



A Study on BRAC Microfinance Products for Rural Consumers using Service GAP Model

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Abstract — *All Organization needs to design their product and services according to the demand of its customers in order to be successful. If there is any package or service strategy which is right from the viewpoint of the company but is not attractive to the customers, company can face huge loss and the goodwill of the company can be hampered.*

The study focuses on the microfinance programs offered by BRAC and evaluates the situation from the perspective of the consumers by using the GAP Model.

1. Introduction

BRAC is one of the largest global providers of innovative financial services for the poor. The Microfinance Program of BRAC has been helping develop and sustain microenterprises for nearly four decades. It operates a unique credit-plus model which packages credit and savings schemes with technical assistance and training as well as production and marketing support through its social enterprises to ensure the success of its borrower's enterprises.

BRAC's Microfinance program distinguishes between two broad categories of loans: Microloans (**Dabi**) and Microenterprise (**Progoti**) loans.

1.1 Microloans (DABI)

These loans, ranging from USD 50 – 700, are given exclusively to women serviced in a group setting, namely the Village Organization (VO). The VO acts as an informal guarantor by ascertaining timely repayment. Borrowers repay through weekly installments and deposit savings during VO meetings, held every week in a borrower's courtyard. Some branches conduct meetings on a monthly basis. Microloans are generally used for small operations in poultry, livestock, fruit and vegetable cultivation, handicrafts, rural trade etc.

1.2 Microenterprise Loans (PROGOTI)

These loans, which range from USD 700 to 7,000, are given to both male and female entrepreneurs to support and expand existing small enterprises which are too small to qualify for credit from commercial banks. Borrowers generally use microenterprise loans to finance shops and small-scale manufacturing activities and repay on a monthly basis.

2. Statement of the Problem

This research provides answers to the following questions:

- a) What are the different gaps between the services and customer expectations of BRAC Micro finance products?
- b) What are the main reasons behind these gaps?
- c) What can be done to make the service more customers oriented for micro finance products?

3. Scope and Delimitation of the Study

The study considers the different service gaps of BRAC Microfinance. Group of customers from other Non-Government Organizations (NGO's) are not consideration in this study. Moreover, no other significant functional areas of BRAC Microfinance are considered in this study.

4. Methodology of the Study

For the successfully completion of the study, it was important to collect various secondary data along with the primary one.

4.1 Primary Data Collection

Primary data was collected through the **Key Informant Interview (KII)** method. The employees were interviewed personally using the questionnaire designed for the study. All the questions will be open ended and the employees are welcomed to give personal opinion also.

4.2 Secondary Data Collection

Secondary data was collected from different sources like the company website, other websites, company brochures and some other reports that have been prepared previously.

4.3 Population and sample

The total numbers of Dabi members are around 3 million and Progoti members are approximately 2.4 million. Among them, a total of 100 Dabi members and 50 Progoti members were selected as samples for the study using simple random sampling method.

5. Literature Review

5.1 GAP Model

“The Gap model of Service Quality” was developed by Parasuraman, Berry and Zeithaml (1985), and more recently described in Zeithaml and Bitner (2003). It has served as a framework for research in services marketing, including hospitality marketing, for over two decades (Shea & Condon, 2009).

The Gap model is a framework for understanding and improving service delivery and develops key concepts, strategies, and decisions in service marketing. The model starts with the “customer and builds the organization’s tasks around what is needed to close the gap between customer expectations and perceptions” (Zeitmal & Bitner, 2006). The service gap model identifies one “Customer Gap” and four specific ‘Provider gaps’ to close that gap.

5.1.1 The Five Gaps

Customers have expectations for service experiences and they use them to measure against the perceived service performance in their judgment of service quality. It is essential, then, that managers determine what those expectations are when designing the service (Shea & Condon, 2009).

Customer Gap represents the difference between expectations and perceived service. Customer expectations are standards or reference points that

customers bring into the service experience; whereas customer perceptions are subjective assessments of actual service experiences. Customer expectations often consist of what a customer believes should or will happen. For example, when a customer visits an expensive restaurant, he/she expect a high level of service, one that is considerably superior to the level he/she would expect in a fast-food restaurant. Closing the gap between what customers expect and what they perceive is critical to delivering quality service. This is the basis for the Gap Model.

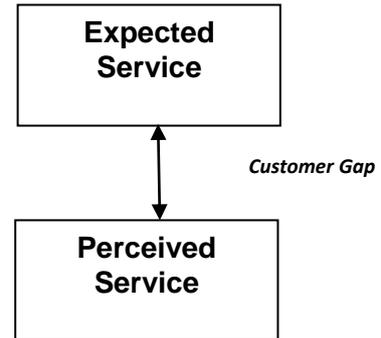


Fig 1: Customer Gap

As mentioned earlier to close this gap four provider gaps were also identified which are needed to be closed. Each gap has a cumulative effect from the preceding gaps.

