

Transparency in practice

Rationale

[MicroFinanza Rating](#) would like to share some experience in client protection, inspired by good practices observed in the field while conducting social ratings and client protection certifications of MFIs, aiming at **promoting best practices**.

Source of information

MicroFinanza Rating has conducted 750+ evaluations in 70 countries since 2001.

Source of this insight: selected practices from 370 client protection certifications, social ratings and microfinance institutional ratings conducted from 2006 to 2013.

MicroFinanza Rating is licensed to conduct [Client Protection Certifications](#) by the [SMART campaign](#). MFIs willing to differentiate themselves by demonstrating their adherence to the client protection principles can undergo a client protection certification. [Social ratings](#) and [Microfinance Institutional Ratings](#) also review client protection¹ and can be useful to get ready for certification.

Client Protection Certification definition

Provides an opinion on the long-term institutional sustainability and creditworthiness through a comprehensive assessment of risks, performance and market position



Client protection principles

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 client data
7. Mechanisms for complaint resolution



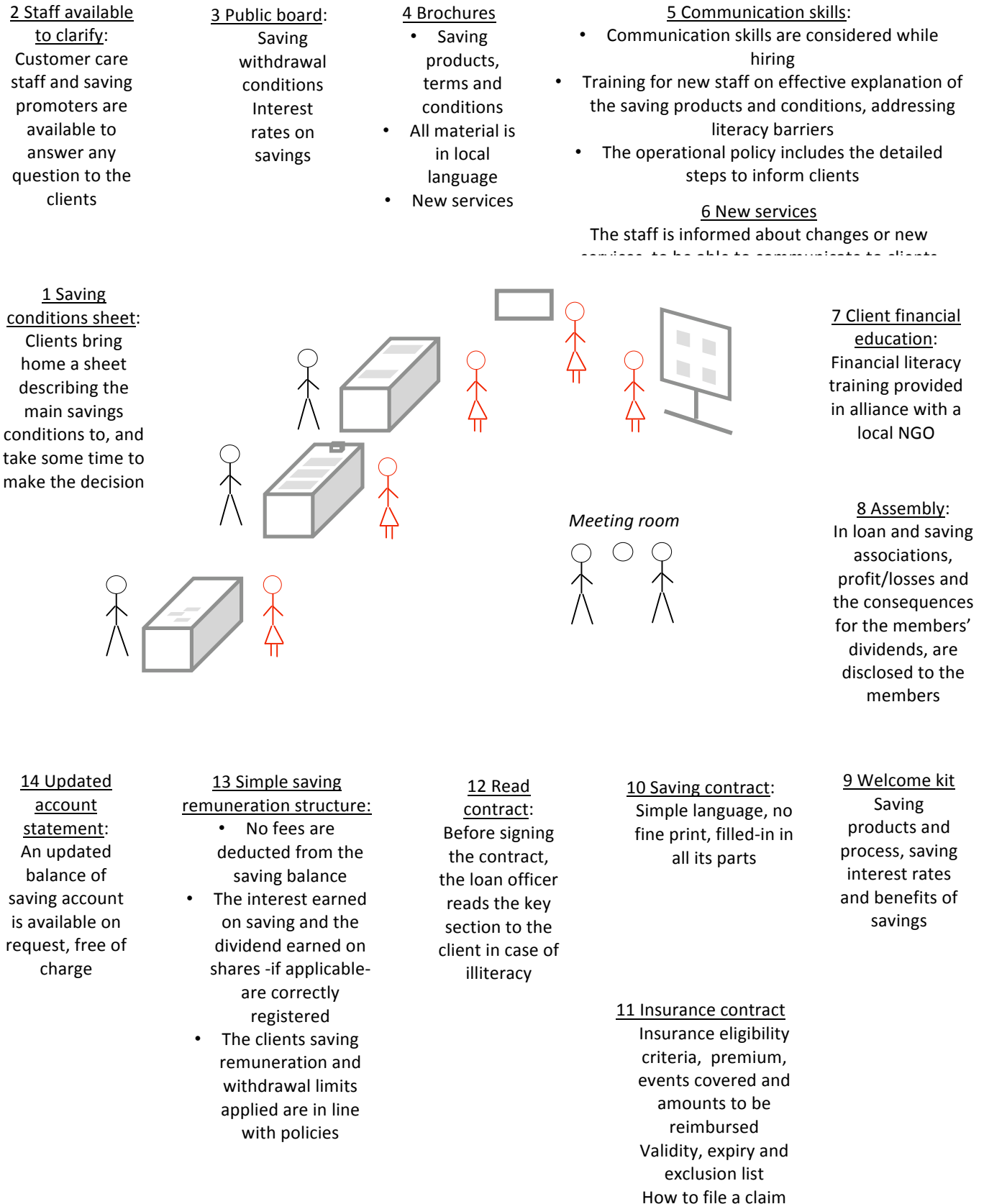
More on: [Client Protection Certification](#), research ([Lucia Spaggiari](#)).

