

Annex 9: Learning and Skills Development Portal Survey Summary Report

Introduction

This summary report highlights findings from the qualitative and quantitative needs assessment conducted to understand the gaps and challenges of the supply and demand for capacity building services in Cambodia, Myanmar, Lao PDR and Viet Nam (CLMV), which was used to inform the design of the SHIFT's activities.

1. Situation Analysis and Problem Statement

Financial exclusion rates in CLMV are high compared to other ASEAN countries, ranging from over 80 per cent in Lao PDR, Cambodia, Myanmar and 70 per cent in Viet Nam.¹ Globally there are a number of reasons why access to formal financial services are low: key among them are capacity and willingness of financial services providers (FSPs) to expand to unreached or under-served low-income market segments. All financial sector stakeholders are important for building robust financial services markets that serve poor and low-income people. Stakeholders such as policy and regulatory agencies, investors and other funding agencies, bankers' associations and MFI networks, and agencies that promote transparency and communications, such as credit bureaus, rating agencies and audit firms, advance or constrain quality growth of financial inclusions initiatives. However, the fundamental building blocks for substantial financial inclusion efforts in any market are sustainable financial services providers, whether they represent the next frontier of digital financial services or use more traditional methods to offer quality services. As an initial platform for programme design, the SHIFT qualitative and quantitative research focused on financial services providers and technical services providers that are integral to financial sector development.

Expansion of FSPs in CLMV is constrained by innovation to bring new products to the market, leadership skills and mid-level management skills, and access to capital to expand. Often these constraints are due to regulatory frameworks, but just as often they are due to internal factors within the financial services provider that limits growth and further potential for expansion. CGAP's research on capacity building notes that internal constraints and incentives to reach a broader customer base are often a result of lack of incentives and appreciation of the importance of staff development. In addition, some FSP's simply reach their limits to growth, either because they are targeted membership organizations, or work in small markets, such as villages. Others are limited by competition from other, stronger, more innovative and growth-oriented FSPs. Yet, in CLMV there is still much room to expand to the financially excluded, particularly women, and there are a number of strong, relevant and growth-oriented FSPs that can scale-up to advance financial inclusion.

Incentives for market actors are based on rational choices given existing conditions. Most often, the main cause for limited demand for services is that financial service providers do not perceive a need for services, often because they lack awareness of their own needs or they lack understanding of the market potential for expanding their offerings into new markets. In some markets, there is demand for capacity building services, but there is a lack of supply of such services.²

Several reasons why capacity building service providers may not be offering services that meet the needs of FSPs revolve around the existing incentives for them to enter a particular market. Supply may

¹ World Bank FINDEX (2014). Financial inclusion rates as a percent of the population aged 15 and over with bank accounts with a formal financial institution.

² CGAP. (2014). Facilitating the Market for Capacity Building Services . Focus Note .

be weak due to lack of knowledge about the FSPs' specific needs or lack of understanding of the business proposition that serving FSPs that serve low-income and poor clients can be a sustainable business; lack of incentives to enter the market; capacity building providers may not invest in relevant services because FSPs are unable or unwilling to pay for them; and, capacity building service providers do not have the experience or capacity to meet the needs of the FSPs.³

In conclusion, the lessons from global research on capacity building providers and their FSP clients cite many reasons why FSPs are unable or willing to expand further. For this reason the SHIFT programme undertook qualitative and quantitative research in CLMV to understand the specific problems, priorities and opportunities as a basis for addressing these areas for programme intervention.

2. Survey Methodology

The UNCDF SHIFT Programme's needs assessment survey was designed to identify shared gaps, constraints and opportunities to build and strengthen professional development in the financial inclusion industry, at both the national level in CLMV countries and throughout the ASEAN region.