The first gap in service quality occurs when management fails to accurately identify customer expectations. It is referred to as the **knowledge gap**. Specifically, it is the difference in customer expectations and management’s perception of customer expectations.

Hotel managers, for instance, must know and understand what their guests expect from their stay, including all tangibles (the rooms, amenities, lobby

features) and intangible components (i.e. availability of additional services, ease of check-in and check-out

procedures). The size of the gap is dependent on the extent of upward communication (from customers to top management), the number of layers of management, the size of the organization, and most importantly, the extent of marketing research to identify customer expectations (Shea & Condon, 2009).

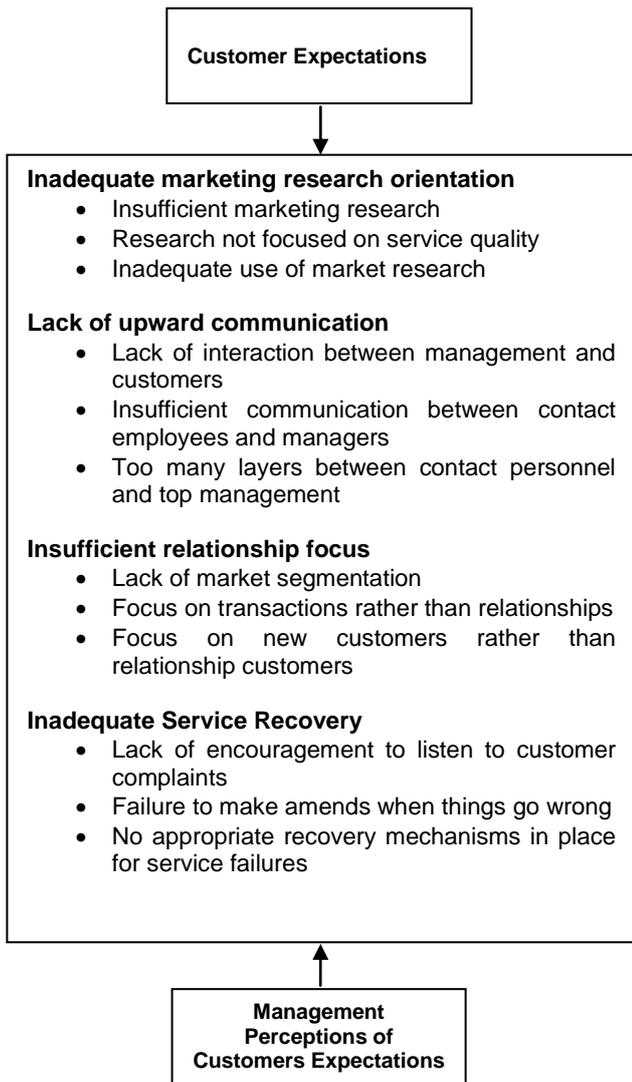


Fig 2: Gap 1

The second gap is referred to as the *design gap*. It is measured by how well the service design specifications match up to management’s perception of customer expectations. The extent of this gap is dependent on management’s belief that service quality is important and that it is possible, as well as the resources that are available for the provision of the service.

A restaurant manager may understand customer expectations for being served within 20 minutes of ordering, but may not have the resources or the appropriate number of staff to insure that speed of service (Shea & Condon, 2006).



Fig 3: Gap 3

Gap 3 represents the variation in service design and service delivery. Known as **the performance gap**, its extent is a function of many variables involved in the provision of service. Since individuals perform the service, the quality may be affected by such factors as skill level, type of training received, degree of role congruity or conflict, and job fit. Some service providers do not have a high service inclination, despite training. Service recovery efforts along with extent of responsibility and empowerment also affect the size of this gap. The process is further complicated by the customer’s participation in the service encounter.

A customer may make a special request for a room type different from the one originally reserved, or request a menu item after the initial order has been completed, making it more difficult to perform the service as intended.

