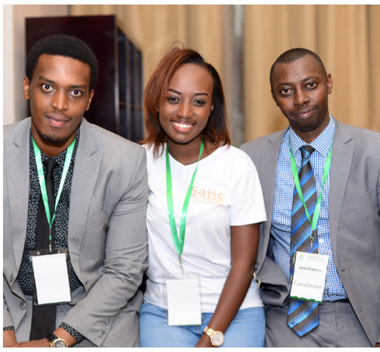
An Ecosystem for Responsible Finance

Lessons from the International Conference on Responsible and Inclusive Finance



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AMIR
Association of Microfinance Institutions in Rwanda

21-22 March 2018
Kigali, Rwanda

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About The SEEP Network (SEEP)
SEEP is a collaborative learning network. We support strategies that create new and better opportunities for vulnerable populations, especially women, to participate in markets and improve their quality of life. For over 30 years, our members have served as a testing ground for innovative strategies that promote inclusion, develop resilient markets and enhance the livelihood potential of the worlds' poor. Our work in Responsible Finance is designed to promote strong member-based associations to act as champions for consumer protection through standards promotion, capacity building of members and strong partnerships with governments to ensure appropriate regulation and supervision. SEEP provides organizational and financial support to microfinance associations to address capacity gaps in areas that are crucial to their successful promotion of responsible finance. @TheSEEPNetwork

AMIR
Association of Microfinance Institutions in Rwanda

About The Association of Microfinance Institutions in Rwanda (AMIR)
AMIR is the only umbrella body for microfinance institutions in Rwanda that seeks to build a flourishing microfinance sector through Advocacy and Information, Research and Development, Responsible Finance, Performance Monitoring and Capacity Building. AMIR was created in 2007 with 32 founding members. Currently its membership has reached 343 licensed microfinance banks, limited savings and deposit taking companies, and credit and savings cooperatives. Its membership represents more than 97% of the microfinance sector in Rwanda and serves close to 2.8 million customers. As a very strong partner to the Government of Rwanda and a member of the private sector federation, AMIR hopes to promote an enabling environment by facilitating collaboration amongst a wide range of private and public sector stakeholders by 2020. @AMIR_Rwanda

mastercard foundation

About The Mastercard Foundation
The Mastercard Foundation works with visionary organizations to provide greater access to education, skills training and financial services for people living in poverty, primarily in Africa. As one of the largest private foundations its work is guided by its mission to advance learning and promote financial inclusion to create an inclusive and equitable world. Based in Toronto, Canada, its independence was established by Mastercard when the Foundation was created in 2006. For more information and to sign up for the Foundation's newsletter. @MastercardFdn




Acronyms

AFD	Agence Française de Développement
AFR	Access to Finance Rwanda
AMIR	Association of Microfinance Institutions in Rwanda
BFA	Bankable Frontier Associates
BNR	National Bank of Rwanda
CFE	Consumer Financial Education
DFS	Digital Finance Services
FSP	Financial Service Providers
ICRIF	International Conference on Responsible and Inclusive Finance
IPA	Innovations for Poverty Action
M&E	Monitoring and Evaluation
MFI	Microfinance Institution
MNO	Mobile Network Operator
NGO	Non-governmental organization
OECD	Organization for Economic Co-operation and Development
SACCO	Savings and Credit Cooperatives
SPTF	Social Performance Task Force
UNCDF	United Nations Capital Development Fund
VSLA	Village Savings and Loan Associations

Conference Partners

INTERNATIONAL CONFERENCE ON RESPONSIBLE AND INCLUSIVE FINANCE

Shared commitment to scaling impact

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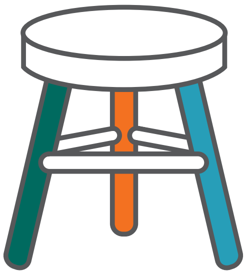
INTRODUCTION

Financial inclusion, the extension of extending access to and usage of appropriate financial services to the unserved and underserved, can have substantial benefits for clients and can contribute to inclusive growth and economic development. As such, it is becoming a policy priority and has attracted increasing investment in recent years.

