



TOOLS FOR DEVELOPING FOCUS GROUP DISCUSSIONS

> INTRODUCTION

Understanding customers, what motivates them and what they want or need is critical to the success of any business. Banks are no different. They have to understand the needs and wants of small businesses if they are to provide financial services that will help their existing SME customers to grow their businesses, as well as attract new small business customers to the bank.

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Focus group discussions explore topics and issues in more depth than can usually be achieved through a survey

Researching customers' needs and wants can be undertaken in a number of ways - for example through telephone or electronic surveys, one to one interviews and group discussions. The last, which brings a small group of between 10 and 20 selected business owners together to talk about a set of specific questions or topics, is commonly called a focus group discussion.

Focus group discussions (FGDs) provide the opportunity to explore topics and issues in more depth than can usually be achieved through a survey. They are a useful way for a bank to get views and ideas from business owners, in particular feedback from existing customers of the bank. The discussion element of a focus group offers banks the possibility for receiving suggestions on how to improve their existing services; to test whether a new product idea is attractive and how to increase its attractiveness; as well as to help identify and explore unmet needs of the type of small businesses that are participating in the discussion.

To be effective it is important that FGDs are led by a facilitator, who is experienced in managing and capturing discussions, ensures that everyone gives his or her views, and explores all of the issues and ideas that emerge in the discussion.

About GrowthCap

Over the past few years FSDK has been at the forefront of SME banking development through conducting market assessments and studies in areas such as trade finance and SME equity funds, as well as supporting development of the credit reference bureau. Through its partnerships with its Action Research Partners (ARPs), FSDK's GrowthCap initiative is supporting adoption of SME best practices by individual financial service providers.

This paper is part of a series of Technical Notes and Resource kits that are being developed out of work with the ARPs. These provide detailed information about the best practices and are intended for use by financial service providers and those supporting such institutions which are entering the SME market.

Abstract

The focus group discussion tools contained in this report are drawn from the focus group studies conducted to enhance one ARP's understanding of its SME client base, and to determine how clients perceived the bank as targeting services to smaller businesses.



Tools developed and tested by **Caroline Mwazi – Huru Consult Limited**, and adapted by **Mary Miller and Duncan Oyaro**

Usually the facilitator is someone who is not connected to the bank as this encourages the group participants to be candid about their views and ideas, as well as allows them to raise any issues they may have with the bank.

GrowthCap has developed a Technical Note on SME Market Research which explores the various different ways in which the needs and experiences of small businesses can be researched.¹

This Technical Guide provides some tools and tips for setting up and running a focus group with small business owners. The focus group discussion tools contained in this report are drawn from the focus group studies conducted to enhance one GrowthCap's Action Research Partner's (ARP's) understanding of its SME client base, and to determine how clients perceived the bank's service to growing businesses. The ARP was particularly interested in the perceptions of different SME market segments, as defined by the bank. The discussion below refers to HOME Bank as the bank conducting the studies.

Tools and information include:

- **Terminology** – a brief description of some terms used in developing FGDs and analysing the results of such discussions.
- **Questionnaire** – administered to all focus group participants to determine business background information, which comprises:
 - Background Information
 - Business Information
 - Banking relationship
- **Consent Form** – completed by all focus group participants to confirm their willingness to participate and to be videotaped
- **Focus Group Discussion** – provides an outline order for FGD and the typical subject areas that can be covered by the discussion.

For these studies four focus groups were conducted, with participants who were all HOME Bank SME clients. While all the discussions had a mix of small business clients (age, type, and size of business) researchers did track participation and responses according to the two major segment groups used by HOME Bank.

> TERMINOLOGY

Designing focus group discussions and analysing the findings from FGDs involves using tools and approaches which have specific terminology. Terms and phrases used include the following:

Frequency Counts	The measure of the number of times in which an event occurs. For example, this could be the number of times a particular problem is mentioned in the discussion - the "event" would be the "particular problem".
Mean	Also known as the 'mathematical average'. For FGDs this will be the total number of responses divided by the number of those giving a response.
Mode	The number that appears most frequently in the data. For example, if participants are given a choice of three product prices the mode is the one that is most frequently chosen.
Research Population	The total number of small businesses or clients to which the topics of discussion are relevant.
Participant	An individual or small business representative who takes part in a focus group discussion.
Respondent	A person who replies to something, especially one supplying information for a survey or questionnaire. For example in FGDs this would be the number of participants answering a particular question - some may chose to decline to give an opinion.
Sample	The selected subset of individuals from a population that is used to represent characteristics of the population.
Validity	The extent to which a concept, conclusion or measurement is well-founded and corresponds accurately to the real world.

¹ GrowthCap Technical Note 'Market Research for SME Finance' June 2015

> DISCUSSION



SME RELATIONSHIP BANKING

FOCUS GROUP DISCUSSION

Following the completion of the Questionnaire and Consent Form, the session transitions to the open discussion segment, and may be structured as follows:

- Introductions and sharing of expectations
- Plenary discussion: The ideal bank and rating of HOME Bank. How would participants describe their ideal bank and how does HOME Bank rate against this?
- Group Discussion: Top 3 SME Banks in Kenya and comparison with HOME Bank
- Definition of relationship management. What does relationship management mean to the participants and what do they want from their relationship with HOME Bank?
- Getting feedback to HOME Bank on various aspects of the bank, its staff, its processes and its offer. Examples for discussion could include the likes of:
 - Value proposition (per bank's brand promise)
 - Service and processes
 - Product offering
 - Branches
 - Channels
 - Advisory services

The Questionnaire that follows can be used either to recruit participants to the FGDs, or to collect information on participants after they are selected. The characteristics of the participants may be compared to information known about the entire research population or to other populations such as the existing bank customers who are categorised as SMEs. However the collected data on the FGD participants will not have any statistical relevance of its own.