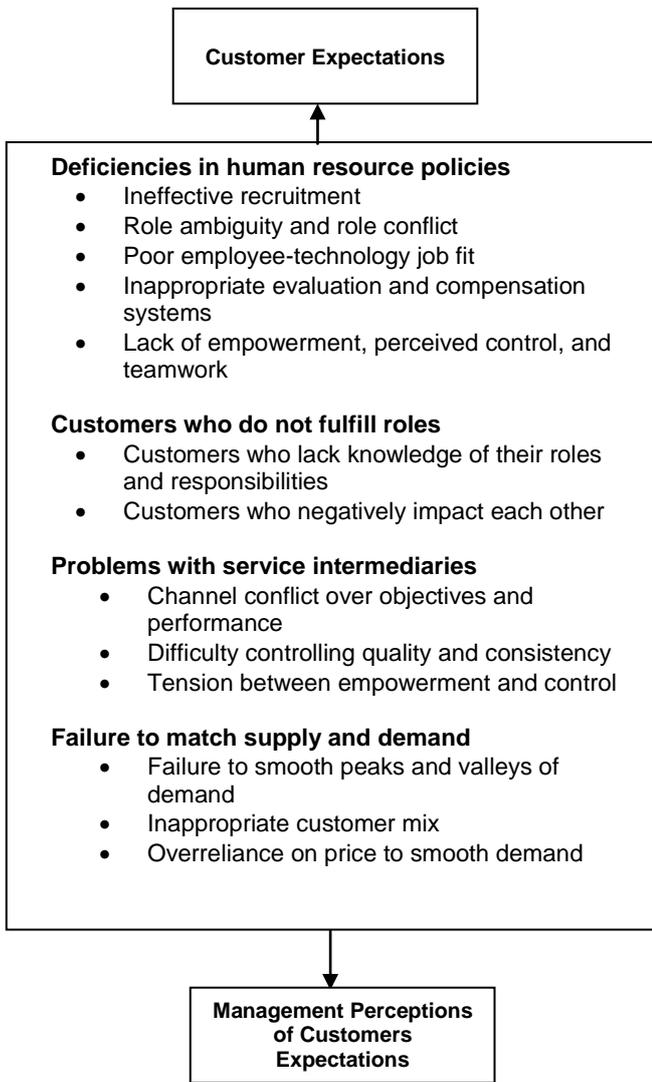


Fig 4: Gap 3

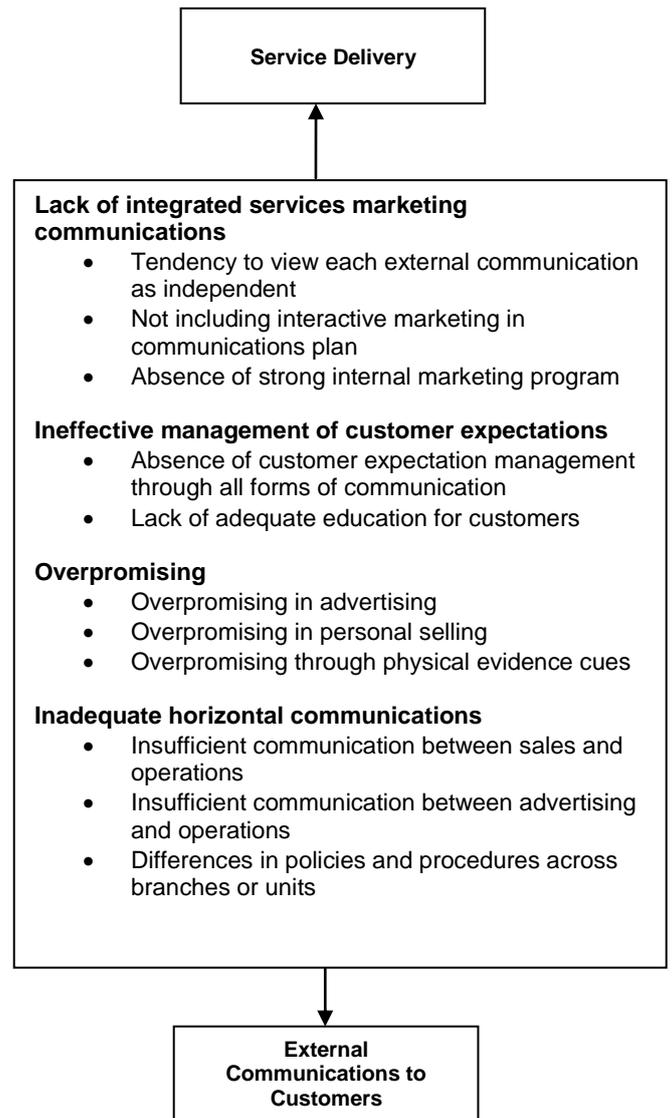


Fig 5: Gap 4

Gap 4 is known as the *communications gap*. It is the difference between what is promised to customers, either explicitly or implicitly, and what is being delivered.

Hospitality companies use advertising, personal selling, and sales promotion to inform, persuade, and remind guests about its products and services.

Showing beautifully appointed hotel rooms, refreshing swimming pools and luxurious lobby areas in an advertisement communicates to the target customers. The extent of communications between the company and the advertising agencies will affect the size of the gap. Over-promising is commonly responsible for the communication gap.

