20 (MFIN India, 2022, p. 35).

4. Gauging the user-centricity of the MFIN-CGRM: A discussion

We use the data collected from the primary survey to discuss the effectiveness of the MFIN CGRM along the nine attributes of user-centricity, i.e., *Accessibility, Seamlessness, Proactive Communication, Cost-effectiveness and Timeliness, Personal Data Protection, Objectivity, Independence in the Operation of the GRM, Accountability of the GRM and Capacity Building*.

4.1. Accessibility: The ease with which users can approach the MFIN-CGRM.

The dimension of accessibility includes aspects such as the efforts made to generate awareness about the CGRM, and the effort that users must make to register complaints, among other aspects. Users' experience of accessing the MFIN-CGRM is discussed next.

4.1.1. The information about the existence of a GRM is publicised through several formats, of which loan cards are the most effective across geographies.

MFIN mandates its member MFIs to publish the MFIN-CGRM's toll-free number on the loan cards issued to borrowers, as well as at the branches of the member MFIs and their websites. The survey data suggests that both male and female respondents from all locations were most likely to find out about the MFIN-CGRM through their loan cards. From the multinomial logistic regression results, we note that female respondents were more likely than their male counterparts to become aware of the MFIN-CGRM through their loan cards. Male respondents were more likely than women to get information about the MFIN-CGRM through the branch offices, MFIN websites and their networks. This observation may potentially be explained by the tendency of males to be more mobile and broadly embedded in social interactions (Guérin et al., 2021). It is noted that information about the MFIN-CGRM is not publicised in alternative formats such as Braille or audio-visual formats that could cater to constrained or visually impaired users. On balance, it appears that MFIs do provide assistance via field staff to customers who are unable to read or consume information themselves. However, having alternative formats, if the costs are not prohibitive will allow customers who cannot read for themselves, to become self-sufficient and not rely on the information relayed by the field staff or other group members.

4.1.2. Most respondents report the MFIN-CGRM being approachable; most women borrowers rely on male counterparts to avail of it.

Given that MFI loans in India are designed for women borrowers, MFIN's borrower base is entirely made up of women borrowers. Yet, in our sample about 59% of callers were males, outnumbering women. This is curious because, for the most part, the primary customer is not calling into the CGRM. Across 301 respondents, we note that only 32.23% of callers were the customers themselves. (The remaining 8.77% of the sample were female callers but not customers themselves. Rather, they were relatives or friends of the customers.) A possible explanation is that typically, even when microfinance credit is offered to women, its use may not be controlled by them (Shohel, 2022). It is worth investigating if it is indeed the surrounding social structures and not the design of the MFIN-CGRM itself that is keeping women from approaching it. While the former is out of the control of the MFIN-CGRM, the latter may surface recommendations that could strengthen it further.

As part of the primary survey, both male and female respondents reported low levels of hesitation in approaching the MFIN-CGRM, i.e., most users did not fear facing a backlash or discriminatory treatment as a consequence of airing grievances. Yet, through open-ended responses, some verification

callers reported that the MFI branch staff could turn impolite when they identified the users who may have raised complaints against them in the MFIN-CGRM. In our sample, a marginally higher proportion of women reported hesitation in airing grievances at the MFIN-CGRM. Future work from MFIN may endeavour to unpack this potential gender gap in the perceived/expected experience of using the CGRM. Similarly, per regression results, callers from the north state zone were marginally more likely to hesitate in approaching the CGRM, when compared to rural or urban areas and other geographical zones respectively. It is worth noting that the study speaks to users who call into the CGRM. Therefore, even when they fear hesitation, it may not keep them from calling in and it may never reflect in call volumes.⁷

4.1.3. *Respondents report the MFIN-CGRM as being responsive, and for most, it is the first port of call.*

Most callers were able to register complaints on their first attempt, indicating the high levels of responsiveness of the system. Interestingly, based on results from the multinomial logistic regression analysis, women were marginally more likely to have called in twice to register complaints (22% women when compared to 16% men).

Over half of the callers reported that the MFIN-CGRM was their first port of call, bypassing the protocol of calling in the provider MFI before escalating matters to MFIN. 52.63% of live callers from our sample reported not being aware of any other venues for redress except for the MFIN-CGRM. From the open-ended responses to our survey, the reasons for this can be attributed to the respondent not finding the contact details of the concerned MFI, not being able to reach the concerned MFI, or not knowing that the MFIN-CGRM toll-free number was different from their MFI's GRM contact details.

4.2. **Seamlessness: The process for registering complaints is frictionless for the user.**

Onerous complaint registration processes, riddled with extensive documentation and conditionalities take away from their user-centricity and may even dissuade users from registering complaints altogether. The principle of seamlessness advocates for redistributing this burden from the user, onto the system. Next, we describe the extent of the seamlessness of the operations of the MFIN-CGRM, as gathered from the primary study.

4.2.1. *MFIN-CGRM offers a single unified window for complaint registration, however, the system is configured manually, and is wanting in proactive, message-based updates to users.*

The MFIN-CGRM offers a single toll-free number for registering any type of complaint from any geographical location. This is a welcome format. Multiple toll-free numbers tethered to specific complaint types or geographies are known to increase rejection/drop-out rates of genuine complaints (Chivukula, 2021).

Further, at the back end, the MFIN has procedures in place to register, verify and forward complaints. Complaints are also triaged, i.e. if a complaint is determined urgent it is flagged to the provider and

⁷ Reported hesitation may not necessarily reflect in the volumes of calls received by the MFIN-CGRM. For instance, between October 2021 and March 2022, 40% of the call volumes were received from the north state zones of Bihar, Uttar Pradesh, Madhya Pradesh, and Haryana, despite marginally higher reported hesitation from these states (information from internal MFIN-CGRM reports). To understand if hesitation keeps users from calling into the MFIN CGRM, data from aggrieved users who withhold from engaging with the CGRM is needed, which is out of the scope of this study.

attracts much shorter resolution timelines from the provider MFI. Relevant customer details from the incoming calls are recorded manually by the CCEs and then acted upon. Calls made outside of office hours are only attended to the next day.

