



Keeping clients first
in microfinance

The Smart Campaign

Salvador de Bahia, Brazil

May 30, 2012

www.smartcampaign.org



The Smart Campaign...

- ...represents a global, industry-wide effort:
2,750+ endorsers from over 130 countries
- ...has an international steering committee
- ...collaborates with the Social Performance Task Force (SPTF), MIX Market Social Reporting, MF Rating Agencies, MF *Transparency*, and many others
- ...is housed at the Center for Financial Inclusion at ACCION International

Vision of the Smart Campaign

The Smart Campaign envisions a fundamental transformation of the microfinance industry in four key ways:

Focus on clients

- All industry stakeholders will put the interests of clients first

Transparent and prudent services

- MFIs will provide transparent, respectful, prudent financial services

Full integration of client protection

- Client protection principles will be fully integrated into all microfinance operations

Gain pro-consumer reputation

- The microfinance industry will be distinguished as leader in responsible finance

Smart Campaign Activities

Outreach

- Partnerships with 30 national and regional associations
- Through endorsements and partnerships, touching organizations that serve over 40 million low income people
- Website and many tools available in 5 languages
- Participation in major conferences and events where client protection continues to be an important topic

Smart Campaign Activities Cont.

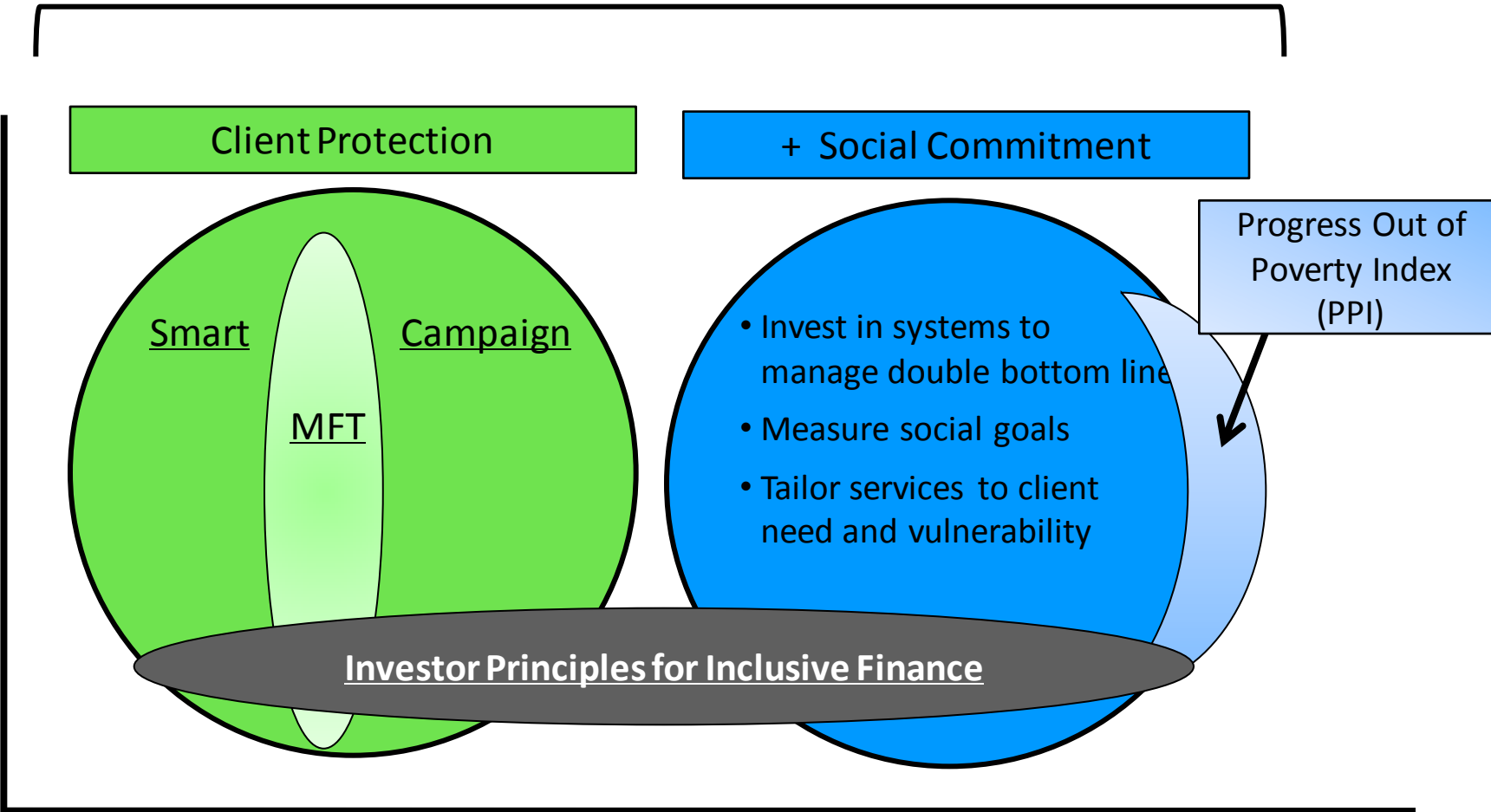
- **Tool development and dissemination**
 - Now 40+ tools on www.smartcampaign.org
 - 81,000 hits
- **Trainings**
 - 53 Trainers and 42 Assessors
 - 1,000 managers and staff of MFIs trained
- **Collaborations with key industry players**
 - CGAP, MF *Transparency*, SPTF, etc.
 - Raters, Investors

