

Empowering Consumers and Improving Business Outcomes through Better Transparency

22nd September 2021



GOGLA

The Voice of the Off-Grid Solar Energy Industry



Empowering consumers
through better communication,
information and support



Consumer Protection Briefing Note: Transparency



CDC

DOEN

FMO



“Empowering Consumers through
better communication, information
and support”

Available on the GOGLA Consumer
Protection Hub:

[https://www.gogla.org/consumer-
protection](https://www.gogla.org/consumer-protection)

When was the last time you fully read* T&Cs that you later accepted?

- This week
- This month
- This year
- T&Cs? Small print? I haven't got time for that...



Speakers



Juan Carlos Izaguirre
Senior financial sector
specialist



Leila Ayad
Responsible methods
& ESMS



1. Lessons and Insights from beyond the sector – Juan Carlos Izaguirre, CGAP
2. Building better consumer experiences – Leïla Ayad, upOwa
3. Recommendations for off-grid solar companies – Puck Van Basten, GOGLA
4. Discussion and questions





Lessons and Insights on Transparency in DFS

CGAP Photo Contest

Juan Carlos Izaguirre
Senior Financial Sector Specialist

22 September 2021



Consumer protection focused on
customer outcomes

Why has traditional consumer protection not worked well?



Customers

- Not receive adequate value
- Exposed to risks that may leave them worse off



Providers

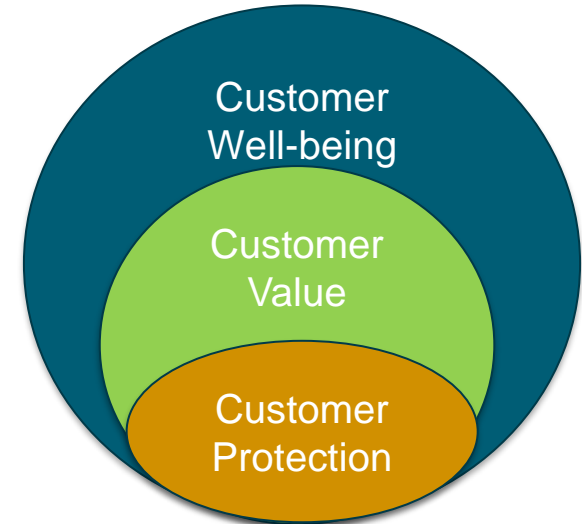
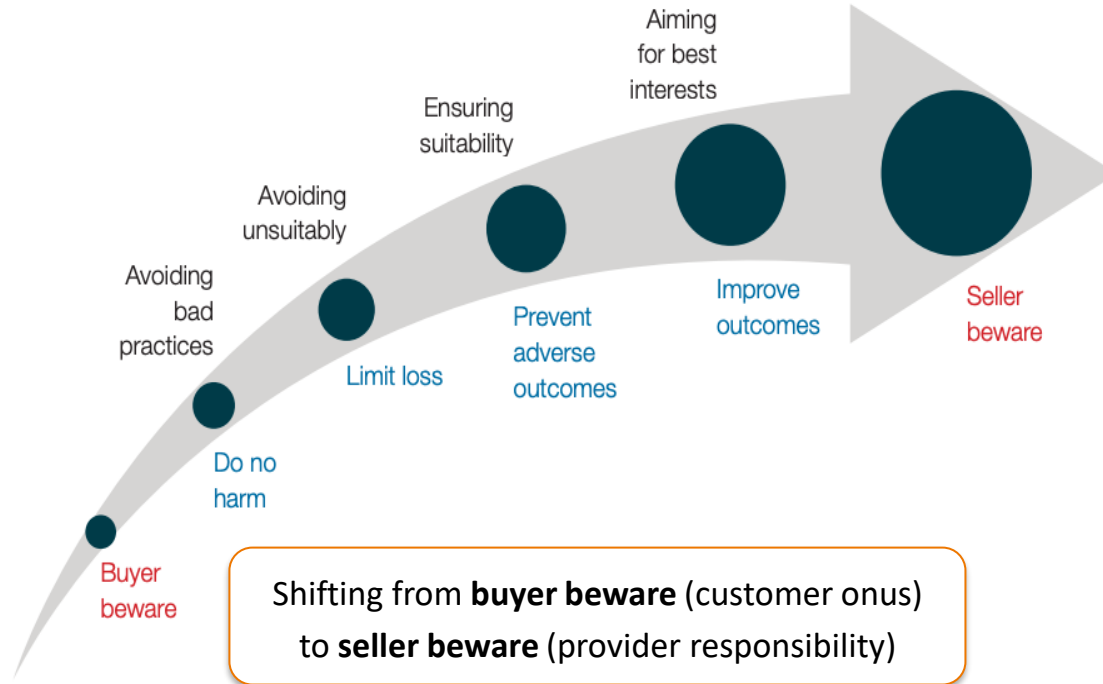
- No major culture change that links business value and customer value
 - Costly box-ticking compliance



Authorities

- Detailed rules lead to continuous catch-up
- Quick wins focus on customer harm do not foster a proactive and holistic approach