MFIN-CGRM personnel informed us that they also operate a WhatsApp contact number through which users may send photos of the required documents and other information related to their complaints. However, it must be noted that this number is not publicly available and is only given to those customers who have to send complaint-related material to the MFIN-CGRM. Further, the MFIN-CGRM has recently integrated an SMS service into its operations with the objective of sending contact details of relevant MFI's GRMs to the users.⁸

From the interviews with the MFIN-CGRM personnel, it appears several other developments are underway such as the implementation of automatic verification calls to users post-resolution of their complaint, and voice-to-text conversion of recorded calls during non-operational hours to detect critical complaints for follow-up.

4.2.2. MFIN-CGRM informs the customers of the relevant MFI or of the RBI Ombudsman, where relevant.

As discussed earlier, over half the callers called into the MFIN-CGRM directly, bypassing the provider MFI. Further, a majority (over 80%) of the respondents did not know of either the provider MFI's or the RBI's grievance channels. In these instances, MFIN has protocols to either request the caller to first register the complaint with the provider MFI or inform them of the existence of the RBI Ombudsman when dissatisfied with the resolution. As discussed earlier, they send an SMS to users which carries relevant details. However, the role of the CGRM currently ends in providing this information.

The MFIN-CGRM presently is unable to transfer the user calls to the provider MFI, nor assist with, facilitate, or register complaints with the RBI Ombudsman on behalf of the customer. In the coming sections, we offer some recommendations on how these functionalities may be incorporated into the MFIN-CGRM, should its scale of operations warrant such a measure in the future.

4.3. Proactive Communication: Updating users on the status of their filed complaints and providing clarity on the process of obtaining redress.

Proactive communication, i.e., voluntary and timely communication with the user to update them on the status of their complaints reduces effort and anxiety on the users' part and deepens their trust in the system.

As part of future endeavours to improve user-centricity, the MFIN-CGRM can further bolster its communication with the user. As it exists, the functioning of the CGRM will benefit from a protocol mandating the CCEs to provide an approximate timeline for the resolution of their complaint. Further, the absence of proactive updates to the users may confound the users. Currently, users must call the MFIN-CGRM to check on the status of their complaint which also increases the call load of the CGRM. Resolving this gap will provide the user visibility over the process, enhance their confidence and perhaps may be more efficient for the CGRM as well.

⁸ This service has been operational since the past 6 months at the time of the publication of the report.

4.4. Cost-effectiveness and Timeliness: Time and cost-effectiveness of the redress process for the user.

High monetary costs or long-drawn processes can sap the users' motivation to seek redress. This attribute requires grievance redress to be efficient for users, in terms of both monetary and time costs.

The MFIN-CGRM does not levy any fees on the users. It has an internal turnaround time (TAT) for critical (2 days) and non-critical (7 days) complaints for routing complaints to the relevant provider MFI. MFIN does not settle any disputes, nor does it mediate disputes between the borrower and the provider MFI. It is only designed to hold the provider MFI to account and requires them to attend to grievances. Users are also not required to furnish extensive documents at the time of complaint registration, only their loan number and an ID. From the survey data, most respondents (verification callers) reported that they were likely to receive a resolution between 16-30 days, which appears to be common in other developing jurisdictions as well (Otoritas Jasa Keuangan, 2014; Bank of Ghana, 2017). In contrast, from official quarterly reports, it is noted that most of the complaints are resolved in 7 days or less. The second highest proportion is of complaints being resolved between 8-15 days.

Further, the MFIN-CGRM accepts complaints from users irrespective of the disputed amount in question, and complaints are not rejected for obsolescence. Provider MFI interviews and secondary research suggest that MFIN-CGRM's CCEs are trained in soft skills and for their conduct with callers.

For the most part, the MFIN-CGRM performs well on cost-effective and timely redress. Automating complaints-triage may realise greater dividends for the timeliness, however, it is acknowledged that the implementation of such automation may not yet be commercially viable for MFIN, given the small caseload.

4.5. Personal Data Protection: Standards and practices are in place to protect the personal information submitted by the user.

Users share personal data such as identity information, and credit details at the time of complaint registration. A user-centric grievance redress system protects this personal data in line with best practices.

The MFIN-CGRM uses GRM management software provided by a third party, to record grievance-related information received from the users. The calls are also recorded for verification purposes. Data from only calls bearing complaints (as opposed to queries and service requests) is retained. There is no publicly available privacy policy either on their website or through any other physical publication. However, interviews with MFIN personnel suggest that it implements select data protection measures, discussed next.

The MFIN-CGRM reports observing the purpose limitation principle, i.e., users' personal information is collected and used only to resolve their complaints. Similarly, they also report collecting only that data, which is strictly necessary for resolving users' complaints, thus abiding by the data minimization principle. At the time of the complaint registration, users are required to furnish their name, the user's name (where the call is made by a spouse or other relative) identifying information (such as a loan number, user ID or Voter ID number) and their location. This information is used to identify users and their ongoing relationship with the concerned MFI. Further, no personal data is collected from users in cases of query calls. The personal data including the audio recordings are reportedly governed by access rights and only designated personnel can access it. This data is retained for a period of two years by

their data management service provider. Personal data and complaints-information older than two years are archived, thus following the data retention principle. Though it does not have a privacy policy published for the users, the MFIN-CGRM informs the callers of its data collection and retention policies. From our discussion with the MFIN-CGRM personnel, we note that the MFIN-CGRM is now undertaking an organisation-wide information technology (IT) audit.