- Initially, qualitative research, based on interviews, was conducted prior to the survey to identify topics of concern, and post survey to triangulate survey results.
- The survey methodology used a format developed by CGAP's Global capacity building survey and was modified based on the regional context and SHIFT priority areas. In consultation with CGAP, the modification of the survey enabled effective question sampling for robustness, prior testing with a large sample size of FSPs (420) and 108 TSPs (108) and modification of questions built on CGAP lessons learned to improve survey design. The SHIFT survey also integrated ICT elements to hone in on quality and usage to inform programme design.
- Prior to finalization, TSPs and FSPs were consulted on the content, scope and clarity of the survey questions. Clarity of language was vetted with nationals in each CLMV country to verify the ability of non-native English speakers to understand the survey language.
- Two different surveys were developed: one for FSPs in CLMV and the second for TSPs and other financial sector stakeholders located in CLMV, the region and internationally. The link and individual invitations were sent to all FSPs in CLMV that participate in the MIX Market and provided an email address, and also sent to technical assistance firms, local bankers' associations and networks to enlist other FSPs in the region. The TSP survey and invitations were sent to capacity building organizations working in the ASEAN region, technical assistance firms, national bankers' associations and MFI networks, rating agencies, funding agencies and individual consultants working with FSPs and other financial sector stakeholders in CLMV.
- Response Rate and Completion Rate: The survey was sent by special invitation to 63 FSPs in CLMV and 54 global, regional and national TSPs that work in CLMV Global regional and national networks and associations were asked to send the survey to their local CLMV members. The response rate for the TSP survey was 57 per cent, and 51 per cent for the FSP survey,⁴ with a completion rate was 81.4 per cent.

³ CGAP. 2014. *ibid.*

⁴ According to on-line survey experts the average response rate to on-line surveys ranges between 23-28 per cent (Fluidsurveys.com. Supersurvey.com. Calculation of response rate excludes pop-up surveys and mandatory surveys targeted to employees.)

3. Key Results: Data, Analysis and Implications for the SHIFT programme

“In a dynamic and adaptable market for capacity building services, financial services providers would 1) know what their capacity building needs are, 2) have access to information about capacity building providers and their ability to serve those needs, 3) value the services that meet their organizational needs and strategies, 4) be able to afford those services, and 5) partner with service providers to develop new services adapted to changing market conditions. Today, most capacity building markets do not function this way.”⁵

3.1 Survey Respondents: Who are they, where are they, what size are they and how long have they been operating

- The majority (58 per cent) are formally regulated banks and NBFIs.
- Credit unions and cooperatives have a strong presence in Lao PDR, Viet Nam (25 per cent total in the survey)
- NGOs are mostly represented in Viet Nam (16 per cent total in the survey)
- The majority of FSPs (62 per cent) are middle-aged (6-15 years of operation). Young FSPs (1-5 years in operation) and mature FSPs (over 15 years in operation) are equally represented.
- Size of FSPs, measured by number of staff members are almost equally represented: Small FSPs (2-50 staff (34 per cent), mid-sized FSPs with 51-500 staff members (34 per cent and large FSPs with over 500 staff (32 per cent).
- Survey responses showed healthy representation of all CLMV countries, with Cambodia (41 per cent), and Viet Nam (25 per cent) taking the lead. This representation was expected due to the number of FSPs in both countries that serve poor and low-income customers, and may have had a limited effect on the robustness of survey results, with respect to an over-estimation of the high quality of services available and accessible. However, there were no major differences in survey responses by country that showed significant outliers. The TSP survey serves as an important verification tool in this respect, as TSPs are more likely to understand the market for professional development services in the region and their own competition.

3.2 Looking Behind: “obtaining the capital to grow” and external factors as the greatest FSP challenges in the next 3-5 years

Obtaining capital to grow (43 per cent) and external market challenges (29 per cent) were rated by FSPs as their greatest challenges to growth. TSPs rated governance (31 per cent) and internal management processes (27 per cent) as the greatest challenges to their FSP clients’ growth. In many respects the maturity, size and locations of FSPs explains some of the greatest reported challenges that FSPs will encounter in the next 3-5 years. FSPs in Myanmar and Viet Nam face tough regulatory requirements, for example interest rate caps, unfavourable loan to deposit ratios, and restrictions on raising foreign donor capital.⁶ In Cambodia overheated competition lead to multiple loans from different FSPs. Competition in Cambodia has also lead to some very positive effects on growth, such as lower prices and product diversity for consumers. As a result of competition and other factors organizations also value staff professional development as one of their greatest assets.

⁵ CGAP. (2014) Facilitating the Market for Capacity Building Services

⁶ UNCDF (2014) Myanmar Demand, Supply, Policy and Regulatory: Synthesis Report.

The implications of these findings for the SHIFT programme are varied.

- FSPs responding to the survey are more likely to have used professional development services outside of exclusive reliance on in-house resources, due to their maturity and size, and more likely to be able to judge the quality of professional development services available.
- FSPs may be reluctant to avail professional development services due to higher priorities in other areas, or a pervasive gap in understanding that robust management systems and good governance serve as stepping stones to obtaining capital.
- FSPs and TSPs do share common experience and perceptions about certain challenges. Expanding their market to new client segments and product development are both considered relatively low priorities compared to others. As SHIFT intends to expand to serve 800,000 direct users, a robust communications campaign based on an in-depth understanding of FSP incentives to expand outreach to new client segments will be an essential first step in launching funding facilities.
- Finally, SHIFT has the opportunity to work in partnership with TSPs to develop messages about the importance of good governance and robust internal management systems.