Why Now?

Now is a critical time to focus on client protection, for several reasons:

- Demands for accountability and transparency
- Microfinance crises in several countries
- Negative media attention regarding impact
- Public and governmental concern over high interest rates
- Rapid growth, rising competition, and new players

Social Performance- Where CP fits

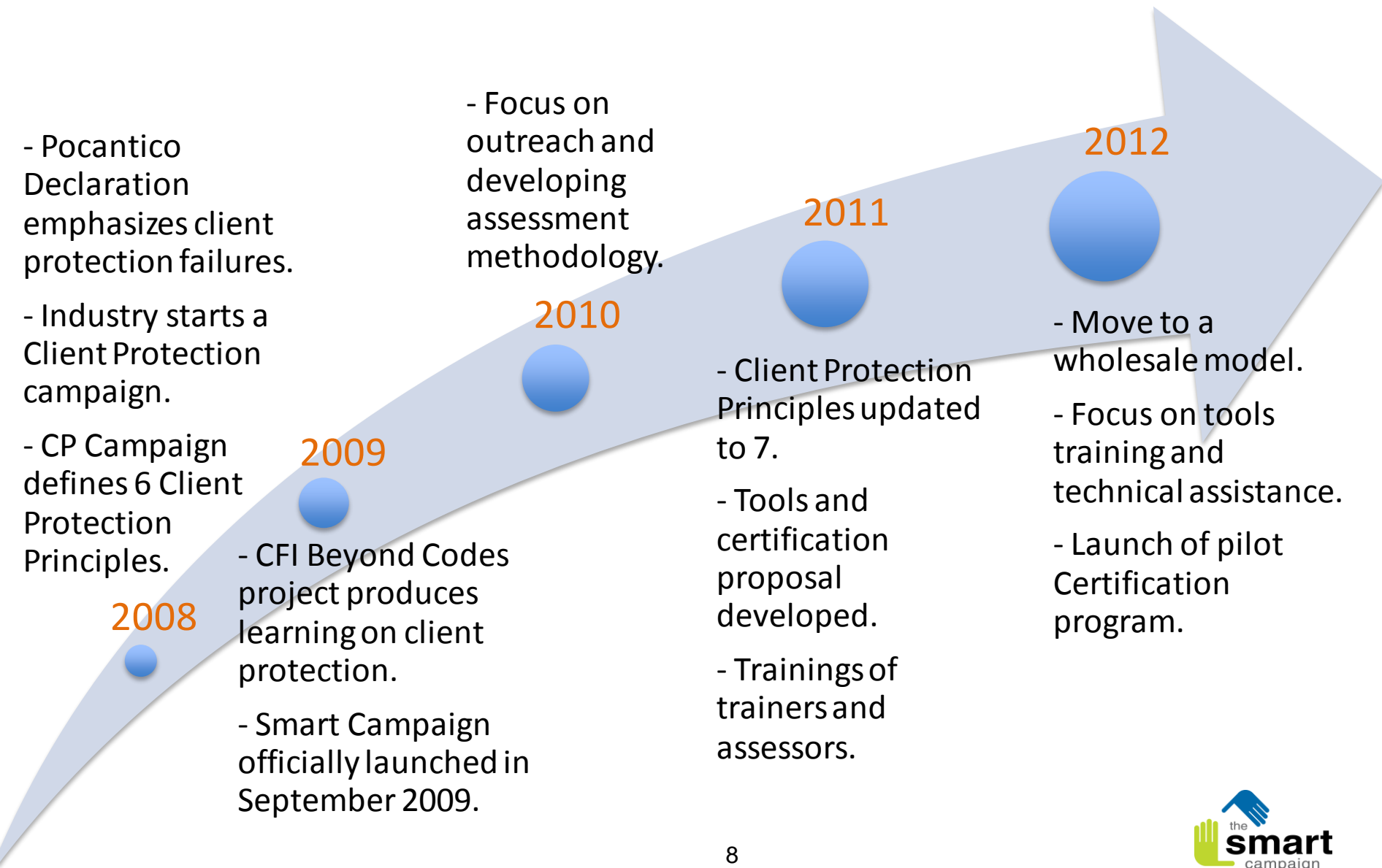


Do No Harm!

Improve Clients' Lives



Timeline for better client protection practices



RESPONSIBLE FINANCE

Regulation for client protection and supervision



Financial education and capability

Standards and codes of conduct for the industry

Principles of client protection

1. Appropriate product design and delivery
2. Prevention of over-indebtedness
3. Transparency
4. Responsible pricing
5. Fair and respectful treatment of clients
6. Privacy of clients data
7. Mechanisms for complaint resolution

Timeline of the Certification Program

October – December 2011	Public comment period: Open webinars for Q&A in: <ul style="list-style-type: none">•Spanish– October 25•English – October 26•French – November 7
November 2011 – June 2012	Testing period of indicators and benchmarks
June 2012 – June 2013	Pilot Year Launch of Client Protection Certification Program with eligible specialized microfinance rating agencies.
June 2013 – onward	Revisions to methodology based on pilot learning. Expansion of coverage to full range of financial products. Licensing of additional certifying organizations.

This schedule is subject to change.



The key elements of the content of the certification are as follows:

- **Five major categories:** governance, policies and procedures, staff incentives and staff training, compliance, and results.
- Key indicator
- Context
- Minimum standards and good standards
- Desk review and an on-site review
- Client verification