Conformation to the principles of data minimization, purpose limitation and data retention is welcome. However, overall, the MFIN-CGRM can significantly bolster the protection afforded to callers' personal data by instituting a clearly articulated and comprehensible privacy policy for the callers, devising a data breach protocol, and conducting regular audits of its data security practices and those of its data management service providers. The MFIN personnel have reported that MFIN is currently stepping up its IT infrastructure including conducting audits. These IT audits can shed light on the nature, quantum, and frequency at which personal data is being currently collected by MFIN. This visibility over the inventory of personal data can be a stepping stone for MFIN to institute a comprehensive data protection policy and privacy policy.

4.6. Objectivity: Ability to consistently process and resolve the complaints received by it in an equitable and unbiased manner.

For a grievance redress system to be user-centric, it is imperative that it extends similar treatment to similar complaints, consistently over time.

Reportedly, the MFIN-CGRM relies on pre-defined protocols to determine treatment and triaging of complaints. They also have fast-tracked provisions for progressing critical complaints. In instances where immediate action is warranted (e.g., harassment by on-ground collection agents, threats of suicide etc.), the MFIN-CGRM personnel report notifying the highest level of management of the concerned MFI, as soon as they receive the complaint. The MFI is expected to act upon it in line with its board-approved policies. Where disagreements arise between users and the concerned MFI, the MFIN-CGRM provides advice to the concerned MFI drawing from similar past complaints.

The MFIN-CGRM functionality is not to actively resolve complaints in their capacity. It is intended to only mediate the complaints between the user and the provider MFI. Therefore, the dimension of objectivity does not apply to the design of the MFIN CGRM.

4.7. Independence in the operation of the GRM: Functional independence of the CGRM from other departments and organisations.

The attribute of independence requires that the grievance redress system functions impartially, free from the influence of invested parties and conflicts of interest.

The MFIN-CGRM is operated by dedicated personnel including the Chief Grievance Redress Officer (henceforth, **CGRO**) and the Assistant Vice President – Grievance Redress (henceforth, **AVP – Grievance Redress**). The latter reports to the Head – SRO. Following discussions with the MFIN-CGRM personnel as well as studying the organisational structure of MFIN, we note that the four functionalities of MFIN, i.e., *Advocacy & Development*, *Communications*, *Self-regulatory organisation (SRO)* and *State Initiatives* are structured to function independently of each other. The MFIN-CGRM operates under the MFIN as a function of SROs as given by the RBI (Reserve Bank of India, 2013). Therefore, we can form a reasonable impression of the MFIN-CGRM functioning independently of other offices within the MFIN as well as of any other external organisations.

In terms of independence from member NBFC-MFIs, the MFIN-CGRM reports reacting to grievances in line with pre-defined protocol. In the instances of a surge in grievances against a particular MFI, or when instances of member MFIs deviating from established protocols emerge, the MFIN-CGRM escalates those reports to its Enforcement Committee (henceforth, **EC**), which sits atop the seniormost leadership in the organisation (Microfinance Institutions Network, n.a.). The EC may take disciplinary actions which are in turn decided by a set of pre-determined procedures, where the EC and the concerned MFI's board are also involved. The final disciplinary action is communicated to the RBI (MFIN India, n.a.).

4.8. Accountability of the GRM: Compliance with best practices of providing redress and reporting on the same.

Research notes that ex-post reporting of the actions of an entity to a regulatory body or in the public domain can entrench accountability in the actions of the concerned body (Hüpkes et al., 2006).

In the same vein, the MFIN-CGRM submits quarterly reports to the RBI containing a summary of complaints received as well as member-wise complaints received during that quarter (MFIN India, 2022). Further, it releases an annual report which provides aggregated data from its CGRM. This report is publicly available and contains annual details of the number of calls received, the number of unique callers, the number of complaints received, and the nature of customer surveys conducted (MFIN India, 2022). These are welcome steps.

To further bolster accountability, the MFIN CGRM can consider reporting granular data on the number of times users may have called to follow up on their complaint, the reasons for delayed TATs by either the concerned MFIs or the MFIN-CGRM (as applicable), reasons for unresolved complaints, reasons for user dissatisfaction with the resolutions provided, results of the customer surveys conducted among other metrics. Tracking this data can help build capacity both within MFIN and in the ecosystem, as we discuss next.

4.9. Capacity Building: Active collection of feedback from users and its analysis for regular improvement of the CGRM and the wider ecosystem.

Frequent analysis of the complaints data (concentration within types of complaints, geographies, users, providers) and metadata about the users' experience can elicit information about gaps in the design and delivery of financial services and the functioning of the CGRM itself.

To this end, the MFIN-CGRM parses through user complaints to understand systemic lapses and issues emerging across products, processes, and geographies. Steps are taken to address these by the internal EC and the Self-regulatory Organisation Committee (henceforth, **SROC**). MFIN as an SRO cites capacity building as one of its core functions. It also regularly monitors complaints data to identify systemic issues that are discussed internally with the EC and the SROC (to whom quarterly reports are submitted). Based on these discussions, MFIN also provides guidelines to member MFIs to assuage these systemic issues. To keep a check on compliance by the CCE of the protocols of MFIN-CGRM, the CGRO and the AVP - Grievance Redress vet a random sample of complaints monthly to ensure the quality of data collection by the CCEs. From time to time, MFIN's *State Initiatives* team consisting of regional coordinators engages with a diverse set of state and district-level external stakeholders that include local governments, regulators, industry associations etc. to create an understanding of the impact of microfinance (MFIN India, n.a.). In addition, this team conducts ground-level surveys with users to understand their concerns or grievances. However, these happen only occasionally.

On their website, videos for user awareness, explainers on various topics and employee capacity building are available for viewing. Within the purview of the MFIN-CGRM, MFIN has commissioned training modules on GRMs for both their staff as well as those of their member MFIs (Microfinance Institutions Network, 2023).