Shifting the consumer protection paradigm



Core common customer outcomes



Voice



Suitability & appropriateness



Choice



Meets purpose



Fairness & respect



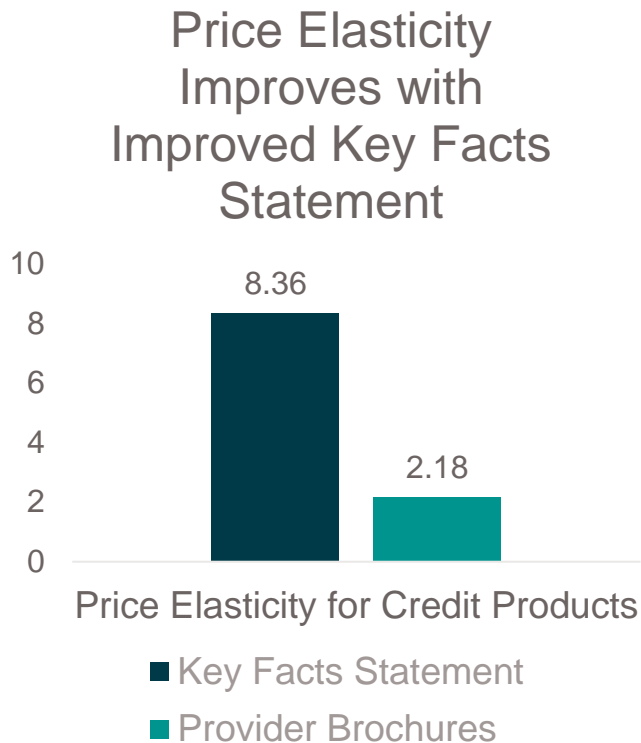
Safety & security

I can make an informed choice among a range of products, services, and providers based on appropriate and sufficient information and advice that are provided in a transparent, affordable, and easy to understand way.

Lab tests show the importance of effective disclosure

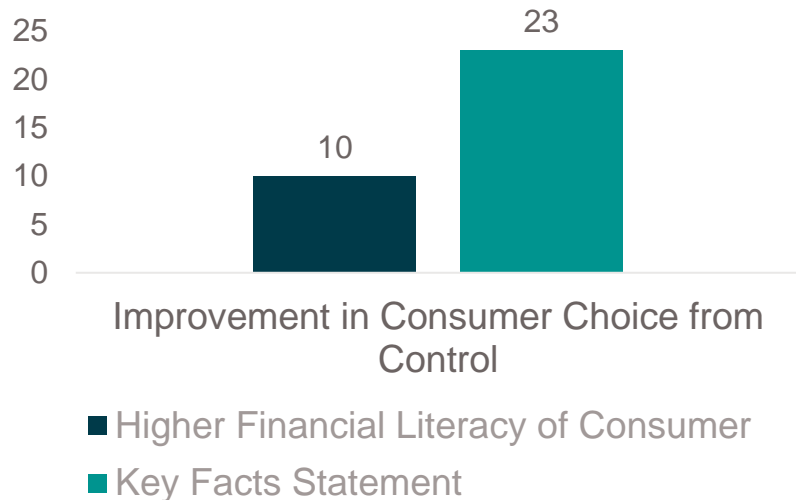
Lab testing: Key facts statement for credit products

Showing Total Cost of Credit in amount instead of percentage increases probability of choosing the cheapest credit product by 8%



Lab testing: Key facts statement for credit products

Comparative Impact on Loan Choice of Financial Literacy Levels and Improved Key Facts Statement (in %)



Improved Key Facts Statement had more than twice the effect on choosing a low-cost loan than a consumer having higher than average financial literacy

Lab testing: Disclosure formats in digital credit

Separating finance charges leads to better borrowing decisions

Choose your repayment plan:

1. Repay 228 in 45 sec
2. Repay 236 in 1min and 30sec
3. Repay 244 in 2min and 25sec

VS

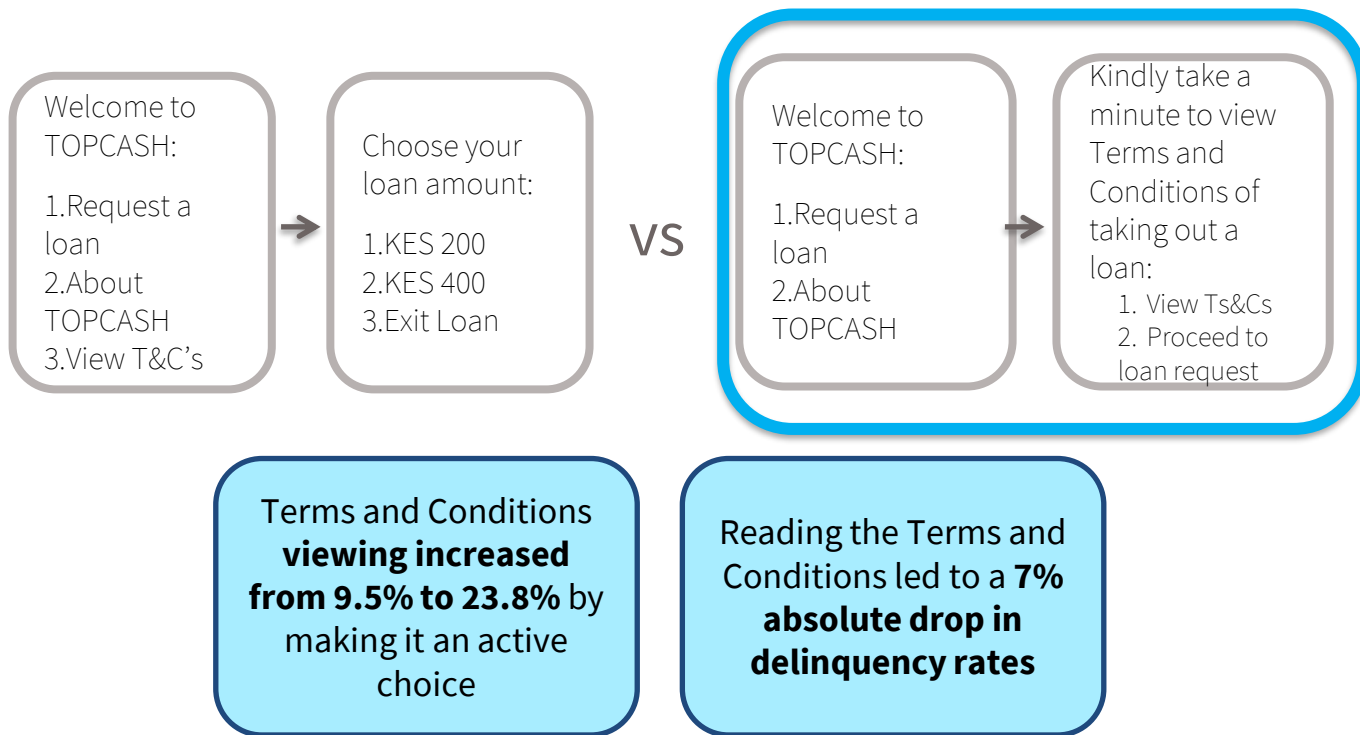
Choose your repayment plan:

1. Repay 200 + 28 in 45 sec
2. Repay 200 + 36 in 1min and 30sec
3. Repay 200 + 44 in 2min and 25sec

Clarifying interest rates led to a **reduction in default rates** on first loan cycles from **29.1% to 20%**

Lab testing: Disclosure formats in digital credit

Active choice approach increases viewing of T&Cs and reduces delinquency rates

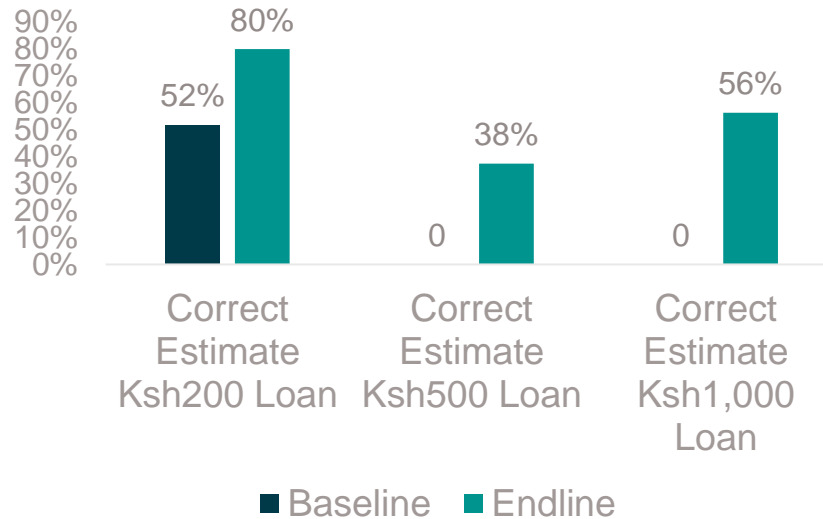


Digital credit research shows correlation
between transparency and late payment

Greater transparency brings greater customer knowledge

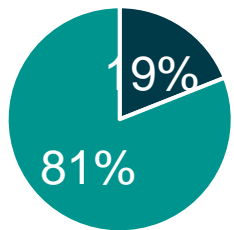
After Kenya's Competition Authority required DFS providers to better disclose costs

Consumer Estimates of Cost of their last M-Shwari Loan



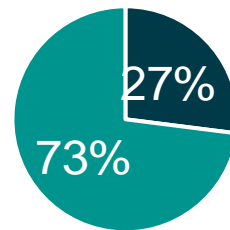
Poor transparency amongst digital credit users