However, for the sector to both operate profitably and provide sustainable services to a growing number of clients, particular attention needs to be paid to responsibilities to clients, particularly where those clients are potentially vulnerable. Indeed, it is increasingly recognized that responsible finance not only protects clients but assists financial institutions by increasing client retention and reducing financial risk. This in turn improves the industry through greater accountability, security, and transparency in financial services. It is also clear that effective progress in responsible financial inclusion requires the commitment, involvement, and collaboration of a diverse population of industry stakeholders.

The International Conference on Responsible and Inclusive Finance (ICRIF), hosted by the Association of Microfinance Institutions in Rwanda (AMIR), aimed to give conference participants an opportunity to learn and share strategies, successes, and challenges concerning financial inclusion in not only Rwanda but also within their own countries and contexts. The conference also provided a forum to discuss best responsible finance practices, with an emphasis on client protection and consumer education, thus addressing topics in the three mutually reinforcing pillars of responsible finance.

Standards and codes of conduct for the industry, which serve as a framework for ethical decision making by FSPs

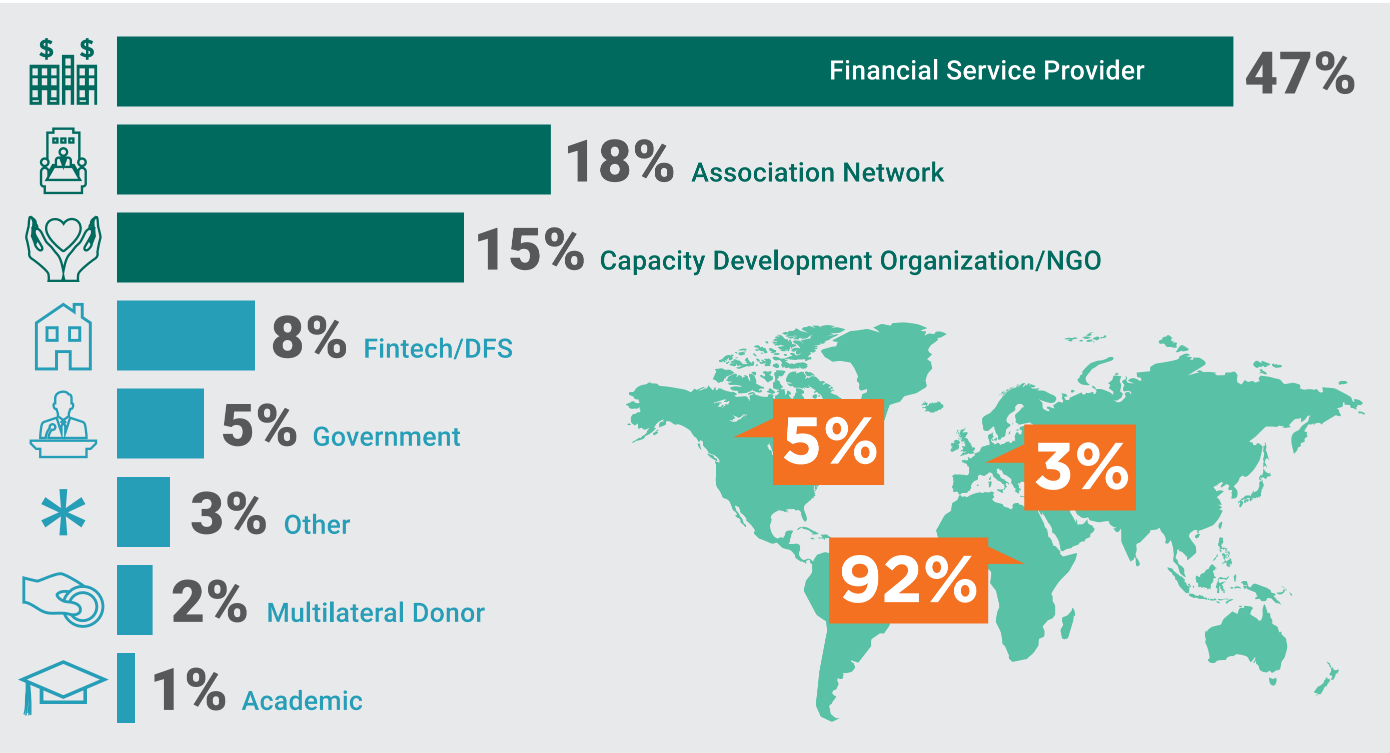


Financial education and financially capable clients who know their rights and responsibilities as consumers