6. Putting All Together: Closing the Gaps

The key to closing the customer gap is to close provider gaps 1 through 4 and keep them closed. To the extent that one or more of provider gaps 1 through 4 exist, customers perceive service quality short falls

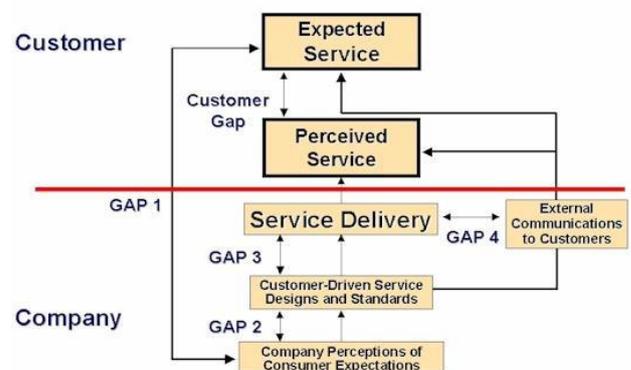


Figure 6: Gap Model of Service Quality

6.1 Microloans (Dabi)

Slums of town and village, landless, people lives on hard work, people with fewer lands and the people who work agriculture for others are the major concern in this kind of loan. Through this loan, people are getting chances to save some extra money and become self employed.

The loan generally distributes without any collateral assurance. Dabi is kind of loan where borrower could borrow the money with his own will and the loan will be provided only as an input. The loan is refundable within one (01) year or 52 weeks. That means, there are 46 equal installments with six (06) grace period, people could refund the loan amount within the loan period of 52 weeks.

The loan could be distributed above 46 weeks period in some cases. There are some examples of Dabi loans that are given below:

1. *Entrepreneur business*
2. *Business with carrying goods (kind of small business)*
3. *Grocery shop*
4. *Husking Paddy*
5. *Rickshaw pulling*
6. *Tailoring*
7. *Weaving*

6.2 Features of Dabi Loan:

- *The main feature of the loan is that, the borrower can use, invest and manage the loan amount without any accountability.*
- *The efficient loan holder is selected on the village organization subgroup member's decision.*
- *At a predetermined rate, the borrower would refund the loan amount in installment in the weekly meeting of the village organization.*

6.3 Microenterprise Loans (Progoti)

The enterprise loan is distributed for the initiation of new business of the small businessman or entrepreneurs or for the expansion of existing business. The member and the people who are interested to invest in small business are equally eligible to borrow the money. On the other hand, people who have already took loan at a certain ceiling from BRAC and refund the amount within the promised period and people who need the amount of 75,000 BDT or above, those are capable of taking the enterprise loan.

There are different types of loans under Progoti, namely:

- I. **Prerona Loan:** *These loans have payment with monthly installment. Borrowers take loan with some documents submitted in BRAC and repay the loan with 12/18/24 month's installment. The range of loan is 75000 -4 lakhs BDT.*
- II. **Probriddhi Loan:** *This loan is similar to Prerona loan. But the only difference is in the amount. The range in this loan is 4 lakhs-10 lakhs BDT. Those customers who have more potential, good past record are eligible to get this loan.*
- III. **Probaho Loan:** *These loans do not have installment payment system. The loan takers make a contract with the organization and make payment according to that contract.*
- IV. **Proshanti (Consumer) Loan:** *In recent time, there are some compulsory demands or needs that are created among the people that ease and generate comfort in their life. But there is no loan plan with relevant condition for these kinds of demand. After analyzing the current situation, BRAC initiated consumer loan beside other loan products to fulfill the consumer demand. Usually these loans are given to buy furniture, fridge, TV, computer etc.*

There is another type of loan which is operated under Progoti but do not actually fall under the general categories of Progoti, namely

- **Agribusiness Loan:** *These are given to people who are related with agricultural activities. The range of this loan starts from 50,000 BDT.*

6.4 Good Customer Loan

Both Dabi and Progoti have Good Customer Loan. The people who have a good reputation in refunding the money, people who have an effective saving history and who are already existed in the current credit policy are the people eligible to borrow the Good customer loan, though they are using a loan amount from BRAC. The loan is kind of reward for the efficient borrower by BRAC.

The features of the good customer loan are given below-

- *The efficient loan holder is selected about their past record through computer in every month*
- *In case of Dabi the borrower whose loan period has exceeded 6 months, are eligible for good customer loan and for Progoti the loan must have to be repeat loan*
- *The amount of the new loan would be maximum 50% of existing loan*

- *There is no compulsory savings for the loan*
- *The loan could be refunded through 12, 23, 35 or 46 equal installment*
- *The good customer loan would be refunded after refunding the existing loan of the borrower*

6.5 Disaster Loan

The people affected by natural disaster are generally eligible for the loan. The loan generally distributed after devastating natural disaster for rehabilitation. The loan amount is decided on the level of destruction. The loan service or loan processing cost is lower than the other loan. On the other hand, there are grace periods to refund the loan amount.

