



Financial Services Consumer Protection Pledge

Preamble

ACDI/VOCA is committed to and respects the people with whom we work and recognizes beneficiaries as true partners in development. This core value guides our efforts to expand access to financial services for poor and underserved customers in rural and peri-urban areas. Truly sustainable financial services are based on lenders and borrowers, banks and depositors deriving mutual benefit from that relationship. Fairness and transparency both demonstrate and facilitate these mutual benefits.

They also reflect practices within the broader microfinance industry. The number of financial institutions targeting the poor and “unbanked” is increasing. The adoption of pro-client principles by these institutions provides them differentiation in the market, while increasing the likelihood that these expanded services will contribute to broad-based development. The articulation and implementation of these standards become more important for financial institutions not regulated by bank supervisory authorities. ACDI/VOCA considers pro-client principles a good business practice.

Driven by our core values and recognizing market realities, we pledge our commitment to consumer protection principles and to the promotion of consumer protection practices in our projects and in the financial institutions with which we work.

Implementing our core values in the area of financial services requires:

- Sharing risk in the structuring and pricing of products
- Preventing predatory lending or illegal collection practices
- Fair treatment and respect for cultural and gender differences
- Ensuring that customers make informed decisions when accessing financial services

These pro-client principles will be operationalized through policies and procedures, internal controls and management practices.

1. Objective

The objective of this policy is to promote measures within ACDI/VOCA as a development organization that help protect the ability of customers of affiliated financial institutions and projects to make informed choices and exercise their contractual and statutory rights and responsibilities.

By committing to these pro-client principles ACDI/VOCA agrees to promote the application of those principles in all partner financial institutions and to operationalize those principles by incorporating them into our programs, projects and standard operating procedures.

By committing to the pro-client principles ACDI/VOCA agrees with the following:

- To apply those principles at the institutional level

- To promote the application of those principles in the partner financial institutions

2. Pro-Client Principles:

ACDI/VOCA commits to the following principles for affiliated financial institutions:

Quality of Service – all clients should have access to respectful, fair, convenient, flexible and timely services. Clients should have an opportunity to communicate their feedback on service quality and there should be mechanisms for responding to customers’ input.

Demand-driven services for clients – the financial services offered by ACDI/VOCA partner financial institutions will be based on customers’ needs, and the financial services will be structured to reflect market requirements.

Dignified Treatment – ACDI/VOCA will promote the fair, dignified and respectful treatment, of clients. We are committed to promoting policies and practices that affirm the dignity of clients and are respectful of cultural and gender differences.

Truthful and Transparent Information – ACDI/VOCA asserts that the clients of all financial institution partners deserve complete, accurate and understandable information regarding the terms of financial services, so that all clients can make informed decisions.

Fair Pricing – ACDI/VOCA agrees that financial services providers should offer services efficiently and that these efficiencies should be translated to the benefit of consumers in terms of a balance between appropriate pricing and reasonable returns that result in mutual benefits while allowing expanded outreach.

Protection from Unethical and Illegal Practices – ACDI/VOCA agrees that clients should not be subject to illegal, unethical, discriminatory or deceptive financial services, or other behavior that harms clients.

Privacy of Client Information – We agree that affiliated service providers should protect the personal information of their clients and should take steps to not disclose information without client knowledge and consent except information which is considered acceptable or required by local law.

3. Implementing mechanisms and operating standards:

3.a. ACDI/VOCA is committed to continued monitoring the quality of services offered by partner financial institutions and customer satisfaction. The client protection principles are an integral part of ACDI/VOCA standard operating procedures, and all ACDI/VOCA staff are accountable for their implementation. To effectively integrate consumer protection policies into operations, staff will be trained in how to incorporate the principles and practices into proposals, MOUs with partner institutions, and project monitoring and oversight activities.

3.b. Compliance/dispute-handling mechanisms

ACDI/VOCA’s financial institution partners should have effective feedback mechanisms through which clients who believe any of the above principles have been violated are encouraged to notify their financial institution immediately. Their complaints should prompt an appropriate investigation, and management should provide a timely resolution and explanation to the client. Our partner institutions will post in a visible place information on the offered services and conditions, as well as information on how clients can convey

complaints or concerns to management and expect a response from them. Furthermore, ACDI/VOCA will incorporate client satisfaction in periodic reviews of partner institutions.

3.c. Consumer education. Informed clients/consumers are considered a vital element of effective consumer protection measures. ACDI/VOCA will concentrate on training project management staff on financial institution sustainability and economic concepts, such as interest rates and inflation, and the analysis of ratios dealing with efficiency, profitability and risk. Contract templates will include language that clearly states pricing and borrower rights and responsibilities. We will promote contract-signing practices that incorporate the explanation and initialing of key contract elements for transparent pricing, and clear disclosure on fees, penalties, payment schedules and collection procedures.