

**Section on Client Protection**

**CLIENT PROTECTION**

The Client Protection Principles (CPPs) describe the minimum that microfinance institutions should do in terms of client protection, to protect low-income clients from potentially harmful financial products and ensure that they are treated fairly. The CPPs are a collaborative initiative endorsed and led by a broad coalition of microfinance institutions, networks, funders and practitioners, coordinated by CGAP and the Center for Financial Inclusion at Accion International.

Triple Jump, ASN, Oxfam Novib, the NOTS foundation, Calvert and SNS have endorsed the CPPs. This means that we have committed ourselves to promote the principles and to incorporate them into our own procedures. You can read more about the principles and the accompanying campaign at [www.campaignforclientprotection.org](http://www.campaignforclientprotection.org).

The following questions are derived from the CPPs. The answers will be used solely to guide our investment decision and not shared with external parties.

**Comments / Recommendations**

**What is your effective interest rate? Which formula do you use and what do you include? (Ask for raw data- average loan term, repayments, fees. Use APR calculation tool from [Mftransparency.org](http://Mftransparency.org). Bring along on memory stick).**

**General impression of IO.** Interest rate higher than MFI would need to charge in view of own costs/ avg loan size.

Interest rate is average compared to other MFIs with similar avg loan size; reasonable interest rate margin.

MFI has low margins and lowers interest whenever possible.

**Have you calculated the total cost of your products and/or product package which you offer to your clients? (time spent in meetings, travelling to branch, waiting in line, attending training, cost of registering collateral, etc)**

**General impression score from IO.** MFI has relatively expensive product package and is not aware of final cost to client.

MFI has average cost product package compared to competition. More or less aware of cost to client.

MFI is well aware of the cost of its services to the client and has a very affordable product / makes efforts to lower cost.

**How and what financial information do you provide to your clients, and at what moment? (before or after purchase)**

Clients are informed about rate in monetary terms.

Clients are informed about the percent rate (per month or per year).

Clients are informed about rates in a way that makes it possible for them to compare between different MFIs.

**Are all prices, terms and conditions conveyed to clients in plain-language fashion and using language that they are likely to understand?**

**General impression from IO on information provided to clients.** Information is difficult for clients to interpret.

Information can be understood by clients.

Information conveyed in clear way and clients can understand it.

Do you explain a client's rights and responsibilities before the loan is disbursed?	No. <input type="checkbox"/>	Partly. <input type="checkbox"/>	Yes and included in contract. <input type="checkbox"/>	
Do you have a dispute resolution mechanism or another venue for client complaints? What is provided as part of the grievance procedures? (phone number, manager, etc)	No. <input type="checkbox"/>	No but clients can come to office. <input type="checkbox"/>	Yes. <input type="checkbox"/>	
Do you have systems in place to safeguard the privacy of client files – both in branches and in the MIS?	No. Client data is vulnerable. <input type="checkbox"/>	To some extent. <input type="checkbox"/>	Yes. Client data protected. <input type="checkbox"/>	
Do you have systems in place to prevent the unethical treatment of clients? Examples: - Coercing or intimidating clients who are delinquent in their payments - requests for "gifts" to approve loans more quickly, or to approve larger loans	No systems in place. <input type="checkbox"/>	To some extent. Policies in place but enforcement weak. <input type="checkbox"/>	Policies and systems in place. <input type="checkbox"/>	
Do you have measures in place to ensure that loans extended to clients will not put the borrower at significant risk of over-indebtedness?	No measures in place. <input type="checkbox"/>	>1 items listed help limit over-indebtedness. <input type="checkbox"/>	Good policies in place. <input type="checkbox"/>	
Check all that apply: <input type="checkbox"/> MFI's written credit policies provide guidelines regarding borrower debt thresholds <input type="checkbox"/> The credit underwriting process includes checks on client credit history and existing debt <input type="checkbox"/> The credit underwriting process includes an evaluation of the client ability to repay <input type="checkbox"/> Loan product options are flexible to fit client business and / or household needs <input type="checkbox"/> Clients receive guidance or training on evaluating their own debt capacity <input type="checkbox"/> Management regularly obtains information about debt levels among its clients <input type="checkbox"/> Peer assessment (in group methodologies)				
Do you offer indexed loans or foreign currency loans?	Yes. IO feels that clients are at risk or not well aware of risks involved with foreign currency borrowing. <input type="checkbox"/>	Yes but clients are well informed of risks / loans awarded only to less vulnerable clients <input type="checkbox"/>	No <input type="checkbox"/>	