Regulation and supervision of client protection

This document provides an overview of the key lessons gathered from the various ICRIF plenary sessions and panels, as well country and institutional experiences and insights.

Profile of Conference Participants



AN ECOSYSTEM FOR RESPONSIBLE AND INCLUSIVE FINANCE

Creating an ecosystem for responsible and inclusive finance requires the involvement of a range of different stakeholders, clarity on each of their responsibilities, and strong leadership that drives the agenda. Importantly, the sector's objectives (and how they are measured) need to shift, moving beyond access to and usage of financial services to, ultimately, the financial wellbeing of households.

> There is a need for alignment in systems and processes across partners and stakeholders to make sure the consumer is protected.
>
> **John Karamuka**
> National Bank of Rwanda

Some of the roles that different stakeholders can play are described in the following sections.

Policy makers can ensure that responsible and inclusive finance becomes a policy priority, develop national strategies and frameworks (including national objectives), pass relevant legislation based on sector diagnostics and engagement with consumers and institutions, as well as convene relevant market players.

In **Rwanda**, the number of financially excluded adults (those who do not have access to any financial products or services – formal or informal) decreased from 52% in 2008 to 11% in 2015 (FinScope Rwanda, 2016). One of the largest contributors to this significant increase in inclusion was the introduction of Umurenge Savings and Credit Cooperatives (SACCOs). Following the release of the FinScope Survey in 2008, the Government of Rwanda launched the National Savings Mobilization Strategy, with the goal of creating at least one SACCO in every Umurenge (an administrative sector) in the country, thereby providing financial services to rural and remote areas.

In **Rwanda**, there is also a National Financial Inclusion Strategy and National Financial Education Strategy to help further promote financial inclusion. Additionally, a Financial Consumer Protection Law has been drafted based on international practices and standards with the support of the World Bank. The law is expected to be passed at the end of 2018, following approval by Cabinet and Parliament.

Regulators establish rules and provide guidance for responsible financial practices as well as oversee implementation and ensure compliance by regulated institutions.

In **Nigeria**, the Consumer Protection Department of the Central Bank developed a Consumer Protection Framework for banks and other financial institutions. The Framework is not only based on 9 principles that draw on international standards upheld by multilateral organizations, such as the Organization for Economic Co-operation and Development (OECD) and World Bank, but also provides contextualization through local experiences. Effective implementation involves the provision of clear do's and don'ts, continuous engagement and review, and the involvement of other regulators, such as those that regulate insurance providers and pension funds.

In 2016, the National Bank of **Rwanda** (BNR) released a regulation regarding key facts statements and the disclosure of annual percentage rates for fixed term credit contracts between a financial service provider (FSP) and a consumer. A key facts statement is a document all regulated FSPs are required to prepare in a standardized format containing information on loan features, repayments, fees and charges, and the customer's rights and responsibilities, and is made available in English, French, and Kinyarwanda.

In **Rwanda**, BNR had to re-examine the regulation for agency banking given its prevalence. The review found the regulation to be quite restrictive and it was subsequently edited to include a set of minimum criteria for agent selection, which applied to payment service providers, banks, and MFIs. BNR also recognized the low penetration levels of insurance in the country, which propelled the creation of specific regulations that would enable environment for micro-insurance players to enter the market.

Donors can provide technical assistance and capacity building, collate and share international standards and good practices, and fund programs and research that furthers responsible and inclusive finance.