6.6 Pricing policy

There is no fixed pricing policy for the loan services. The amount varies in Dabi and Progoti. In case of Dabi there are two divisions. One is High Demand Area and another is Average Demand Area. In High Demand Area the first loan is minimum 12,000 BDT and in Average Demand Area the first loan is minimum 10,000 BDT. The ceiling of the loan increases as the borrower repeats the loan.

In Progoti the minimum amount of loan is 75,000 BDT. Similar to Dabi the ceiling of the loan increases as the borrower repeats the loan. However, in case of Agribusiness loan and consumer loan, the minimum amount can be 40,000 or 50,000 BDT.

6.7 Channel Network

In total Bangladesh BRAC Development Program (Microfinance) has around 2500 Branches to give service to its members. There are 309 Area offices and 50 Regional offices also. Not only Branches or Offices are the places where they can come and take service but for weekly and monthly collection of installment there are 284,347 VOs also.

7. Findings

The Gap Model does not only provide more rigorous descriptions of the contributory Gaps but also it lists key drivers for each gap and generic breakdown of each of these drivers. From the Key Informant Interview different information has been collected. Open discussion with different branch managers, program organizers and customers also contributed in this study. The findings from all the interviews are explained below-

7.1 Market Segmentation in BRAC Microfinance

To segment the consumer market BRAC Microfinance mainly follows Geographic Segmentation (Location), Demographic Segmentation

(Age, Gender, Income Level), Behavioral Segmentation (User Status) and Psychographic Segmentation (Social Class, Life Style) segmentation.

For example there are mainly two types of loans in BRAC Microfinance.

1. **Dabi:** *For those people who have very low income level. They need small amount of loans to improve their current lifestyle. Dabi loans are totally for women. Male can use the amount of loan the borrowers must have to be a woman.*
2. **Progoti:** *This loan is for those people who have small businesses but they are not eligible to get banking facilities. People of this market segment have more income level, better social class and status than Dabi members.*

7.2 Market Research Policy

BRAC always promotes research and development and has their own R&D department. Before launching any new service or developing a new process extensive marketing research is done.

The main research is conducted by head office R&D team with the help of field employees. Nothing is developed without the concern of the Dabi VO members or the Progoti members. So it can be said that BRAC is totally customer oriented.

7.3 Designed Service Standard

Different customer has different point of view. The more customers a company has the more types of expectation it has to meet up. Thus it is not feasible to set up a standard for any organization giving microfinance service. However BRAC MF always tries to design its product and service in a way which is beneficial for the customers. Different other NGOs have so many different policies which may be considered as lucrative in the short run. But in the long run which is not actually good for poor VO members.

For example- different NGOs have policies like members can pay their installments from their savings in the field. But BRAC does not support that as this policy actually divert members mind from doing savings.

7.4 BRAC Microfinance Programs' service quality on the basis of service GAP Model

7.4.1 Customer Gap

Customer Gap is the gap between a customer's perception of the experience and the customer's expectation regarding the services. In BRAC Microfinance some customer gaps are also seen.

BRAC always try to focus on its customers but still there can be more improvement in the situation. Sometimes members complaint in different issues. For example- If POs do not fulfill the disbursement form earlier then sometimes members have wait for longer period. It is against the rule of BRAC.

Again sometimes POs do some overpromising to attract more members. But when members know the actual scenario they become dissatisfied. There are so many POs who are not highly qualified. Because of their low capability they sometimes cannot answer each questions asked by the members. Obviously these gaps should be minimized. Otherwise several things might happen.

1. *Members can switch to other NGOs*
2. *Members can spread negative word-of-mouth*
3. *Members can create problems in operation*

To fill up the customer gaps, four provider gaps mentioned earlier needs to be closed. Each gap has a cumulative effect from the preceding gaps.

- *Gap 1: Knowledge Gap*
- *Gap 2: Design Gap*
- *Gap 3: Performance Gap*
- *Gap 4: Communications Gap*

7.4.2.1 Knowledge Gap (Gap 1)

Gap 1 is the distance between what customers expect and what managers think they expect. In BRAC Microfinance this gap does not seem in an alarming rate as it has very strong internal processes.