3.3 Matching Supply and Demand: can a better match be made?

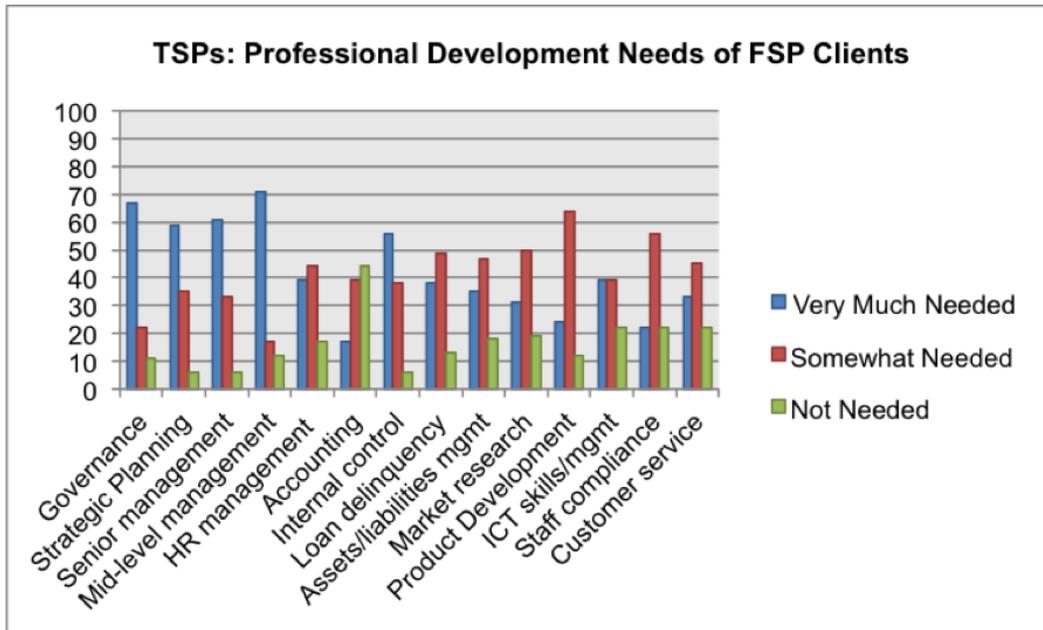
The survey considered fourteen major professional development content areas relevant to the basic systems any financial services provider must have in place to operate effectively.⁷ Survey results show similarity of views and experience between FSPs and TSPs, although there are some notable exceptions in the weighting and priority given by each group.

Survey results strongly indicate nine content areas that are in high demand by FSPs and confirmed by TSPs. In summary, these areas are: mid-management skills and capacity (71 per cent), governance (68 per cent), senior management leadership skills (61 per cent), strategic planning (60 per cent), the three areas of risk management --internal control 57(per cent, loan delinquency management (39 per cent) and asset and liability management (36 per cent), ICT skills and management, (40 per cent) and front-line staff customer service and communications (30 per cent). See Chart 1, below.