An important milestone concerning financial inclusion in **Rwanda** was the establishment of Access to Finance Rwanda (AFR), which is a multi-donor fund working to promote financial inclusion in the country. AFR oversees the FinScope survey, which has informed draft laws and regulations as well as initiatives aiming to overcome existing barriers to financial inclusion. AFR also supports several digital financial service projects, including **i)** digitizing savings groups to support linkages with formal FSPs, **ii)** partnering with the credit reference bureau (TransUnion) to train MFI and SACCO credit analysts on how to use credit reports from the bureau and develop the SMS channel for consumers to access credit reports, **iii)** and working to create infrastructure for a centralized agent network. Without a shared network, high costs are borne by FSPs, which often gets passed onto customers. With a shared network, cost will be less of a differentiator, and FSPs will instead compete on product development and customer care.

Investors can make the market focus on specific issues (for example, client protection) by either channeling funds into specific activities that address these issues or instituting funding criteria that take into account how a potential investee is addressing that issue. As investors in financial institutions become more and more interested in the double bottom line, they will play an increasingly important role in influencing the responsible financial practices of those institutions.

ADA, a social investor and TA provider based in Luxembourg, is using standardized tools such as SPI4 to compare the social performance of MFIs, which they then use to select where to channel their investments. This in turn incentivizes MFIs to consider their level of social performance. CERISE-SPI4, designed by CERISE and Social Performance Taskforce, is a universal social performance assessment tool for MFIs. It allows MFIs to be assessed according to six dimensions, which benchmarks them against other institutions: **i)** define and monitor social goals, **ii)** commitment to social goals, **iii)** design products that meet client's needs, **iv)** treat client responsibly, **v)** treat employees responsible, **vi)** and balance financial and social performance. The latest SPI4 is available here.

Research institutions play an important role in ensuring that innovations meet client needs and can achieve impact by testing and piloting innovations prior to implementation.

Innovations for Poverty Action (IPA) conducted research in **Kenya** on the impact of removing debit card fees at ATMs. Despite initial assumptions about the impact (that usage of accounts would increase), the study in fact found that while men increased their usage, women reduced their usage as it became too easy for them to access their money. Given the multiple demands on their income, they preferred to avoid using ATMs.

Industry associations are key in developing and ensuring member compliance with industry codes of conduct, supporting and building the capacity of member financial institutions in the implementation of responsible practices (including grievance redressal mechanisms), advocating on behalf of members in policy and regulatory discussions, and providing sector data and insights.

Financial service providers are ultimately responsible for complying with prevailing laws and regulations, embedding client protection principles in their policies and processes, and maintaining a client-centric approach across their operations.

Two Smart Certified FSPs discussed some of the responsible practices they have introduced in their institutions, including:

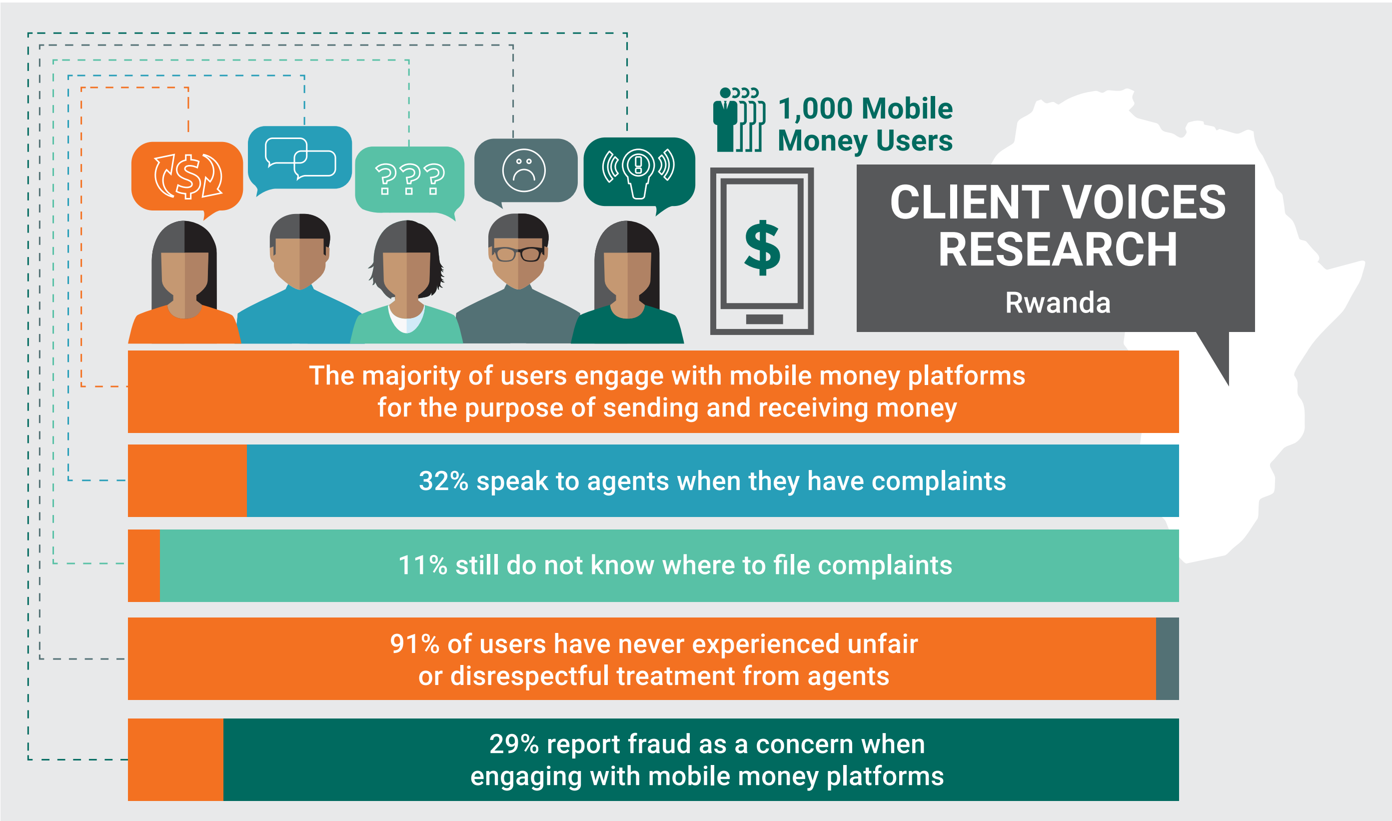
- Client-friendly communication materials such as flyers that outline client rights in multiple languages, price transparency, and the do's and don'ts to avoid exploitation by staff.
- All reporting includes a section indicating the FSPs' progress towards achieving the Smart Campaign Client Protection Principles.
- Clients can make use of a toll-free help line to voice their grievances, and the data on grievance resolution is tracked internally on a weekly basis.
- Each person in management makes 10-20 client calls every week to understand their satisfaction with their services and if they have any grievances.
- There is a zero-tolerance policy for client abuse and each member of staff signs a code of ethics regarding the fair treatment of clients.

INNOVATIONS IN FINANCIAL INCLUSION AND THE IMPLICATIONS FOR RESPONSIBLE FINANCE

Fintechs and Digital Financial Services

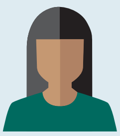
Innovation, particularly through financial technology (Fintech), is reshaping the financial inclusion sector. With these innovations come significant opportunities to reduce costs, increase transparency, and extend access to financial services to unserved and underserved communities, enabling more opportunities for FSPs to provide responsible financial solutions. However, consumers also face a new set of risks that can erode their trust, such as complex user interfaces, non-transparent fees/terms, fraud, and inadequate data privacy and protection. To help mitigate these risks and promote the healthy development of digital financial services (DFS) markets, providers need to identify and adopt improved practices, and regulators need to implement protective measures that reduce harm and build consumer trust and confidence in the digital financial market. More information about "The Business of Fintech in Africa," as discussed at ICRIF, can be found **here**.