Kenya



- Reported poor transparency
- Did not report poor transparency

Tanzania

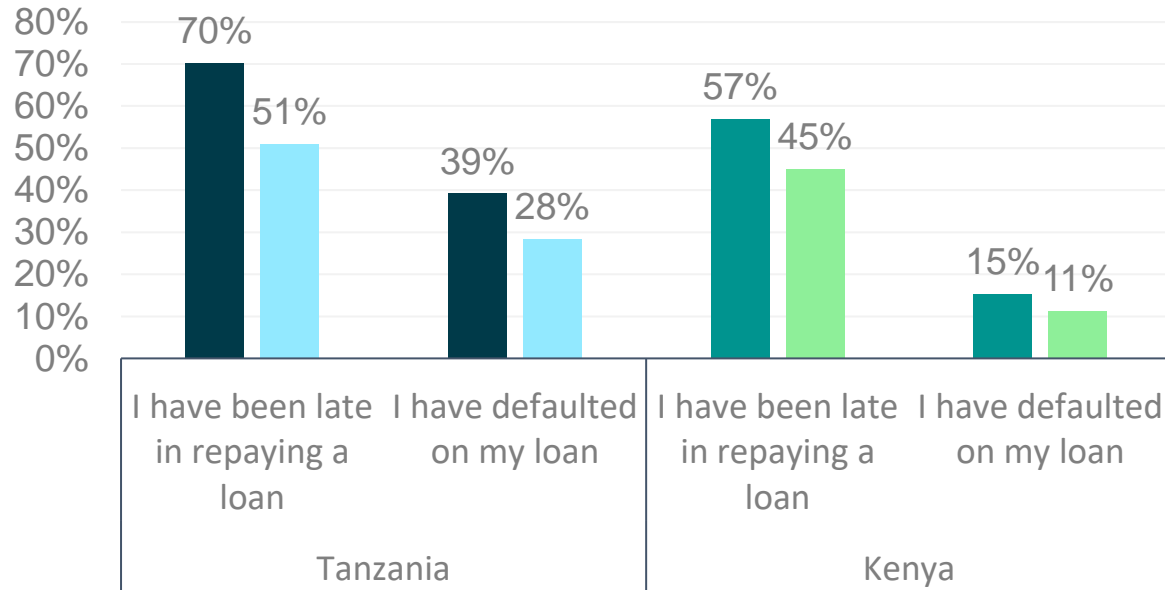


- Reported poor transparency
- Did not report poor transparency

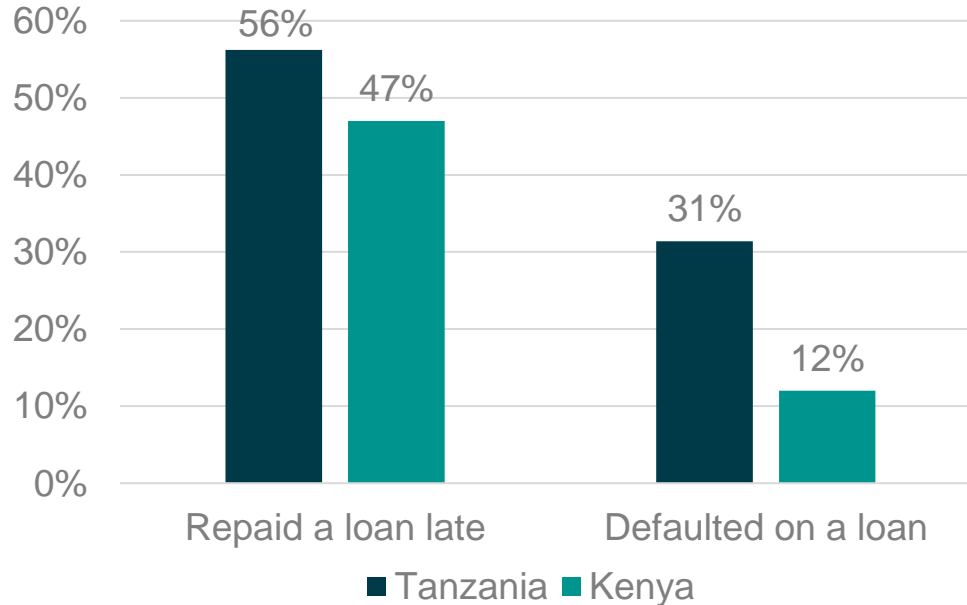
- “I was charged fees I didn’t expect”
- “The lender unexpectedly withdrew my money”
- “I did not fully understand the costs or fees”

Poor transparency is correlated with late repayment and default

Late repayment and default among digital borrowers who reported and did not report poor transparency



About half in each country repay late... and many default



Effective transparency can lead to good outcomes

- Going beyond point-of-sale disclosure, avoiding information overload and present biases
- Focusing on simple, non-misleading communication throughout the product lifecycle
- And monitoring whether information empowers customers to make better financial decisions

Thank you

To learn more, please visit

www.cgap.org





*Operational experiences
upOwa*

V1.0, 22.09.2021

upOwa : Solar Home System distributor in Cameroon since 2016

- Created in 2014
- Distribution tested in the West Cameroon in 2016
- 3 products, each comes with a Paygo offer
- Now implemented in most regions of Cameroon
- **30'000+** installations, changing about **200'000 lives**

Cameroon)

- Population* : 25.9 millions
- Density* : 50p/km²
- 10 million without access to electricity, majoritarily in rural regions*
- 2 official language (FR & EN)
- **+250 local languages spoken**
- Literacy rate** : 67.9%



* Data from 2019 - Wikipedia and World Bank


**Data from 2018 - PNUD

Challenges


- Cameroonian socio-cultural context brings challenges in verbal & written communications with upOwa's prospects & clients.

- In both commercial & customer care processes, specific practices have been deployed to set clear & transparent communication and therefore ensure:
 - customer satisfaction
 - client recovery payment behavior
 - brand's image & reputation


Transparency Communication Practices




Creation of visual instructions into the documentation provided with all kits




Recruitment of all field agents directly in the appointed distribution areas for both commercial and technical team (sale, recovery, maintenance)



Recruitment of call center operators who master the main local languages



SMS sent after payment including the amount transferred and the corresponding balance in days of light

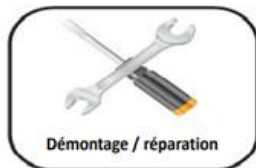
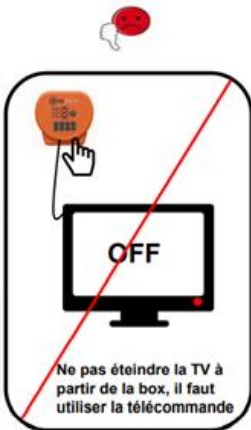


Specific awareness campaign to all clients via SMS, flyers, local radios and traditional authorities

Example - User Manual

PRECAUTIONS D'USAGES ET ENTRETIEN

NE PAS FAIRE:

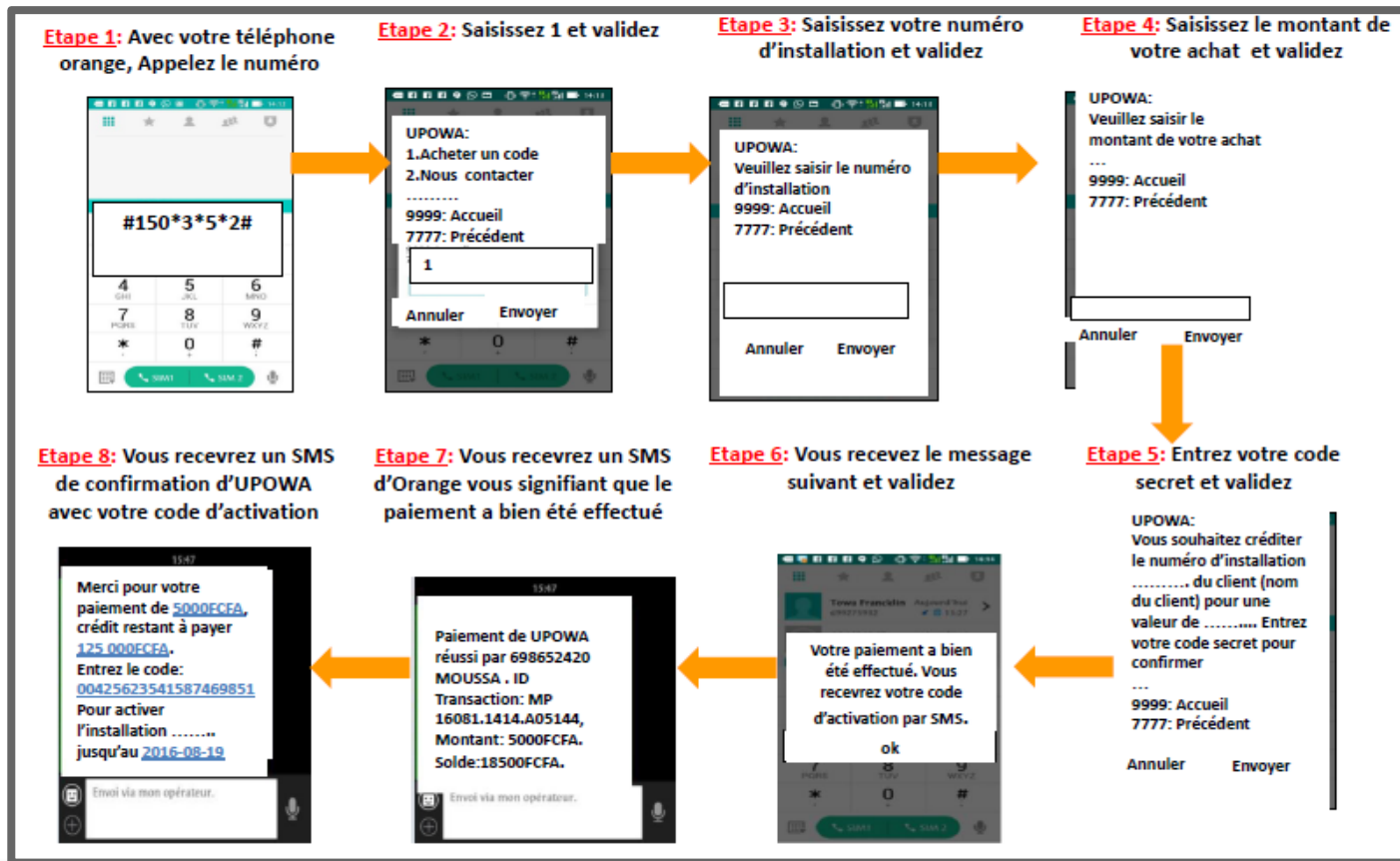


ENTRETIEN DE LA MOK BOX LUCIOLE



> Protégez vos équipements des expositions à l'eau. Au cas où un appareil entre en contact avec de l'eau, éteignez le et faites le sécher naturellement

Exemple - Payment Instruction



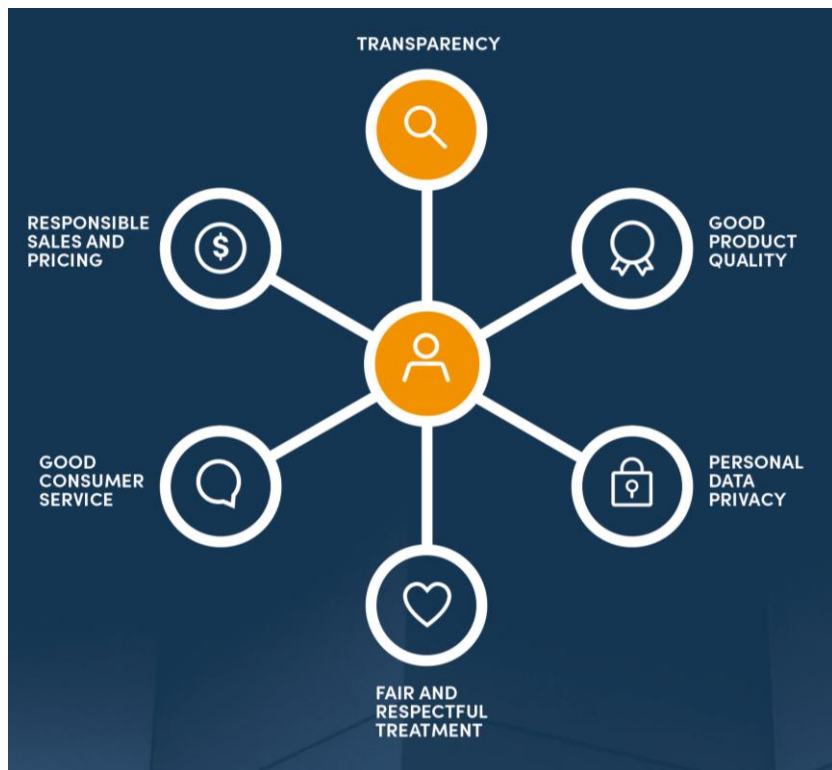
Thank you

How off-grid solar companies can empower customers and improve business outcomes through better transparency

Puck Van Basten



Transparency Principle



Transparency

- The company shares clear and sufficient information on the product, service, payment plan and personal data privacy practices to enable consumers to make informed decisions.
- The company shares relevant and timely information before, during and after sales.
- The company communicates in a language and manner consumers can understand.