There are various reasons why this gap appears-

- Inadequate Market Research Orientation
- Lack of Upward Communication
- Insufficient Relationship Focus
- Inadequate service recovery

7.4.2.2 Inadequate Market Research Orientation

BRAC Microfinance has its own Research and Development Unit. As previously discussed nothing is introduced without extensive market research. This unit is always active and makes new service/process innovation. Members are always considered while doing research. Compared to other NGOs the R&D unit of BRAC Microfinance is very much active.

Because of this dynamic research unit the failure rate of new service or process is very nominal.

7.4.2.3 Lack of Upward Communication

Upward communication is important and compulsory because it enables the management of the organization to make decisions for its success.

Another important reason is that, the higher authorities rely on their subordinates to gather information about the responses of the customers to make customer oriented decisions. Again the upward communication helps the top management to identify the wrong policies and the necessity of modifications. In BRAC Microfinance the management always tries to maintain the internal communication. However in sometimes case of emergency it becomes very difficult for the organization to take quick rescue as there are so many layers between the contact personnel and top management.

7.4.2.3 Insufficient Relationship Focus

Maintaining customer relationship is very important for service based organization. According to the '*Bucket Theory of Marketing*', only acquire customers does not work. If there is no policy for customer retention, the loosing rate of customers will be increased. We can say insufficient relationship focus when there is- Lack of market segmentation, Focus on transactions rather than relationships and Focus on new customers rather than relationship customers.

BRAC always trains the field level employees to focus on customer retention. POs are always pushed to maintain good relationship with members. There is a slogan which is circulated in the field offices and that is "BRAC is strict with rules but not in behavior". This slogan clearly shows how BRAC focuses on customer retention. But in spite of all rules still we can see that sometimes POs or misbehave with the customers especially with members with huge overdue. This thing needs proper monitoring and motivation.

7.4.2.4 Inadequate Service Recovery

Lack of encouragement to listen to customer complaints, failure to make amends when things go wrong as well as not having the appropriate recovery mechanisms are the main reasons for inadequate service recovery.

As I mentioned earlier members are the main concern for BRAC. BRAC always try to give their members the first priority. Still there are some gaps. When POs go for collection in different VOs members ask them different questions. But because of lack of time and knowledge POs sometimes do not answer all the queries and try to avoid them. In this way customers become annoyed.

7.4.3.1 Design Gap (Gap 2)

Gap 2 occurs between management perception and the actual specification of the customer experience. The extent of this gap is dependent on management's belief that service quality is important and that it is possible, as well as the resources that are available for the

provision of the service. The Gap can occur for the following reasons:

- A. *Poor Service Design*
- B. *Absence of Customer Driven Standards*
- C. *Inadequate Service Leadership*

7.4.3.2 Poor Service Design

Unsystematic new service development process, vague, undefined service designs and failure to connect service design to service positioning cause poor service design and for this Design gap occurs.

The services offered by BRAC Microfinance are very popular among the members. BRAC always try to provide loan to members according to their need and affordability. But as the members are not that much educated, they always ask for more amount of loan without considering their repayment capability.

BRAC always discourage this kind of attitude of the members. As a result dissatisfaction occurs.

Different other NGOs have option to pay the installment from the savings of the members in VOs. But BRAC always discourages this process. The reason behind that is BRAC tries to create the sense of doing savings among its poor members. BRAC encourages its members to utilize the savings to improve their living standard or to use them in case of big emergency.

Service positioning is also a very critical issue. There are shortages of promotion in BRAC Microfinance. The POs do not want to do some extra effort to promote microfinance more and more. They always want to do their routine job. The POs of other BRAC programs can also contribute in promoting microfinance.

7.4.3.3 Absence of Customer Driven Standards

BRAC Microfinance is a very old program. In different times rules have been modified to run the program successfully. Because of the ease of the program sometimes some decisions have been taken which created dissatisfied customers.

Customer complaints that in other NGOs the amount of monthly deposit are collected in field but in BRAC there is a rule that special savings should be deposited by the member in the branch offices. Yes obviously previously it was not like this. The rules have been changes because of some occurrence. But if strong monitoring is done then it is possible to continue the previous strategy.

Customer's complaints that they have to fill up more papers compared to other NGOs. Yes they call it complain but BRAC believes in transparency.

Customers also complain about the lower rate of increment in loan ceiling. But people of BRAC always try to convince them by showing their capability and rules of the organization.

7.4.3.4 Inadequate Service Leadership

This gap occurs due to; failure to develop tangibles in line with customer expectations, servicescape design that does not meet customer and employee needs & inadequate maintenance and updating of the services cape. In BRAC the servicescape design is totally done with customer viewpoint.

All possible things are done by BRAC so that the customers feel that company is caring for them. Proper sitting arrangements for them are done so that they can wait until their turn comes up. Different pictures and information are presented through display board so that members can increase their knowledge about the program.