The Questionnaire should be altered as necessary to achieve the FGD targets. This sample references HOME Bank, and it would be clear to FGD participants that Home Bank is the sponsor. Researchers may change this and ask similar questions about several banks (what is your perception of X Bank? Do you have accounts with Y Bank?) It is important that participants not perceive the Questionnaire or the FGD merely as a thinly disguised marketing tool, really designed only to identify specific candidates for more services.

The Consent Form is signed by each participant to ensure that he or she understands that the information provided and discussed may be shared within the research organisation and/or the bank that sponsored the research. However, the FGD participant should be reassured that actual names and personal and business identification will not be shared.

> QUESTIONNAIRE



SME RELATIONSHIP BANKING

FOCUS GROUP DISCUSSION QUESTIONNAIRE

Thank you for participating in this forum organised by the HOME Bank. This forum will enable us to understand your current banking needs and enable us to develop products and services that effectively serve you.

As you complete the form and participate in the discussion, we request that you be completely candid. The information you share will be treated confidentially with all responses taken into account universally without you being specifically named.

Please answer all questions. If a question does not apply to you, kindly indicate N/A in the appropriate space.

BACKGROUND INFORMATION

Name

Position

E-mail Address

Telephone

Gender

Age

Highest level of education you have attained

Years in Business

BUSINESS INFORMATION

Company Name

Sector

Age of Business

Registration type

Business Location

Does your business have branches?

Business branch locations

At what stage of growth is your business? (Please tick):

Growth stage

1. Start-up/ New Business

2. Early growth

3. Growth

4. Maturity

Business turnover for the last 3 years

Year

Year

Year

Amount in Kes

Amount in Kes

Amount in Kes

BUSINESS INFORMATION

How many employees does your business employ?

Break-down of employees	Type	Number
	Management	
	Supervisory	
	Clerical/ admin	
	Production and Sales	
	Casuals	
	Other (Specify)	

What are the key achievements of the business since it was started?

What challenges have you encountered in running your business?

Do you have other businesses?

How many other businesses do you have?

In what sectors are your other businesses?

BANKING INFORMATION

Years you have been a HOME Bank Customer

Your branch

HOME Bank Products you utilize (Please tick)

Product	<input checked="" type="checkbox"/>
Current account	<input type="checkbox"/>
Savings/ Deposit account	<input type="checkbox"/>
Overdraft	<input type="checkbox"/>
Term loan	<input type="checkbox"/>
Trade (LCs, Guarantees, Bonds)	<input type="checkbox"/>
Insurance	<input type="checkbox"/>
Other (Specify)	<input type="checkbox"/>

Do you have accounts in other banks?

Please list other banks.

What do you look for in a bank?

Based on your above list, rate HOME Bank on a scale of 1-5 where 1 is Poor and 5 is Excellent (Please tick)

		1	2	3	4	5
HOME	<input type="text"/>	<input type="checkbox"/>				
Bank 1	<input type="text"/>	<input type="checkbox"/>				
Bank 2	<input type="text"/>	<input type="checkbox"/>				
Bank 3	<input type="text"/>	<input type="checkbox"/>				
Bank 4	<input type="text"/>	<input type="checkbox"/>				

How satisfied are you with HOME Bank? (Please tick)	Level of satisfaction	<input checked="" type="checkbox"/>
	Very satisfied	<input type="checkbox"/>
	Satisfied	<input type="checkbox"/>
	Neither satisfied nor dissatisfied	<input type="checkbox"/>
	Dissatisfied	<input type="checkbox"/>
	Very dissatisfied	<input type="checkbox"/>

Reasons for your rating

Would you recommend HOME Bank to other SMEs? Why or why not?

In your opinion which are the top 3 SME Banks in Kenya?

(Please list) Note: If HOME Bank is on your list, kindly add one more bank

How would you score HOME Bank in comparison to the 3 banks on a scale of 1-5 where 1 is Poor and 5 is Excellent.

Important: Remember to insert the name of the bank at the top of each column.

HOME Bank	1	2	3	4	5
CRITERIA					
Account opening	<input type="checkbox"/>				
Customer service/ Relationship management	<input type="checkbox"/>				
Credit flexibility	<input type="checkbox"/>				
Credit processing and Turn Around Time	<input type="checkbox"/>				
Trade finance	<input type="checkbox"/>				
Structured and Local Purchase Order Financing	<input type="checkbox"/>				
Additional comments on your above scores.	<input type="checkbox"/>				

How strongly do you agree with the following statement?	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly
I feel that HOME Bank effectively meets my unique business/ industry/ sector needs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Generally speaking are SME needs being met by the banking sector in Kenya?

Give reasons for your answer.

Any other related comments/ information you would like to share?

> **CONSENT FORM**

SME RELATIONSHIP BANKING

CONSENT FORM



Agreement to participate in a Focus Group Discussion as a HOME Bank SME client

By signing this agreement, I hereby warrant:

1. That the purpose and nature of the questions to be asked, during the focus group discussions, have been explained to me;
2. That I voluntarily consent to participate and share my experiences, thoughts and proposals as to how HOME Bank can improve the provision of financial services and solutions targeted for its SME clients;
3. That I fully understand that I have the discretion to choose whether or not to participate in the focus group discussions and my decision shall not in any way affect the services I receive from HOME Bank;
4. That I do not object to be audio or video-recorded during the focus group discussions;
5. That FSD and HOME Bank warrant that my identity shall not be unlawfully disclosed and that my contributions in the focus group discussions shall not be shared with any other third party without my express written authority;
6. That I have read understood and agreed to be bound by these terms herein.

Name

Date

Signature