Transparency and Consumer Protection

- ❑ Transparency underpins other principles of the Consumer Protection Code, especially:
 - Responsible sales and pricing
 - Data privacy
 - Fair and respectful treatment
- ❑ Consumer-facing transparency practices identified as challenging for OGS companies
- ❑ Consumer insights research highlights the impact of poor transparency



Their solar is good but make promises that they don't keep. The company should be honest and give proper information to the customers.

Off-grid solar customer - Kenya

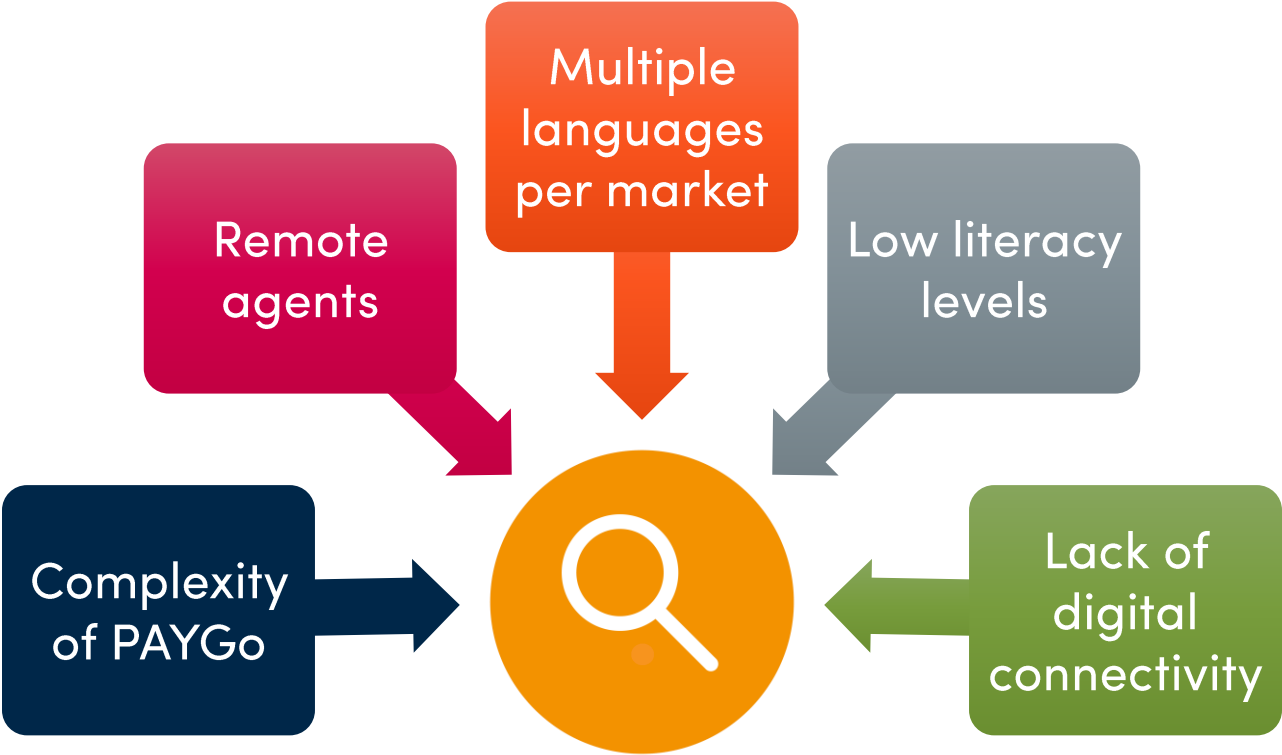


Guide me on the use of the product, the payment method etc. I don't have enough information on how to use the product. The agent didn't explain anything to me.

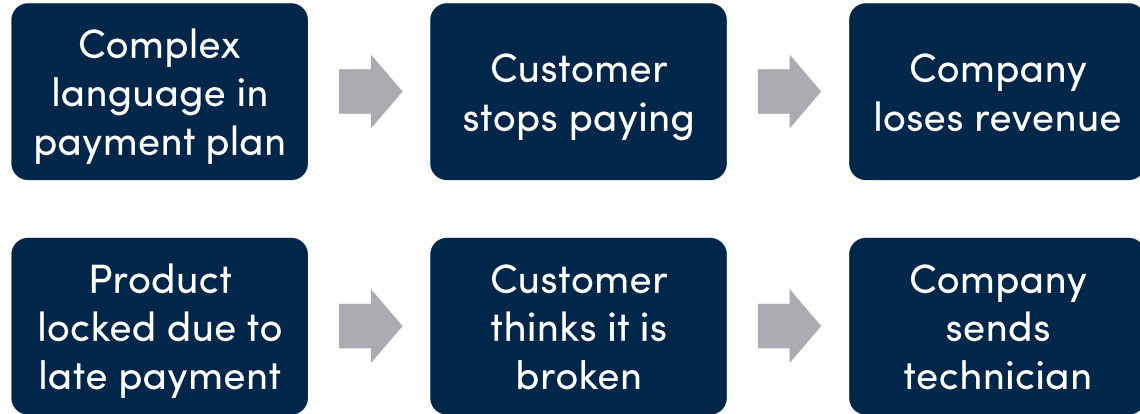
PAYGo customer - Nigeria



Challenges with consumer-facing transparency



Impact of poor transparency



Using the consumer journey to identify areas for improvement



Pre-sales and marketing

- ❑ Aim to enable consumers to make an informed decision
- ❑ Comprehensive pricing and product information
- ❑ Different formats and channels