It is seen that all the branches are not properly clean and the chairs or benches are broken. Sometimes the branches are so small that at the time of loan disbursement it becomes crowded. Again at the time of loan disbursement the accounts rooms also handle so many people at the same time. As a result it becomes impossible for small accounts room to accommodate huge number of people.

7.4.4 Performance Gap (Gap 3)

Gap 3 is from the experience specification to the delivery of the experience. Managers need to audit the customer experience that their organization currently delivers in order to make sure it is maintaining standard. Reasons why the this gap can occur are:

- A. *Deficiencies of Human Resource Policies*
- B. *Customers Who Do Not Fulfill Roles*
- C. *Failure to Match Supply and Demand*

These reasons are seen in BRAC Microfinance in an alarming level. If there are no remedies these can create huge problems for the organization.

7.4.4.1 Deficiencies of Human Resource Policies

The work environment of BRAC Microfinance is quite strict and structured. Here supervisor and subordinate relationship is quite formal. The etiquette and norms get highest priority. But everyone has the right to talk about any issue. In different meetings subordinates are welcomed to share their viewpoint.

The employees are sometimes dissatisfied with their salary structure. In comparison to current market situation the salary of the field staffs should be more.

But there is good news that as microfinance programs need more hard work, BRAC has a special allowance only for microfinance employees which is called microfinance allowance. But the allowance is very nominal compared to the hard given by the employees.

Employees also want two days weekend so that after a long week with full of hard work they can take proper rest and can spend time with their family. BRAC is working in this issue and pilot projects are running by R&D department to see whether it is feasible or not.

7.4.4.2 Customers Who Do Not Fulfill Roles

But there are different levels of members in Microfinance. They all are not highly educated. Thus it becomes very difficult to make them understand every issue. Again sometimes they say that they understand everything which is absolutely wrong. For their low understanding capability they sometimes cannot fulfill their responsibility. This hampers the flow of operation. For example- a common mistake which is done by the illiterate members is that they forget to bring their National ID card at the time of taking loan. Without the card it is difficult for accounts department to do loan posting; causing a slowdown in the overall process.

In case of Dabi weekly and monthly meeting are scheduled for collection of installment. One PO collects installment from at least 2/3 VOs per day. But the members sometimes seem to be careless about the fact. They attend the VO at very late hour and that is why collection takes much longer time.

Again sometimes members forget to bring their passbook in the VO in case of Dabi. As a result chances of doing mistakes by the PO increases. Customers also forget the date of weekly meeting; which is an additional time consuming task for PO's.

7.4.4.3 Failure to Match Supply and Demand

Like most originations there is a mismatch between supply and demand of BRAC. Members always ask more finance, but it is the responsibility of the BRAC staffs to do the feasibility study and to identify whether that person can actually repay the amount without any burden or not.

Sometimes the member is not eligible for bigger amount of loan. In that case PO does not agree to give bigger loan and then mismatch between supply and demand occurs.

7.4.5 Communications Gap (GAP 4)

Gap 4 is the gap between the delivery of the customer experience and what is communicated to customers. Often organizations exaggerate what will be provided to customers, or discuss the best case rather than the likely case, raising customer expectations and harming customer perceptions. This gap can occur because of various reasons-

- *Lack of Integrated Services Marketing Communications*
- *Ineffective Management of Customer Expectations*
- *Overpromising*
- *Inadequate Horizontal Communications*
- *BRAC Microfinance has this gap in high rate.*

7.4.5.1 Lack of Integrated Services Marketing Communications

Mainly tendency to view each external communication as independent, absence of interactive marketing in communication plan and absence of strong internal marketing program are the main reasons for this gap.

Under BRAC Microfinance there is a service called special service program or monthly deposit service. It is very common in every branch that Branch Manager put high emphasis on the promotion of this service but POs do not take it seriously and do not promote with due care. So this is actually an example of lack of communication.

Again it is seen that from upper management instruction is given to increase the number of small loans rather than giving high ceiling loans. But contact personnel give wrong impression to members.

Ineffective Management of Customer Expectations

This can be happen because of absence of customer expectation management through all forms of communication and lack of adequate education for customers.

7.4.5.2 Ineffective Management of Customer Expectations

This can be happen because of absence of customer expectation management through all forms of communication and lack of adequate education for customers.

BRAC always focuses on its customers. When a customer comes to the branches the employees always try to manage customer expectations. But sometimes problems are seen. For example- if branch manager comes late from regular field visit then the members have to wait to get their service. Again if the PO does not fill up the loan disbursement form of the member in the morning then the member have to wait to get service until the PO comes from collection.

Every branch has more or less three accountants. But still, at the time of disbursement, the branch suffers from work overload. The POs return from the field to deposit the collected installments at the same time as the disbursements are to be made. Along with that, if the branch office happens to be hosting some other program, then the accountant has to clear the bill-voucher as well.