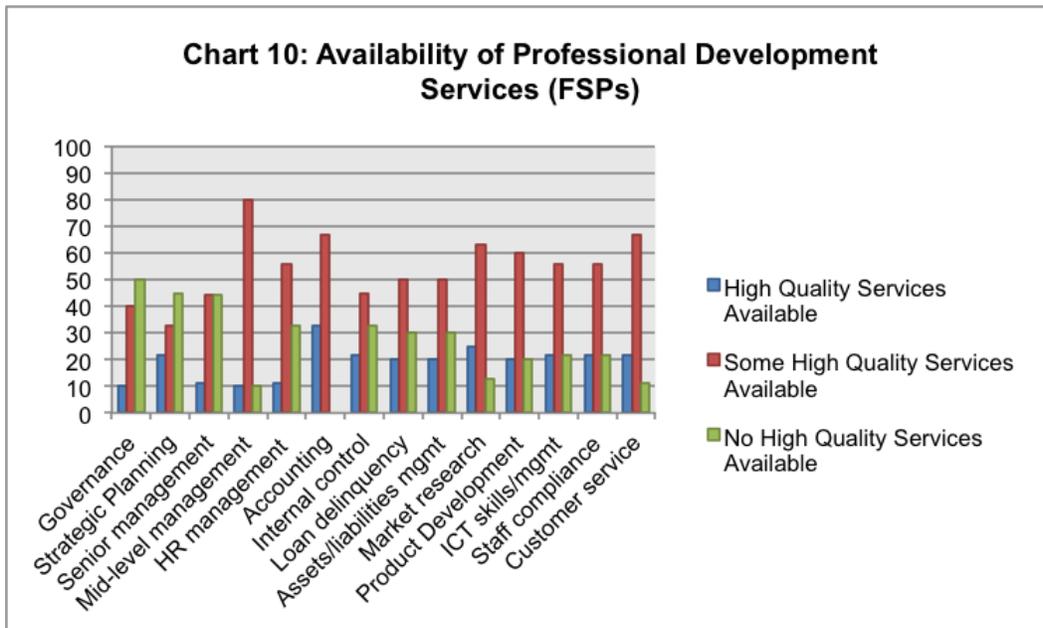
When it comes to areas of professional development that are somewhat needed or not needed there is also a similarity of response between FSPs and TSPs –accounting, staff compliance with internal policies and standards, market research, and product development. Explanations for these ratings include that some high quality services in these content areas are available in the region, staff compliance with internal policies and standards is a task generally taken on by the human resources departments of the FSP, and, finally most FSPs do not see expanding their markets to new client segments with new products as a current priority. See Chart 1, below.)

⁷ The fourteen areas are: governance, strategic planning, senior management leadership skills, mid-management operational skills and people management skills, HR management, accounting, three areas of risk management: internal control, loan delinquency management, assets and liabilities management, market research, product development, ICT skills and management, staff compliance with internal policy and standards, customer service and communications.

Chart 1: Professional Development Services in Demand



TSPs and FSPs were asked to rate the quality of professional develop services available in the same 14 areas of priority need. Survey results revealed the surprising number of professional development content areas where no high quality services are available. The highest ratings for “no high quality services available” are in the six areas of professional development most in demand by FSPs: governance, strategic planning, senior management leadership skills, and the three areas of risk management: internal control, loan delinquency management and asset and liabilities management.



Survey findings present several implications for SHIFT programme development:

- The lack of high quality services available in areas of priority demand by FSPs is a significant opportunity for the SHIFT learning platform.
- The information presents a roadmap for priorities for learning content, and also what to avoid due to existing high quality supply.
- As the SHIFT programme intends to reach 880,000 new clients, one issue for consideration is the relatively low attention given to both market research and product development due to FSP professional development priorities, as well as what appears to be a general satisfaction with current growth rates with existing products. In addition, some high quality services in these two areas are available in two markets.
- The easy targets for course content are those areas where quality course are already available. SHIFT will partner with local/regional providers to avoid distorting the market with subsidies There is an opportunity for SHIFT to work together with local and regional providers to enhance quality service provision, including the use of new ICT media and exposure to new markets, and in the process avoiding the risk of undermining professional development services businesses already established in local markets.

3.4 Most FSPs acquire professional development services through their own in-house training and local services providers external to the organization (52 percent) FSPs in CLMV also rely on peers and colleagues more than any other source (22 percent), with individual training professionals and local training institutes coming in as a close second (15 percent each). Local networks and associations, local consulting firms and service providers are most often tapped by FSPs for capacity building services.

- Reasons why “high-touch” training is more often used than distance learning are: 1) practical on-the-job training is highly valued as grounded in experience; 2) it also builds organizational professional development expertise, comradery and organizational cohesion; and 3) such training presents many opportunities to review and evaluate trainee performance.
- According to both FSPs and TSPs the top three elements that enhance the learning experience for FSPs and their staff are rated in the order: 1) tailored to the organization’s needs, 2) locally relevant and delivered in local languages, and 3) high quality. Capacity building services that include some follow-up in some form, such as coaching, mentoring or refresher courses are valued slightly higher than value for money.
- Even though e-learning is increasing worldwide and in the ASEAN region, the CLMV countries are challenged to build appropriate supportive infrastructure before online services are widely available and accessible in areas where FSPs operate. When asked about the increased usage by FSPs of online capacity building services responses indicated very low usage increases across content areas and methods, such as peer group discussions and coaching and mentoring. The two most promising areas for online courses and capacity building are peer group discussions and technical courses, such as accounting, financial analysis and IT skills. These content areas are similar to content areas where high quality courses are already available in the region. The responses also revealed that management and governance courses show tepid usage increases or none. Coaching and mentoring falls into the same category.