MFIN also reports soliciting feedback from their users, in their annual reports (Microfinance Institutions Network, n.a.). Presently, neither user feedback nor anonymised grievance data collected by the MFIN-CGRM is publicly available. Making these data points available can prove to be helpful for researchers, civil society organisations and evidence-based policymakers. Benefits include improvement in the transparency and accountability of the organisation itself and allowing user empowerment by means of learning from other users' experiences. Organisations such as the Consumer Financial Protection Bureau (CFPB) in the USA regularly publish anonymised complaints data received by them (Consumer Financial Protection Bureau, n.a.).

5. In sum: Measured use of technology may further enhance the user-centricity of the MFIN-CGRM

The study finds that the MFIN CGRM demonstrates an incisive understanding of the lived context of its user base. This is manifest in the simple, costless, multilingual, toll-free phone-based channels to access the CGRM. The registration process appears simple, devoid of procedural complications or the tendency to collect excessive data, without any upper limits on the vintage of the complaint. Most users report being able to register complaints in one attempt and few hesitate in airing grievances on account of a backlash for doing so. Where users are unaware of the procedure, the MFIN-CGRM expends a sizeable effort in familiarising users with it. It also maintains provisions to fast-track critical complaints. Further, when grievances against a particular provider surge, the CGRM escalates the matter to the Enforcement Committee which may take disciplinary actions against the provider. These disciplinary actions are also reported to the RBI, over and above the quarterly reports that the MFIN-CGRM furnishes with the RBI. In addition to reporting to the RBI, the MFIN-CGRM also publishes annual reports in the public domain which share metadata on the trend of grievances and policy takeaways that surface from the analysis of the grievances.

The user-centricity of the MFIN-CGRM can be bolstered by plugging some key gaps. Essentially, the judicious use of technology can assist the MFIN-CGRM in developing a more user-centric CGRM.

First, from our primary data, there appears to be a gap between male and female access to the MFIN-CGRM. Even when most users are women, most callers are male. We are unsure whether there may be sociological factors at play, or whether it may be the design of the MFIN-CGRM deters female users from approaching it. While it is unlikely that the latter may be the cause of this difference given the volume of female customers enrolled in credit products, there is merit in investigating this further.

Second, the toll-free number appears to be the only pathway to grievance redress. There is scope to complement this with instant message-based channels such as WhatsApp. These channels are now embedded in the daily lives of users and receive high engagement from them. These channels can also double up as channels to disseminate information to the consumer and elicit feedback from them.

Third, the MFIN-CGRM informs callers of relevant venues for redress. When callers bypass calling into the provider MFI's GRM, the MFIN-CGRM insists on them doing so. Where users remain dissatisfied with the resolution, the MFIN-CGRM informs them of their right to approach the RBI's

Integrated Ombudsman. However, the MFIN-CGRM is technologically unable to either route the user directly to the provider MFI or escalate the complaint to the RBI-IO on behalf of the user. Developments in ODR have led to the availability of software that offers these functionalities and substantially reduces the burden on the consumer.

Fourth, the MFIN-CGRM can better serve users by proactively, voluntarily and efficiently (in a time-use sense) communicating with them. Currently, all communication barring post-resolution verification calls is triggered by the users. This can be addressed by proactive message-based services (internet-based or otherwise) that share updates with the customers.

Finally, the MFIN-CGRM may consider communicating its data protection policies more actively with the user and plug gaps in data protection practices.

These recommendations and others are discussed in greater detail in the following section.

6. Recommendations

6.1. *Further enhancing the accessibility of the MFIN-CGRM by leveraging WhatsApp and similar, alternative formats of information dissemination.*

Currently, the toll-free number is the only means to reach out to the MFIN CGRM. Most callers report being able to get through in the first call and where calls are made into the CGRM outside of work hours, the CCEs address those calls during the next working day.

*The CGRM can leverage instant messaging services such as WhatsApp to make the arrangement more accessible and in line with users' context*⁹. Our sample also exhibited a sizeable take-up of smartphones; 75% of the respondents reported using smartphones. Albeit, of these, 74.24% of smartphone users were male, which is congruent with the gender distribution of our sample itself. Therefore, WhatsApp or similar channels can complement the toll-free number, and serve both as a touchpoint and as a redress delivery platform. Several businesses have optimised this channel for user service, allowing users to leave voice-based messages, raise complaints and even share evidence through videos and pictures (Tata Capital, n.a.; Tata Trusts, 2021). The latter may especially be useful in the context of agent misconduct where it is hard to establish the facts of the matter.

Interactive menus in the platform can also address queries and service requests, which provider MFIs report from the bulk of the calls coming into the CGRM. Functionalities also exist for user-prompted templates, where, with a combination of *list messages* and *reply buttons*, users can track their complaints, gather procedural information, or be redirected to their phone screens with pre-entered numbers to talk to the adequate redress channel (Gabriella, 2022). Further, several start-ups have created vernacular solutions such as automated visual IVR which combines the benefits of screen viewing and IVR, helping users to better understand the screens that they are viewing and engage with them (Ubona, n.a.).

⁹ A [2018 study](#) of over 1,000 rural respondents across 14 Indian states suggested that 39% of its respondents use only WhatsApp, when compared to other social networking websites. [Another estimate](#) suggests that the number of active rural WhatsApp users had doubled (increased by 20 percentage points from 10% in 2017 to 20% in 2018) in a period of one year.

The MFIN-CGRM may need to consult with experts to implement a message chatbot that accepts complaints. Alongside the MFIN-CGRM toll-free number, the WhatsApp Business number can also be publicised on loan cards, physical MFI branches and the MFIN website.

Where users employ voice notes, natural language processing (NLP) software in the backend can convert them into text and parse through them to categorise complaints. CCEs may be needed to vet complaint categorisation and to ensure that the algorithm works as intended. *Bhashini*, an open-source, voice-to-text bot that operates in Indian regional languages developed by the Ministry of Electronics and Information Technology (MEITY) (National Language Translation Mission, 2022) was discussed by the MFIN-CGRM personnel as a potential architecture that can be adapted for developing voice-to-text channels for customers. A bot-operated, instant messaging service can also make the CGRM accessible beyond office hours. Given the high traction of WhatsApp as a medium, it may also encourage an increase in the number of complaints, which provider MFIs currently describe as only being *the tip of the iceberg*. As the MFIN-CGRM already uses WhatsApp for collecting documents from users, the scope of this contact number can be expanded by making it publicly available.