The study observed that the accountants prioritize such work over the disbursement of loans. Hence borrowers face difficulty in collecting loans as they have to wait for much longer than is feasible for them.

Sometimes both the manager and the accountant do not carry out the need assessment properly. The accounts section depends heavily on the daily collection of installments so that the accountant does not have to go to the bank twice. This has become a practice in both rural and urban areas. That is why they do not take out more than a certain amount of money from the bank for the sake of security. It often happens that there is a shortage of money, and then the accountant has to go to the bank leaving the borrowers waiting.

They deem it is risky to travel with a large amount of money frequently. But it is important to remember that branch offices deal with money all the time which always involves risk. And also as a matter of fact the accountant never goes to the bank alone; he/she always has two more companions.

7.4.5.3 Overpromising

It can be seen because of overpromising in advertising, personal selling and physical evidence cues. Sometimes it is seen that organizations create high image on its customers mind through advertising. Again the salespeople also communicate only the positive sides. In this ways the customer expectation level increased and when a customer finds out the problems of the product the dissatisfaction level is also increased.

BRAC always discourage overpromising. It is actually against their law as BRAC deals with very poor people. But sometime intentionally and unintentionally POs promise the members that they will get bigger loans or their ceiling will be increased at high rate. But when members meet BM then BM sanction them the feasible amount. Members obviously get dissatisfied in this issue.

Again POs promise members that they will get very quicker service when they will visit branch for taking loan. But actually because of some official procedures

sometimes quicker procedure is not possible. At that point of time members get irritated. POs should explain the total procedure to the members so that they can be mentally ready to give some time for official procedure.

7.4.5.4 Inadequate Horizontal Communications

This problem can arise because of insufficient communication among different support units and for differences in policies and procedures across branches or units.

In BRAC the main problems occurs between microfinance and account department. Miscommunication is the main reason here. Sometimes it is seen that accounts or microfinance are unaware about each other's circulars. At that time because of lack of proper communication problems in client service occurs.

Sometimes it is seen that if BM do not give requisition of money in the morning accounts do not collect money from bank. Then if Dabi POs are late from VO and no member of Progoti comes to give installment then there are no money left to give new loan. Customers then have to wait for long hours.

To solve this communication issues BRAC microfinance has the provision of coordination meeting. In this meeting staffs from different programs meet and solve their internal issues by discussion. This meeting is very useful and now different issues have been minimized.

8. Suggestions

The objective of this study is to identify the different gaps in the organization's operations through a structured gap model. Several issues have been detected in this study that identified the in various sections of BRAC. Several productive measures from the company might reduce or remove these gaps; which are as follows:

1. *It should be mandatory that each branch must have proper sitting arrangement for their members.*
2. *Numbers of PO for each branch must have to be matched with the number of borrowers. Sometimes it is seen that number of borrowers are huge compared to number of POs. In that case obviously members get less attention and poor service.*
3. *POs should be given training so that they can motivate members and increase the satisfaction level. POs can only train our members so that they fulfill their roles properly.*

4. *Each branch must have internet access so that communication with regional offices and head office can be faster.*
5. *VOs should be started in exact times so that POs can return from field quickly and loan disbursement process becomes smoother.*
6. *Every morning PO and BM should properly give requisition for money to accounts and should fill up the loan disbursement form properly so that members don't have to wait for longer period.*
7. *At rush hour accountants should halt postings. They should distribute their work. For example- one accountant should be collecting money from the POs and attending to bill-vouchers, while the other accountants will manage cash and make disbursements.*
8. *POs can do some monitoring for their members. They should regularly check whether the money is appropriately utilized or not, whether the member's living standard is changing or not etc. Because if their living standard does not change the actual mission of BRAC Microfinance will not be fulfilled.*
9. *More promotion can be done by BRAC Microfinance. For example- they can prepare brochure for general people. They can also prepare posters which can be displayed in the shops/ tea stalls of small village markets.*
10. *It is seen that same member is taking loan from different branches. There should a certain way it identify this kind of crime. If all branches are under one region can be linked by online services this problem can be solved.*

9. Conclusion

This research study showcases Gaps that consumers of BRAC micro finance using the service GAP Model. Identification of the gaps was done through direct communication with the organization's employees and customers. To determine the customers' perceptual experience regarding organization and its customer services an extensive research was undertaken and data was collected by taking interview of the employees and customers.

Finally all findings from the stated sources was incorporated to establish a Gap Model, and effective suggestions were provided that are perceived to obviously have an impact on the performance of BRAC Micro Finance program by ensuring satisfaction to its clients.

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