The implications of these findings for the SHIFT learning portal include:

- Openness to a variety of professional development methods, including incorporating creative ways to incorporate high touch experiences with ICT enabled learning experiences.
- Careful phasing of change based on more in-depth understanding of FSP’s capacity and willingness to change.

- Implementation of a robust social marketing campaign that also combines an informational and educational component. Partnering with existing professional development service providers who understand local FSP needs and motivations to improve is a good avenue to explore.
- As the SHIFT learning platform is designed to be an open-source ICT platform, there are issues to consider for programme implementation, such as revenue streams to support sustainability and intellectual property rights.

3.5 Who pays: Although a remarkably high percentage of FSPs (91 per cent) consider funds invested in professional development of staff as “value for money”, most FSPs (90 per cent) rely on grants and scholarships to fund some part of these efforts. Budgets for professional development and skills building are rarely adequate as illustrated by both TSPs and FSPs –only 36 percent indicate adequate budgets, and capacity building budgets are always the first to be cut. Survey findings show that the majority of FSPs (60 per cent) rely on subsidies to cover more than 50 per cent of the costs of capacity building.

The SHIFT learning facility is designed to be an open source platform. Issues for consideration center on:

- FSPs in the region rely heavily on subsidies for capacity building
- Appropriate fee structures for the diversity of services envisioned, striking a balance between offering a public good and piloting a commercially viable endeavour.
- Ensuring that any subsidies of the learning portal are temporary and planned to phase out.
- Exploring other means of cost covering, such as, such as advertisements, the main source of revenue for major open-source platforms, and investments.
- SHIFT temporary subsidies should not distort market signals, but rather ensure that the full price of the professional development service is made transparent.
- Consideration should be given to attracting well-placed commercially successful training content providers as partners, and researching intellectual property rights that may encumber such partnerships

3.6 Identifying Incentives, Evaluating Performance and Measuring Impact of Professional Development Services: Certain conditions within an organization can enhance organization-wide impact of professional development services. An organization’s vision and commitment to ensuring high quality professional development and access for staff to opportunities is one fundamental condition. Within that wider organizational framework, senior managers that value capacity of staff serve as front-line advocates for professional development. Operational aspects also have a great influence, such as performance assessments that review how trainees shared their newly acquired knowledge or skills with other staff, or on-the-job training, which also builds awareness of organizational standards and policies. Unless there is a plethora of trained and motivated professionals in the broader market, retaining trained staff with competitive compensation packages is one way to avoid devastating and frequent staff turnover, and the high costs associated with recruited new staff. Another condition that advances the impact of professional development services within the organization is high quality training and TA, which includes communications, in addition to content area expertise.

Financial services providers and their TSP counterparts shared wide agreement on the top conditions that advance the impact of professional development services within the organization. The top four conditions are: high quality technical assistance and training (90 percent), commitment and vision of the organization to building staff capacity (80 per cent), managers value capacity building for their staff (80 per cent), and staff are trained on-the-job (90 per cent). Conditions such as retaining trained staff, linking performance assessment to sharing newly acquired skills, and establishing long-term relationships were rated as less important, although FSPs rated retaining trained staff as the fifth

condition the advances organization wide impact of capacity building services. The one condition that was rated as the least important by both TSPs and FSPs was that the trainee has to pay part of the costs.

These findings play an important role in bridging skills and capacity gaps, as they show the type of incentives that are built into the FSP management structure for ensuring wider organizational impact.

One practical issue for the SHIFT programme implementation is to ensure FSP senior managers and staff supervisors are informed, supportive and involved in professional development activities offered by the programme.

3.7 Measuring an individual's improved performance due to capacity building helps an organization establish a case for continued professional development of staff. While measuring organizational change due to professional development is a much more difficult task, it serves as a foundation to establish incentives for further organizational advancement.

- The most common means of measuring performance used by FSPs are: management appraisal of how capacity building improved staff performance, staff self-appraisal of performance improvements, and measuring organizational change. Trainee pre- and post-testing is less frequently used, and 9 per cent of the respondents do not measure individual or organizational change due to professional development services.
- TSPs have a remarkably different experience. The most common means of measurement used by TSPs' FSP clients is staff satisfaction evaluations with courses, events, and forums. Staff satisfaction evaluations are not the most robust means of measurement of successful professional development. In addition, TSPs note that most FSPs do not measure organizational change, and measuring an individual's improved performance receives a surprising low rating of 21 per cent.
- One central issue revealed by these findings is the low level of accountability required for professional development services to have an impact on the individual's improved performance. A related issue is the lack-luster use of pre and post-tests for structured courses. The SHIFT programme may address these issues by ensuring stronger means of measurement are built into the learning platform operations for both individuals and organizations. SHIFT plans to follow the same DCED standards that will be used in other components of the programme.