Further, it can activate and open up a channel of communication directly with the user, which can be used to disseminate information, elicit feedback and undertake user surveys at lower costs. Provider MFIs pointed to the need for generating higher awareness among users about the kind of issues they can bring to the MFIN-CGRM. WhatsApp and other social media platforms such as Moj¹⁰ or even Instagram Reels¹¹ can help in raising awareness (Aggarwal, Kaye, & Odinet, 2023). Per the MFIN websites, it occasionally takes up a hands-on role in client (or user) protection, at the behest of the RBI (Microfinance Institutions Organisation, n.a.). In the future, they may consider parallelly investing in social media content in engaging formats. When done right, this content may be cost-effective, reach out to a larger user base and have a longer shelf life. As pointed out by the MFIN personnel, such communication will have to be crafted with caution, so as to not dislodge the MFIs and their GRMs as the primary custodians of the users. Given that MFIN is an SRO, all communications initiated by them towards MFI customers should showcase MFIN as an industry-wide organisation. In the past, MFIN has created videos to sensitise users to the moratorium for instance or even about credit discipline and credit bureaus (Microfinance Institutions Network, 2023). Traditional SMSes can also be leveraged to generate awareness about the MFIN-CGRM. For instance, providers are known to SMS users to remind them of their payments and such, MFIN can mandate providers to reiterate the existence of the MFIN CGRM and the toll-free/WhatsApp numbers to reach them at. Given the sizeable and encouraging effect of MFIN's mandate of publicising the CGRM toll-free number on loan cards, this option also appears promising.

Finally, an interactive channel can deepen the users' relationship with MFIN. The medium can also be leveraged to undertake frequent user surveys and allow users to rate their experience with the provider MFIs and BCs, enabling capacity building for the ecosystem.

6.2. Enhancing seamlessness: Leveraging technology to reduce the effort on the part of the user.

¹⁰ *Moj* is a short-form video app that was launched in India in July 2020. It is a social media platform that allows users to create and share short videos, similar to the popular app TikTok. Moj is owned by ShareChat, an Indian social media platform that focuses on regional languages.

¹¹ *Instagram Reels* is a feature of the popular Instagram app that allows users to create short, 15 -60 second videos set to music, similar to the app *Moj*. Reels was launched by Instagram in August 2020 as a response to the growing popularity of short-form video content.

In terms of Seamless Redress, provider MFIs suggested several measures to ensure better communication and handling of complaints between MFIN and the GRMs of concerned MFIs.

Given the two-layer grievance channel available to users (one at the level of the MFI, and the other at the level of the MFIN-CGRM), first callers are directed to the concerned MFI for the registration of their complaint. *Provider MFIs suggested that several queries that are often redirected to MFIs can be handled by the MFIN-CGRM itself.* However, MFIN-CGRM personnel note that while they may be able to handle generic queries, for provider MFI-specific queries, the MFIN-CGRM has no option but to direct users to contact the corresponding provider MFI

Another suggestion to harmonise the grievance redress process between MFIs and MFIN-CGRM is to open the third-party software that MFIN-CGRM currently uses for member MFIs. This can enable the GRMs of all MFIs to operate in a homogenous manner. This could be done by granting restricted access rights so that every MFI can only look up information relevant to them.

Next, MFIN-CGRM could be equipped to transfer calls to the provider MFI. As noted from the primary survey, many of the respondents reported being unaware of alternative redress channels. As a result, they often treat the MFIN-CGRM as the first point of airing their grievances. Friction between different breakaway points from the MFIN-CGRM can be reduced by automating certain components of the grievance redress channel. When a user calls the MFIN-CGRM without having approached the MFIN-CGRM, they are asked to contact the concerned MFI first, and given the contact number of that MFI's GRM. Integration of an SMS facility to automatically send the users this number on their registered mobile number is ongoing. However, the ability of the MFIN-CGRM to directly connect or transfer user calls to the concerned MFI's GRM would make the experience for users more seamless and could potentially prevent drop-offs in the process. This can also improve the efficiency of operations of the MFIN-CGRM, reducing the TAT for MFIN to notify member MFIs and improving the user experience. Per our discussions with the MFIN-CGRM personnel, we acknowledge that the present volume of complaints received does not warrant the effort and costs of automatic redirection of complaints. However, when the scale of operations expands, this recommendation may be reconsidered.

Finally, automation by means of software modifications to escalate complaints to the RBI's Integrated Ombudsman (RBI-IO) can increase the seamlessness of the MFIN-CGRM and accessibility of the RBI-IO. At present, where users may be dissatisfied with the nature of the resolution provided, the MFIN-CGRM informs them of their right to approach the MFIN-CGRM. However, the RBI-IO mandates that complaints be filed in standardised forms either online or via post. The templates of these forms are available online and users who avail of the postal option must first download the form from the internet (Dvara Research, 2023) (forthcoming). This appears onerous, especially for the less digitally savvy user. Given that the MFIN-CGRM authenticates grievances and collects relevant information, they are in a position to automatically escalate such complaints to the next point of grievance redress housed within the regulator. This can ensure seamless redressal for users while easing the burden of approaching different redress channels for them. Haryana's Antyodaya Saral scheme, a unified platform to deliver and track government-to-citizen (G2C) services across the state adopts an auto-escalation approach where pending complaints are escalated to relevant officers. It also has an auto-appeals scheme, where an automatic appeal is filed to the first grievance redressal level by the system in case the notified timelines are breached (Antyodaya-SARAL, n.a.). As discussed, free software such as Resolver can be utilised to enable the automatic escalation of complaints when required (Resolver, n.a.). We have noted instances of other financial ombudsman schemes deploying similar automatic

escalation of complaints, e.g., auto-escalation of complaints may be triggered based on the nature of the complaint or issue, or other factors such as the level of public interest or the severity of the alleged misconduct (Ombudsman Ontario, n.a.)).