To understand issues that clients face while using digital financial services, the **Smart Campaign** launched Client Voices research in Rwanda in 2018. Initial research concerning 1,000 mobile money users found the following:



The UNCDF's Better Than Cash Alliance developed the Responsible Digital Payments Guidelines, which identify eight practices for engaging with clients who are sending or receiving digital payments and who have previously been financially excluded or underserved:

1. **Treat clients fairly:** Clients should be respected and served with special care at agents and other touch points. All information is communicated using language and terms that are simple, clear, accurate, and not misleading.
2. **Keep client funds safe:** Building trust is crucial. Appropriate and proportionate regulatory frameworks need to be in place to ensure client funds are protected.
3. **Ensure product transparency for clients:** It is incumbent on providers to give clients full and clear information they need to make decisions regarding products and services that are right for them. Clients should also receive proof of each transaction and have easy access to clear and simple transaction and account records.
4. **Design for client needs and capability:** Clients should find products intuitive, easy to use and transparent, and should have access to user support services.
5. **Support client access and use through interoperability:** Interoperability reduces costs and increases convenience for clients by ensuring that clients can make digital financial transactions regardless of where they live or who their provider is.
6. **Take responsibility for providers of client services across the value chain:** This includes the acts and omissions of agents, employees, and third-party service providers.
7. **Protect client data:** Reasonable measures are taken to ensure the confidentiality and security of client data relevant to digital payments and there is a clear audit trail of transaction records that is accessible to clients and supervisors.
8. **Provide client recourse:** Clients should be provided with information on recourse mechanisms that are transparent, free or low-cost, and have access to an independent third party who handles disputes. Providers need to use complaint data to identify areas for improvement, and to track grievances, actions, and timelines.



Testimonial from a Mobile Money Agent in Rwanda

Sylvie has been a mobile money agent for MTN and Tigo for 4 years. Recently, clients have been receiving a fake message, which appears to come from MTN, offering aid from President Kagame. The message asks the person to deposit a fee at an MTN agent, after which they will receive a code to withdraw the aid money. Once the client makes the deposit, the fee gets withdrawn and the client does not receive the aid nor do they have any means of retrieving the fee. Sylvie and some other agents have reported this to the police.

Some of the ways in which MNOs, FSPs and Fintechs are trying to prevent fraud like this include:

- Gather feedback from customers on fraud schemes they encounter
- Add a third layer of authentication (e.g. one-time PIN)
- Require the provision of identification and/or official documentation from the government or a utility
- Provide constant education to consumers on fraud

To foster innovation, the legal and regulatory environment needs to create a 'sandbox' environment where institutions can develop new products and test them over a short period of time before they are implemented. However, regulations also need to be updated as new innovations enter the market to protect clients' funds.

In **Uganda**, mobile money services are delivered through a partnership between mobile money service providers and supervised FSPs. Mobile money guidelines were developed in 2013 and deliver the regulatory framework for mobile money services in the country. When a technology provider partners with a financial institution, allocating responsibility for client protection can be a challenge. In Uganda, the mobile money guidelines clearly state responsibilities for different partners.

In **Nigeria**, the consumer protection framework provides general guidelines on client protection. However, these are currently being adapted for digital financial services. All digital financial services in the country are currently bank-led, which makes supervision easier for the regulator.

Agricultural Value Chain Financing

Smallholder farmers face a number of challenges, including access to finance, access to markets, and limited knowledge and capacity, all of which affect their productivity and incomes. As such, smallholder farmers are particularly vulnerable to irresponsible lending by FSPs. It is in this context that responsible finance that ensures products are appropriately designed and meet the needs of this sector is so critical.

There are a growing number of options for providing financial services to smallholders, including:

- Pre-harvest finance: input finance, labor finance, and finance for other costs of production
- Post-harvest finance: overcoming peak harvest sales, mostly combined with storage of crops
- Agricultural value chain finance: outgrower schemes or contract farming finance
- Asset finance: purchasing of equipment for producer organizations

To ensure this is done responsibly, the farmer should be at the center of the approach, with products based on the farmer's cash flow and with flexible terms and conditions that fit their needs (aligned to harvesting cycles, for example). However, these solutions still face a number of challenges that need to be overcome, including farmers making applications for finance late in the cycle (which delays the receipt of funds) as well as farmers becoming overindebted, particularly when they receive multiple loans for different crops.