3.8 Setting standards for course content and offering certifications for professional achievements can serve both accountability mechanism and as powerful incentives for individuals to gain and useful and marketable skill.

- Setting standards for course content is highly valued by FSPs (80 per cent) and for TSPs less so (45 per cent).
- Certification in subject matter is equally valued by TSPs and FSPs (40 per cent average) but much less so than standards for course content. This finding is quite logical, since setting standards is a pre-condition for meaningful certification in a subject.
- The implications for the SHIFT programme are to ensure subject matter contributors meet quality standards in content areas, and to move towards setting standards for all learning portal course content.

3.9 According to survey respondents, professional development services can be provided effectively throughout ASEAN using common standards and certifications. The findings are noteworthy, with 72 per cent agreeing and 28 per cent disagreeing. The main reason for disagreement is that ASEAN countries have not yet set common standards for professional qualifications and practices in fields relevant to the financial sector, such as accounting. However, as ASEAN is working towards the

establishment of an economic community by the end of 2015, the timing is right to initiate discussions and support the process.

Implications for the SHIFT programme

- While the task is significant, standards and certifications in subject matter are valued by FSPs. SHIFT is positioned to vet subject matter to ensure contributors meet quality standards and move towards setting standards for all learning portal course content.
- ASEAN-wide standards and certifications: 72 per cent of all survey respondents agree that professional development services can be provided effectively throughout ASEAN using common standards and certifications.
- SHIFT programme involvement in such an activity may begin with initial efforts to confirm that course content is coherent with standards in ASEAN countries by engaging ASEAN and local professional associations in established fields relevant to the financial sector.
- Researching the diversity of regional and national professional associations and engaging them in the learning platform activities are important first steps in this process.

4. Conclusion

The SHIFT programme focuses on a main area that restricts further financial inclusion in CLMV –the capacity of FSPs to grow and reach new customers. FSP capacity to grow is not an abstract concept. It is vested in the professional development of staff, management and leadership. Further, the learning portal is designed to be flexible and phased allowing for regional peers to push demand for services to countries lagging behind, making them aware of opportunities to advance capacity building in their own organizations.

While connectivity in the CLMV region remains an issue, CLMV countries are positioned to leapfrog into the frontier of digital services and commitments from governments are on the table to build ICT. Given advances in the region, mobile technology is more promising than broadband inter-net services due to lower costs and higher accessibility. In two CLMV countries (Lao PDR and Myanmar) financial services providers are in the early stages of adopting electronic management systems. Even large commercial banks and government owned banks with extensive outreach are still reliant on paper-based and manual processing of accounts and reporting. The SHIFT programme will match ICT coverage with advances in mobile technology, ICT infrastructure and preferences of FSPs. Online professional development services hold the promise to reach scale at lower cost as indicated by global trends, the plans of several CLMV countries to upgrade ICT infrastructure, and incorporate ICT learning into national education plans.

As the majority of FSPs prefer a “high touch” learning experience for staff professional development, the learning portal anticipates an approach that combines “high touch” learning experiences with ICT learning through the development of ICT mentors. ICT mentors are FSP staff members who have become familiar with course content and the learning platform usage. ICT mentorship is advanced in several countries in the region, including Singapore and Australia. The SHIFT programme has already begun to explore these resources and how they may contribute to advance the learning portal development. Further, FSPs are not yet aware of the ways ICT tools can enhance the learning experience and lower costs. A social marketing and educational campaign is planned to address issues of FSP awareness and invite them to participate in the learning portal and learn how they can contribute and best use it for advancing staff capacity.

Aware of potential market distortions, the SHIFT programme anticipates partnering with existing professional development service providers who understand local FSP needs and incentives to improve

operations. Pilots with experienced local TSPs are planned to support commercially viable ICT learning opportunities. Developing follow on activities to ensure that pilot approaches are effectively monitored, funded and scaled-up to national and regional approaches are anticipated in the learning portal plan and budget.

Course content standards that allow for changing market conditions are expected to be place. Content contributors will be vetted for compliance with professional associations in the region. Further, the demand driven nature of the learning portal facilitates the process of adopting and adjusting standards to changing market conditions.