¹ The depth of analysis of client protection is higher in the Certification than in Ratings.

Examples of transparency into practice: virtual branch

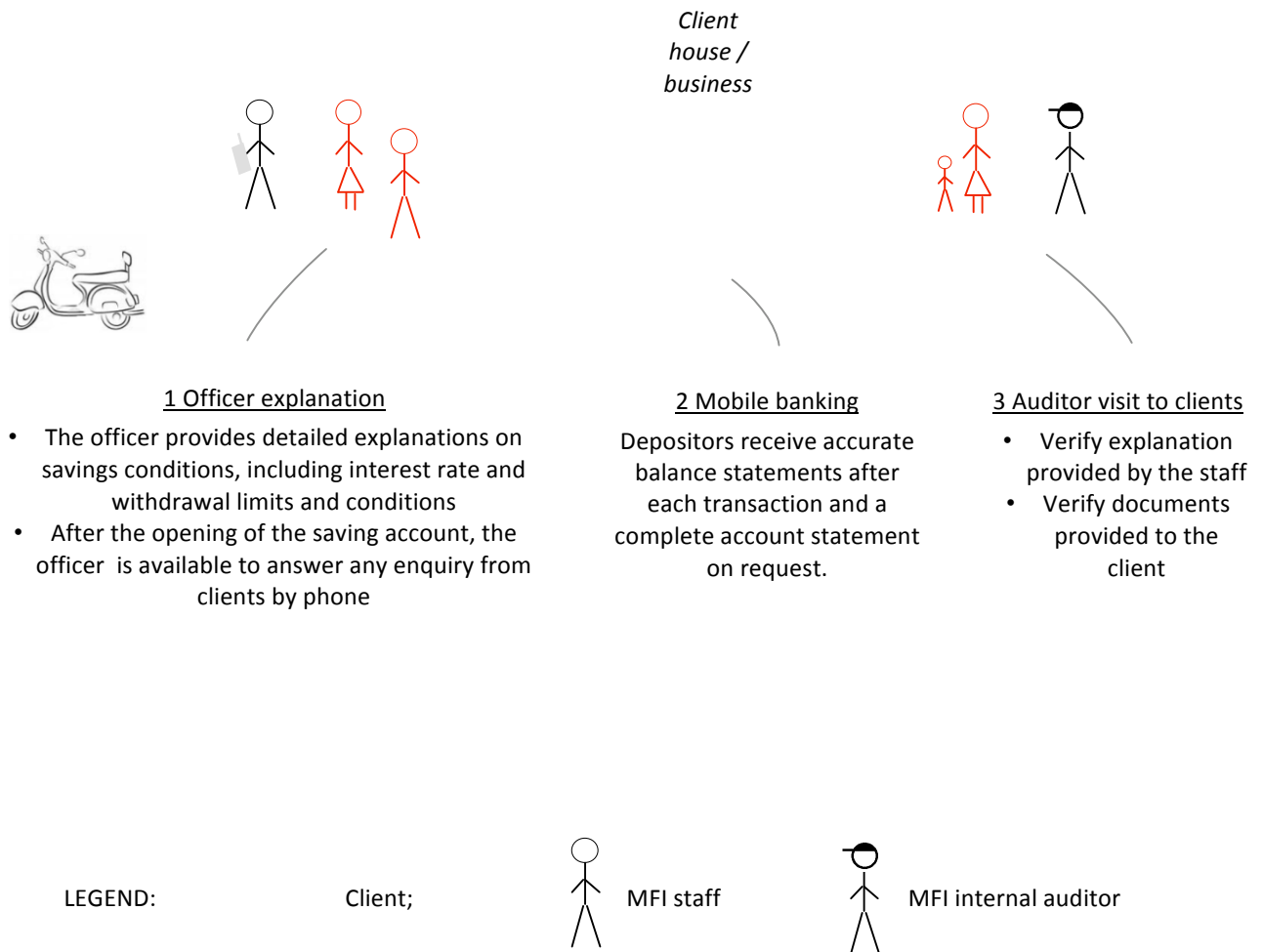
The following diagrams are not meant to propose ready-made solutions applicable to all MFIs; rather, they illustrate examples of what it means to implement transparency in practice, with a focus on savings operations.

Figure 1: Virtual Branch



Examples of transparency into practice: virtual field

Figure 2: Virtual Field



Conclusion

Client protection contributes to a more stable microfinance industry by encouraging practices that aim to ensure prudent, transparent, and respectful treatment of clients. By incorporating client protection into all aspects of business operations, MFIs can lay the basis for sustainable operations through client loyalty, investors' recognition and regulator trust. MFIs willing to differentiate them by demonstrating their adherence to the good client

protection norms can undergo a client protection certification, which grants the highest client protection recognition through a credible and independent process.