Onboarding and installation

- ❑ Confirm client's understanding of key facts
- ❑ Adapt communication to client's needs
- ❑ Cooling-off period

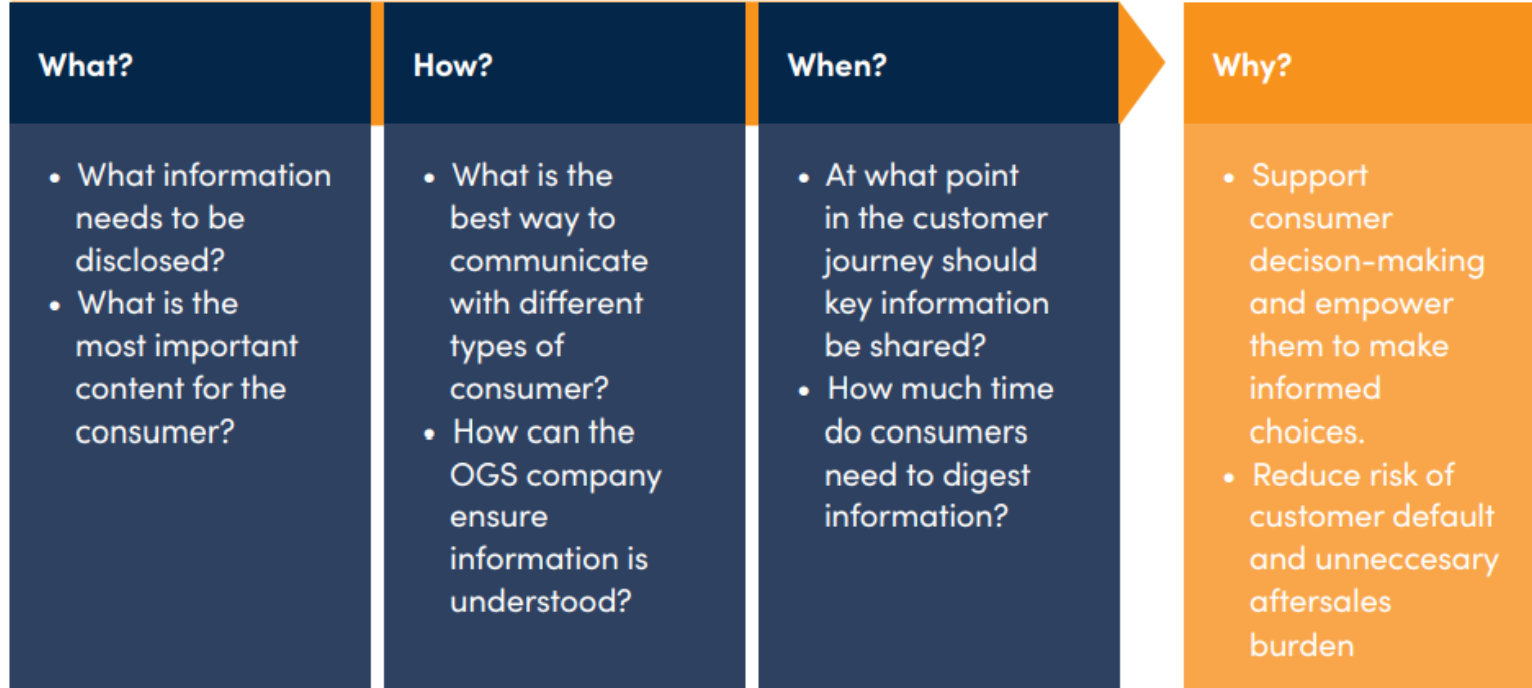
PAYGo payments

- ❑ Clear information about how to make payment
- ❑ Provide balance statements at appropriate times

After-sales and customer service

- ❑ Transparency from the beginning
- ❑ Be clear on service provision to manage expectations
- ❑ Provide a complaints information flyer

Three-pillar approach to assessing your operations



Example: Consumer contracts

1

What?

- What information needs to be disclosed?
- What is the most important content for the consumer?

- ❑ Cash sale – Cash price, product specifications
- ❑ PAYGo sale – TCO, repayment plan, payment options, late or non-payment fees or penalties
- ❑ Warranty
- ❑ Data privacy

Terms and Conditions of Sale

The Edge (Systems) Limited,
Registered Company Number 2483623
Winston Place, Penarth, Cardiff, CF44 1JL.

1. Interpretation

In these conditions of sale:

'the Company' means The Edge (Systems) Limited
'the Buyer' means the person or firm or Company ordering, buying, hiring or being loaned goods from the Company.
'the Goods' means the goods or the services, the subject matter of the relevant order, contract for sale, hire or loan (including any part or parts of them).
'the Contract' any contract between the Company and the Buyer for the sale and purchase of the goods incorporating these conditions.

2. Risk and title

- a) The risk in the products will pass to the customer as soon as they are delivered to the customer
- b) The Edge will remain the sole and absolute owner of the goods until full payment for them has been received. Until such payment has been received the buyer will hold the goods for The Edge as fiduciary bailee and will store them at its premises separately from its own products or those of any other person and in a manner which makes them identifiable as products of The Edge
- c) When payment for the products is overdue or the buyer suffers distress or execution to be levied against its effects, makes an arrangement or composition with creditors or, being a corporate body enters into liquidation or has an administrator or receiver appointed for the whole or any part of its undertaking, or being an individual has a receiving order and bankruptcy made against them then
- d) If the buyer remains in possession of the goods, whether or not they have sold them, the Edge shall be entitled to recover the goods from the customer; or
- e) If the buyer has parted with possession or has sold them as fiduciary bailee, then he shall hold in trust so much in the proceeds of sale of the goods as represent the buyer's liability to The Edge in respect of them
- f) The Edge may, for the purposes of recovery of its goods enter upon any premises where they are stored or where they are reasonably thought to be stored and may repossess the same.