From our discussion with the MFIN-CGRM personnel, we note that the MFIN-CGRM acknowledges the difficulties faced by MFI users in escalating complaints to the regulators' GRM. They are open to considering integrating their GRM with that of the regulator to facilitate the escalation of unresolved complaints. While it may be unprecedented, in the future, the implementation of such a step will require technological coordination with the regulator.

6.3. *Improving the data protection measures of the MFIN-CGRM.*

Given the importance of personal data protection (Prasad & Chugh, 2022), combined with the new kinds of data harms that individuals are exposed to in a rapidly digitising world (Prasad, 2021), the MFIN-CGRM may consider initiating the following measures.

Institute a data protection policy that sets out how the MFIN-CGRM protects personal data. This may include details such as which personal data points are collected, the purpose for which they are collected, how these data points may be used or shared with parties aside from the MFIN-CGRM, for how long this personal data may be stored, and the measures that MFIN-CGRM takes to protect the personal data in their possession. It has been reported that the MFIN-CGRM has not yet had a personal data breach. Further, as part of their data protection policy, the MFIN-CGRM may also set out a protocol which will be followed in the case of a breach and how users will be informed of the same. It may also emphasise regular audits of MFIN and their data management service provider's security systems.

Next, the MFIN-CGRM could consider publishing a privacy policy for its users in vernacular languages, and in a manner that is easy for users to understand. We acknowledge that the user base of the MFIN-CGRM may not necessarily be able to access the privacy policy if published on their website or may not treat it as significant when displayed in physical MFI branch offices. To sensitise users to this information, the earlier recommended awareness programmes in audio-visual formats can be considered. As most processes within formal finance digitise, such communication also sensitises users to the value of their personal data and the significance of its protection by organisations that may collect and use the same. Findings from other researchers show that low-income consumers are sensitive to the data protection safeguards provided by financial service providers, and they favour those who better safeguard their personal data (Vidal, 2020). Thus, instituting a personal data protection policy may further entrench the users' trust in MFIN.

6.4. *Further strengthening the independence and accountability of the MFIN-CGRM.*

The design of the study permits a limited assessment of the independence of the MFIN-CGRM. We note that the organisational structure of MFIN allows the functions of the MFIN-CGRM to remain independent of other departments. In addition, some widely recognised practices for ensuring the independence of member-based organisations are worth bearing in mind.

The publication of results from user surveys and anonymised complaints data can help increase accountability. The MFIN-CGRM conducts primary surveys amongst its users to assess their response to topical industry events and to check whether they may be facing any difficulties. It would be of great

value to make the findings (such as any systemic issues identified) from such surveys publicly available to external organisations like research organisations or civil society members who may be able to assist with awareness programmes and workshops (Microfinance Institutions Network, 2023). The MFIN-CGRM may also consider the publication of anonymised complaints data which can be used by different public organisations to improve provider conduct and help formulate evidence-based policies that protect users from emerging complaints (CFPB, n.a.). Customer protection agencies like the USA's Consumer Financial Protection Bureau (CFPB) publish anonymised complaints that they receive, that are sorted by product type, category etc. (CFPB, n.a.). This equips regulators, researchers, and customer advocates to analyse this data and appreciate the state of the play in the market.

By providing a grievance redress channel, MFIN has been able to capture grievances from users as well as hold the MFIs accountable as service providers to demographics of users who may still be first-time users of formal finance. With a highly approachable CGRM, MFIN actively contributes to one of the critical components of user protection, which has cascading effects of improved trust in the formal financial sector and retained users. By keeping in step with accessible technology solutions, further reducing the burden of procedures for the users and actively seeking feedback from them, it can further entrench the convention of seeking redress and in turn, empower them.

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ANNEXURES

1. Annexure – 1: Questionnaire for the primary survey conducted with MFIN-CGRM callers

								Who can answer this?		
TYPE OF RESPONDENT (Live caller/Database call)								Live callers	Verification callers	
#	Demographic specifications									
1	Ticket ID								Yes	Yes
2	Lender								Yes	Yes
3	State								Yes	Yes
4	Location of household							Please record the exact location of the caller and then classify it as 'Urban' or 'Rural'.	Yes	Yes
5	Gender							Of the caller	Yes	Yes
6	Main Occupation	Agriculture	Livestock	Services	Trading/Business	Manufacturing	Construction	Yes	Yes	
7	How many times MF loans have been availed?	First Loan	2 times	3 times	>3 times			Yes	Yes	
8	Age of the caller	18-25	26-40	41-55	>55			Yes	Yes	
9	Caller	User	Spouse	Relative	Friend	Others (Please specify)		Yes	Yes	
Accessibility										
1	How did you get to know	Loan card	Loan officer	Group member	Any other			Yes	Yes	

	about MFIN-CGRM number?									
2	How many times did you have to call to file the complaint ?	1 time	2 times	3 times	>3 times			Number of all calls made. If the caller is aware, please record how many times the call was made to the member MFI and how many times to MFIN-CGRM.	Yes	Yes
	If >3 times, what was the reason?	Number not reachable	No answer	Refused to file complaint	Others (Please specify)				Yes	Yes
3	Why did you call MGIN CGRM? Why not lenders?							Subjective input: For the operator to record whether the caller is aware they are calling the MFIN-CGRM	Yes	Yes
4	Do you have any hesitation in approaching the GRM?	Yes	No	If Yes, please specify					Yes	Yes
5	Are you satisfied with the user executive who lodged your complaints (where the response is No, ask to	Yes	No	If No, please specify					Yes (Live callers can respond based on the experience of having their complaint registered)	Yes

	specify why)?									
Quality										
1	How many times have you filed a complaint before?	This is the 1st time	Once before	Twice before	> 2 times before				Yes	Yes
2	Do you know who to approach if you are dissatisfied with redress provided by the MFIN-CGRM?	Yes	No	If Yes, please specify					Yes	Yes
3	Did you face any negative consequences upon lodging complaint through helpline no?	Yes	No	If Yes, please specify					Yes (from the point that MFIN registered the complaint)	Yes
4	Were you satisfied with the resolutions provided	Yes	No	If No, please specify	Complaint not resolved yet.				No	Yes