This content is subject to change during the public comment and testing periods.

How?

Endorsement of principles

- Listed as “endorser”



Register for certification

- Pay a nominal fee
- Listed as “certification in process”



Prepare for certification

- Receive a guide
- Send basic information on the state of practice
- Define the timeline for certification
- Align practice with standards



Certification

- Certification communicated
- On the MFI website
- On the Smart Campaign website
- On the MIX Market



Results

- Identify gaps and plan a second certification on-site visit **OR**
- Give a pass, with a grade indicating the level of performance



Certification on-site visit

- Combined with a financial or social rating **OR**
- Stand-alone

Smart Campaign Encourages MFIs to “REACT”

Respond – endorse the Campaign

Educate – learn, train, and self-assess

Assess – commission an external evaluation

Change – pilot projects, share experience,
utilize available technical tools

Track – report and receive certification

Change: Examples of Technical Tools

Conducting Client Protection Assessments: A Guide

Client Protection and Ethics Codes: Examples for Getting Started

How to Talk to a Bank: A Brochure for Consumers

Investor/Donor Planning Guide for Implementing Client Protection Initiatives

Educating Clients about Client Protection: A Guide for Financial Service Providers

Smart Lending: Client Protection in the Individual Loan Process


Complaints Handling Manual (FONDESUCRO)

Smart Note: Protecting Client Data at Fundación Delamujer



These and dozens more tools are available on the Smart Campaign website.

Thank you!



What's
next?

Endorse the Smart Campaign. Visit www.smartcampaign.org

Sign up to receive news and information.

Download the [Getting Started Questionnaire](#) and conduct a client protection self-assessment.

Email us with questions or comments!
comments@smartcampaign.org