3. Charges

- a) All prices advertised are subject to VAT which is payable in addition by the buyer
- b) The Edge reserves the right to amend prices as and when necessary and in the case of errors on prices the right to rescind any order and credit back to the buyer any payment received.

4. Payment

- a) Payment is to be by credit/debit card or cheque, please note that cheques will need to clear before despatch of the goods will be made.
- b) Credit accounts are available to buyers who have completed an Account Application form and that application has been satisfactorily accepted by The Edge. The Edge's decision on this will be final. Payment terms for credit accounts are strictly net monthly and The Edge reserves the right to charge interest at 3% per annum above Barclays Bank PLC Base Rate as amended from time to time and will be charged on a daily basis on overdue accounts calculated from the date payment is due until receipt of the payment by The Edge.

5. Delivery

- a) All published delivery timescales are subject to availability. The Edge will not be liable for any failure to deliver within published timescales this includes loss of interest, revenue or goodwill, or any payments due to a third party in excess of the cost of replacing damaged or defective goods.
- b) Delivery costs are in addition to the published prices and will be added at checkout stage
- c) In the event of any damage to the goods upon delivery the buyer must notify The Edge within three working days of delivery and must sign the carriers delivery documentation as damaged, this allows us to claim back from the carrier's insurance policy and then enables us to reimburse the buyer.

6. Force Majeure

Neither party shall have any liability to the other for any failure or delay in performing its obligations due to any circumstances wholly or partly beyond its control, such circumstances shall include but not be limited to fire, flood, power failure, mechanical failure, lack or shortage of materials, strike, lockout or any other industrial action.

7. Refunds

The Edge will refund any goods and outward carriage costs if the order is cancelled by you within a 7 day cooling off period. You are advised to return the goods to us, within 7 days of delivery, with the original packaging, to ensure the goods are not damaged on their return journey.

8. Cookies

- a) A cookie is a small text file written to your hard drive that contains information about you. Cookies do not contain any personal information about users.
- b) The website provider (The Edge (Systems) Limited) uses cookies to personalise your experience of the Website. Most web browsers allow you to control how cookies are accepted by adjusting your web browsers settings. If you set up your browser to reject the cookie, you may still use the Website.
- c) Services delivered via the website such as video or embedded content from external providers may also place cookies on your machine (computer).
- d) If you register or login to the website you are deemed to be accepting these terms and conditions and consenting to the website placing cookies on your machine (computer).
- e) You can read more information about cookies set by this website on our Cookies information page.

Please follow the instructions on the Cookies Page to remove (The Edge (Systems) Limited) cookies from your machine.

9. General

- a) No modification or amendment of these terms and conditions shall be valid unless agreed in writing and signed by the duly authorised Representative of both parties.
- b) All contracts are to be subject to English law

Example: Consumer contracts

2

How?

- What is the best way to communicate with different types of consumer?
- How can the OGS company ensure information is understood?

Key Facts Statement for Off-Grid Solar PAYGo Purchases (Example)



The Basics

- You are buying: **GOGLA SolarHome Kit2021**
- The total amount you will pay is: **KES 49,500**
- You will pay by: **Mobile Money (#####) or via cash with a GOGLASolar-Agents only**



Your Repayments

- You have paid a down-payment of **KES 5,000** on **02/07/2021**
- You will pay: **KES 2,750** every **Month** for **18 Months**
- Your next payment is due on: **02 August 2021**



Late Payment Penalties and Fees

- If you do not pay in time, after **0** days, your product will be **locked so that you cannot use it**. It will be unlocked when you next pay a minimum of **KES 2,750**.
- If you do not pay for **180** consecutive days, your product will be **repossessed**.



Your Warranty

- The warranty on your **GOGLA SolarHome Kit2021** is valid for **3 years** and ends on **02/07/2024**
- To claim your warranty, Call Freephone **0800 123 456 789**



Data Sharing and privacy

- Your personal details will only be used for **our internal use** and will not be shared with other parties.
- We **[will/may]** report your data with a Credit Reference Bureau (CRB). If you fall behind on your payments, this may negatively affect your credit profile and affect your ability to obtain further credit.

Download the KFS template for OGS companies [here](#).

Example: Consumer contracts

3

When?

- At what point in the customer journey should key information be shared?
- How much time do consumers need to digest information?

- ❑ Timing is everything
- ❑ Ensure customers have enough time to read and digest before the sale
- ❑ Allow a cooling-off period





Check your T&Cs

Review your customer contracts and implement a Key Facts Statement



Add a step

Add a simple step to your onboarding process to check consumers understand key T&Cs



Train your agents

Ensure agents receive training on how to explain prices and products



Speak their language

Support local languages and use visual aids where possible



Empowering consumers through better communication, information and support



Consumer Protection Briefing Note: Transparency



The [company] agents are very nice to us. And the company itself often notifies us of things by text messages and phone calls. In addition, the solar panel and the battery are useful and durable.

PAYGo Customer - Cote d'Ivoire



They are very friendly, quick to resolve customer issues, I also enjoy how well they communicate with their customers and that makes me happy and appreciative of their products.

Off-grid solar customer - Kenya⁸



Thank you.

www.gogla.org/consumer-protection

p.vanbasten@gogla.org