	(where the response is No, ask to specify why)?									
5	What was the time taken for redressal?	<= 7 days	8 - 15 days	16 - 30 days	>30 days	NA			No	Yes
6	For verification callers: How many times did you call (either the MFI, MFIN or both) before your complaint was resolved?	1 time	2 times	3 times	>3 times				Yes (Please note the modification of the question)	Yes
6	For live callers: How many calls (either the MFI, MFIN or both) have you made so far?	1 time	2 times	3 times	>3 times					
8	Do you have any suggestions on how we								Yes (Live callers can mention how their experience	Yes

	can improve the CGRM?					has been so far)	
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2. Annexure – 2: Regression models used for the analysis of the primary study

This annexure details the treatment of the primary data collected by the CCEs of the MFIN-CGRM for the purpose of this study. The objective of conducting this survey was to gather insights on the criteria of **Accessibility, Seamless Redress, Cost-effective and Timely Redress, and Independence**.

Accordingly, users calling the MFIN-CGRM were asked if they would be interested in and consent to a short survey being conducted with them. 151 live callers and 150 verification callers were surveyed. **Live callers and verification callers** are classified as follows:

- **Live callers:** Users calling to either register a complaint, a query or a service request. They may or may not be first-time callers of the MFIN-CGRM.
- **Verification callers:** Following the resolution of a complaint from the MFI’s end, MFIN-CGRM’s CCEs call the customers to verify whether the concerned MFI has taken the decided steps to resolve their complaint. These callers were also surveyed during their verification call.

Questions of the survey were aimed at understanding the users’ experience of the MFIN-CGRM. To arrive at insights from the primary data, the authors created models using multinomial regression. Accordingly, the explanatory (independent) variables are as follows:

Data Field	Variables
State zone	North – 0 South – 1 East – 2 West – 3
Gender of the caller	Female – 0 Male – 1
Location of the household	Rural – 0 Semi-urban – 1 Urban – 2
Number of prior MF loans of the user	First loan – 0 Two prior loans – 1 Three prior loans – 2 More than 3 prior loans – 3

The above independent variables were used to develop the following models.

Models for the inputs of the design principle *Accessibility*:

Model 1A:

Mode of finding out about the MFIN-CGRM Toll-free number (Loan card, loan officer, Other)	State zone
	Gender of the caller
	Location of the household
	Number of prior MF loans of the user

The above model can be represented as the following 2 equations, where b_{1-n} & c_{1-n} are the regression coefficients:

$$\ln\left(\frac{P(\text{mode_of_finding_no} = \text{loan_officer})}{P(\text{mode_of_finding_no} = \text{loan_card})}\right) = b_0 + b_1(\text{state_zone} = 0) + b_2(\text{state_zone} = 1) + b_3(\text{state_zone} = 2) + b_4(\text{state_zone} = 3) + b_5(\text{gender} = 0) + b_6(\text{gender} = 1) + b_7(\text{location} = 0) + b_8(\text{location} = 1) + b_9(\text{location} = 2) + b_{10}(\text{prior_loans} = 0) + b_{11}(\text{prior_loans} = 1) + b_{12}(\text{prior_loans} = 2) + b_{13}(\text{prior_loans} = 3)$$

$$\ln\left(\frac{P(\text{mode_of_finding_no} = \text{other})}{P(\text{mode_of_finding_no} = \text{loan_card})}\right) = c_0 + c_1(\text{state_zone} = 0) + c_2(\text{state_zone} = 1) + c_3(\text{state_zone} = 2) + c_4(\text{state_zone} = 3) + c_5(\text{gender} = 0) + c_6(\text{gender} = 1) + c_7(\text{location} = 0) + c_8(\text{location} = 1) + c_9(\text{location} = 2) + c_{10}(\text{prior_loans} = 0) + c_{11}(\text{prior_loans} = 1) + c_{12}(\text{prior_loans} = 2) + c_{13}(\text{prior_loans} = 3)$$

Model 1B:

Number of times called (either the provider/MFIN) to have the complaint filed (1, 2, 3, or more than 3 times)	State zone
	Gender of the caller
	Location of the household
	Number of prior MF loans of the user

The above model can be represented as the following 3 equations, where b_{1-n} , c_{1-n} & d_{1-n} are the regression coefficients:

$$\ln\left(\frac{P(\text{times_called} = 2)}{P(\text{times_called} = 1)}\right) = b_0 + b_1(\text{state_zone} = 0) + b_2(\text{state_zone} = 1) + b_3(\text{state_zone} = 2) + b_4(\text{state_zone} = 3) + b_5(\text{gender} = 0) + b_6(\text{gender} = 1) + b_7(\text{location} = 0) + b_8(\text{location} = 1) + b_9(\text{location} = 2) + b_{10}(\text{prior_loans} = 0) + b_{11}(\text{prior_loans} = 1) + b_{12}(\text{prior_loans} = 2) + b_{13}(\text{prior_loans} = 3)$$

$$\ln\left(\frac{P(\text{times_called} = 3)}{P(\text{times_called} = 1)}\right) = c_0 + c_1(\text{state_zone} = 0) + c_2(\text{state_zone} = 1) + c_3(\text{state_zone} = 2) + c_4(\text{state_zone} = 3) + c_5(\text{gender} = 0) + c_6(\text{gender} = 1) + c_7(\text{location} = 0) + c_8(\text{location} = 1) + c_9(\text{location} = 2) + c_{10}(\text{prior_loans} = 0) + c_{11}(\text{prior_loans} = 1) + c_{12}(\text{prior_loans} = 2) + c_{13}(\text{prior_loans} = 3)$$

$$\ln\left(\frac{P(\text{times_called} = 4)}{P(\text{times_called} = 1)}\right) = d_0 + d_1(\text{state_zone} = 0) + d_2(\text{state_zone} = 1) + d_3(\text{state_zone} = 2) + d_4(\text{state_zone} = 3) + d_5(\text{gender} = 0) + d_6(\text{gender} = 1) + d_7(\text{location} = 0) + d_8(\text{location} = 1) + d_9(\text{location} = 2) + d_{10}(\text{prior_loans} = 0) + d_{11}(\text{prior_loans} = 1) + d_{12}(\text{prior_loans} = 2) + d_{13}(\text{prior_loans} = 3)$$

