

Summary of Thesis

An Assessment of Customer Satisfaction in Micro Finance Institutions (MFI) in Bangladesh - Impact of Information and Communication Technology (ICT)

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ABSTRACT

Since independence, Bangladesh has been striving to overcome major socio-economic problems such as poverty, women empowerment, the balance of regional development as well as natural disaster. As a developing country, tackling all of these mammoth tasks has been challenging. Though conventional social development models have proven important for the change of any nation's socio-economic structure, unconventional social innovations help to adjust models in a particular social frame. Concerning the development model in Bangladesh, it is evident that such social innovations are working as a steering wheel for the country's continuous positive changes. This change of social institution is microfinance (previously known as microcredit). The recognition of microfinance (MF) in Bangladesh is well known all over the world by the Noble Committee's selection as a peace initiator back in 2006.

Despite global attention and socio-economic contribution, the beneficiaries of the systems are neglected by the service providers from various perspectives. This study intends to investigate the current situation, expectation and satisfaction towards services of the MFIs. An ironical but true picture of the industry needs to be revealed because of global interest and sustainable growth of the sector. Clients of this industry were mostly poor without having any formal employment and involvement in income generating activities. After involvement with the MF system, various kinds of scope for self-employment have flourished. However, the major client group has less than an elementary school education and more than 80 percent of clients are women. In Bangladesh, women have various social obstacles due to a male dominating society. Agriculture and agro-based small businesses are the main occupations for clients to support their livelihood. Though MFIs are working in both rural and urban areas, most of the clients are living in rural areas. Rural parts are less developed than urban areas in Bangladesh. This study uncovers the customer expectation by conducting a rigorous field survey and interacting with the parties involved in the MF business in Bangladesh. The main purpose of this study is to assess the customer satisfaction in MF in Bangladesh and to investigate the role of ICT in MF.

This research proceeds with the aim of revealing the answers to five major research questions. The first research question discovers the reasons for the diffusion of MF business. In this stage, this study used a quantitative model to investigate the major effects of diffusion. The primary result indicated the higher rate of imitation characteristics among the client pool of Bangladesh over innovation effects. Furthermore, the study identified that process and product

innovations had a high impact on customer satisfaction that indirectly boosts the imitation effect.

The second research question intends to answer the level of customer satisfaction and major factors that affect that satisfaction. An extensive field survey has been conducted to assess customer satisfaction throughout Bangladesh. The intention of this study is to find major factors that affect satisfaction, classify them, and propose some ways to improve the system. Product factors like loan amount flexibility, interest rates etc. also affect customer satisfaction. As does human resource capabilities. The findings of this stage are the direct and indirect influence of physical factor towards customer satisfaction.

The third research question highlights the various types of MFIs and their different impacts on customer satisfaction. In this regard, some of the hypotheses were developed to compare the MFIs which adopted ICT at various stages of operation and MFIs which are using ICT at a very low scale. The assumption of high performance due to the adoption of ICT has proven negative in various factors such as loan amount flexibility, monitoring loan purposes, and faith on recording and mobile money transfer. MFIs that adopted ICT at various operational stages are not yet efficient in using such a sophisticated tool. Again, the customers of this industry have less interaction and knowledge of technology as their livelihood. It has been found that ICT empowered MFIs in developing flexible product and services. The most notable facts have been revealed when in discussions with the MF business professionals and clients of various types. These are highlighted as unique findings of this research which are affected by the socio-cultural conditions in Bangladesh.

The fourth research question analyzes the cases of MFIs based on their size and ICT usage. The basic intention was to compare the productivity, efficiency and customer satisfaction among them. This study highlights one small MFI and their forward attitude to using the ICT at field level transaction. Besides that, ICT adopted MFIs were able to get higher efficiency in various aspects compared to low usage groups of MFI. Specifically, this research discovered a high productivity of collectors (key personnel of MFIs who works as an agent of MFIs) in the MFIs that used ICT. The unique findings at this stage were the case study of a small firm which gained a competitive edge in competition with the use of ICT.

The final research question exhibits inhibitors of the adoption of ICT in MF in Bangladesh. Through structural equation modeling, this study identified factors such as expertise on maintaining the information system, training, system reliability, support structure and IT-literacy

as major barriers to the adoption of ICT. Further to this the research reveals the facts of ICT usage and the capability of the MF sector in Bangladesh.

In addition, this study aims to derive a solution for the existing MF situation in Bangladesh. The ultimate beneficiary of this research will be the impoverished community of this country. The country is facing various challenges such as poor infrastructure, technological backwardness, political instability, lack of government initiative, socio-economic and socio-cultural obstacles which affect the results of this study and help to infer the real representation of the country. In this context, Scope is proposed to redesign the product and process of MF in Bangladesh. At the same time, this study highlights the necessity to educate both customers and human resources, develop centralized databases for the sector, to incorporate easy and user friendly technology, to reassess terms and conditions, to prioritize customer needs, and coordinate among stakeholders for the sustainable development of this sector.

In synopsis, this study divulges the importance of ICT in the MF business but at the same time surrounding social conditions also need to be addressed. The success of the MF business is not dependent on availability of ICT but dependent on managing ICT systems for the betterment of the key constituents. On the customers' side, the conflicting attitude and perceptions need to be addressed. As customers have distinct characteristics, their expectations and feedback need to be considered. Through the awareness program, training, and community involvement programs, MFIs should educate customers to build their confidence on various change situations of process and product development in the MF business. On the MFIs side, various IT management aspects need to be addressed in implementing any change through IT projects. Organizational capacity development is essential which can be done through skill development programs. Intention of top level executives towards IT is also an important fact. In this regard, long term return should be considered rather than immediate return from the IT projects. MFIs have to align their IT strategy with other business strategies to ensure better performance. Internal and external infrastructure is essential for projects like this. In this regard, collaboration and cooperation with stakeholders can help to develop a support structure. At the same time, MFIs should acknowledge user resistance and root causes of the problems so that proper decision can be taken. MFIs have to develop such IT systems which are compatible with business policy and organizational capability.