Model 1C:

Hesitation in approaching GRM (Yes, No)	State zone
	Gender of the caller
	Location of the household
	Number of prior MF loans of the user

The above model can be represented as the following equation, where b_{1-n} are the regression coefficients:

$$\ln\left(\frac{P(\text{hesitations} = \text{yes})}{P(\text{hesitations} = \text{no})}\right) = b_0 + b_1(\text{state_zone} = 0) + b_2(\text{state_zone} = 1) + b_3(\text{state_zone} = 2) + b_4(\text{state_zone} = 3) + b_5(\text{gender} = 0) + b_6(\text{gender} = 1) + b_7(\text{location} = 0) + b_8(\text{location} = 1) + b_9(\text{location} = 2) + b_{10}(\text{prior_loans} = 0) + b_{11}(\text{prior_loans} = 1) + b_{12}(\text{prior_loans} = 2) + b_{13}(\text{prior_loans} = 3)$$

Models for the inputs of the design principle *Independence*:

Model 2A:

Negative consequences upon filing a complaint with MFIN-CGRM (Yes, No)	State zone
	Gender of the caller
	Location of the household
	Number of prior MF loans of the user

The above model can be represented as the following equation, where b_{1-n} are the regression coefficients

$$\ln\left(\frac{P(\text{negative_consequence} = \text{yes})}{P(\text{negative_consequence} = \text{no})}\right) = b_0 + b_1(\text{state_zone} = 0) + b_2(\text{state_zone} = 1) + b_3(\text{state_zone} = 2) + b_4(\text{state_zone} = 3) + b_5(\text{gender} = 0) + b_6(\text{gender} = 1) + b_7(\text{location} = 0) + b_8(\text{location} = 1) + b_9(\text{location} = 2) + b_{10}(\text{prior_loans} = 0) + b_{11}(\text{prior_loans} = 1) + b_{12}(\text{prior_loans} = 2) + b_{13}(\text{prior_loans} = 3)$$

Models for the inputs of the design principle *Cost-effective and timely redress*:

Model 3A:

Time taken to provide resolution (≤ 7 days, 8-15 days, 16-30 days, > 30 days)* *Only for verification callers' sample	State zone
	Gender of the caller
	Location of the household
	Number of prior MF loans of the user

The above model can be represented as the following 3 equations, where b_{1-n} , c_{1-n} & d_{1-n} are the regression coefficients:

$$\ln\left(\frac{P(\text{time_taken} = 8 - 15 \text{ days})}{P(\text{time_taken} \leq 7 \text{ days})}\right) = b_0 + b_1(\text{state_zone} = 0) + b_2(\text{state_zone} = 1) + b_3(\text{state_zone} = 2) + b_4(\text{state_zone} = 3) + b_5(\text{gender} = 0) + b_6(\text{gender} = 1) + b_7(\text{location} = 0) + b_8(\text{location} = 1) + b_9(\text{location} = 2) + b_{10}(\text{prior_loans} = 0) + b_{11}(\text{prior_loans} = 1) + b_{12}(\text{prior_loans} = 2) + b_{13}(\text{prior_loans} = 3)$$

$$\ln \left(\frac{P(\text{time_taken} = 16 - 30 \text{ days})}{P(\text{time_taken} \leq 7 \text{ days})} \right) = c_0 + c_1(\text{state_zone} = 0) + c_2(\text{state_zone} = 1) + c_3(\text{state_zone} = 2) + c_4(\text{state_zone} = 3) + c_5(\text{gender} = 0) + c_6(\text{gender} = 1) + c_7(\text{location} = 0) + c_8(\text{location} = 1) + c_9(\text{location} = 2) + c_{10}(\text{prior_loans} = 0) + c_{11}(\text{prior_loans} = 1) + c_{12}(\text{prior_loans} = 2) + c_{13}(\text{prior_loans} = 3)$$

$$\ln \ln \left(\frac{P(\text{time_taken} > 30 \text{ days})}{P(\text{time_taken} \leq 7 \text{ days})} \right) = d_0 + d_1(\text{state_zone} = 0) + d_2(\text{state_zone} = 1) + d_3(\text{state_zone} = 2) + d_4(\text{state_zone} = 3) + d_5(\text{gender} = 0) + d_6(\text{gender} = 1) + d_7(\text{location} = 0) + d_8(\text{location} = 1) + d_9(\text{location} = 2) + d_{10}(\text{prior_loans} = 0) + d_{11}(\text{prior_loans} = 1) + d_{12}(\text{prior_loans} = 2) + d_{13}(\text{prior_loans} = 3)$$

The survey instrument consisted of some open-ended questions, which were used to complement the quantitative results.

3. Annexure – 3: List of MFI-providers interviewed for this study

Dvara Research would like to thank MFIN India and the following provider MFIs for their time and input in this study:

1. Microfinance Institutions Network (MFIN)
2. Belstar Microfinance Limited
3. CreditAccess Grameen Limited
4. Arohan Financial Services Limited
5. Muthoot Microfin
6. Satin Creditcare Network Limited
7. Dvara KGFS Private Limited