VSLA Linkages

A growing number of programs are attempting to link village savings and loan associations (VSLAs) to formal financial services, including banks, SACCOs, MNOs, and MFIs. This reduces the likelihood that groups and their members will seek finance from unscrupulous lenders, providing a safer mechanism for storing the group's savings (traditionally, cash is stored in a box that only select members have the keys to unlock). Linkages to formal channels are generally subject to more rigorous regulations but can also expose members to new risks.

Some important principles to follow when facilitating linkages include:

- Groups should be linked rather than just individuals
- Linkages should be demand-driven and not supply-driven. Groups should not be forced to link but should be provided with the option to do so following linkage training
- The emphasis on member savings is important to maintain
- It is best to target more mature groups for linkage (e.g. 1 year or older)
- A member can graduate from a group linkage account to an individual account
- If facilitated by an NGO, once a group links, the NGO needs to 'let them go' while still monitoring the favorable treatment of the group and its members by the FSP during the transition
- Village agents are often appointed by implementing NGOs to work closely with the groups and facilitate linkages. Village agents should have regular meetings with FSPs and provide feedback from clients
- FSP staff should be trained on the VSLA methodology and principles to ensure their products and services meet the groups' needs

In **Rwanda**, the international NGO, CARE, has been implementing the 'Promoting Opportunities for Women's Economic Empowerment in Rural Africa' (POWER Africa) program. The program targets mature village savings and loan associations (VSLAs) with the aim of facilitating linkages to formal financial institutions. CARE works through a network of village agents to provide financial literacy and linkage training to the VSLAs.

Success drivers for the program include the use of local structures such as money agents, group leaders and FSP branches for project delivery, monitoring progress, and incorporating learnings into program adaption and implementation, and tailoring delivery to remove gender barriers.

THE BUSINESS CASE FOR CLIENT PROTECTION CERTIFICATION

The Smart Campaign's flagship initiative is a **rigorous certification program**. Smart Certification is an independent, third-party evaluation to publicly recognize financial institutions that meet adequate standards of care in how they treat clients. Certification assessments are based on the Smart Campaign's **7 Client Protection Principles**.

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

The Smart Campaign collaborated with the industry to develop certification standards in line with these principles, which describe where the financial inclusion industry sets the bar in terms of how providers should treat their clients.

Certification is a probing examination of an institution's policies and practices, and a process of making improvements that bring benefits to both the client and the provider. It is also a way for financial service providers to distinguish themselves as having sound client protection practices, a standard that regulators and investors recognize.

The Smart Campaign has 6 certification bodies who are accredited to certify financial institutions and is currently increasing this number, particularly in areas where penetration is low.

Benefits

In 2016, in a project funded by Deutsche Bank, the Smart Campaign interviewed 37 certified institutions, including loan officers, staff, and clients, and conducted 4 site visits to Kosovo, India, Nigeria, and Mexico to learn more about how Smart Certification has benefited their institution and their clients:

Benefits of certification:

86% of institutions agree certification helped them better understand client risks.

96% of institutions agree certification helped them prioritize client protection.

93% of institutions agree certification helped them reshape the institution's culture around its social mission.

Grooming Centre reported that certification aligns with their objectives of customer-centricity and assisted them in the following ways:

- Gained recognition from the Central Bank of Nigeria
- Gained to access to new foreign investors and helped them access cheaper funding
- Helped them learn from developments in the broader industry, which drives them to improve constantly
- Helped them access world class partners and technical assistance
- Improved their effectiveness and efficiency, which drives financial sustainability and positively impacts their bottom line.

> The certification process is intensive, but inspiring.
>
> **Godwin Nwabunka**
> Grooming Centre Nigeria

Costs and Challenges

Smart Campaign's research also found the following regarding costs of certification:

Certification costs:

80% of institutions believe the cost of certification is appropriate.

60% of certified institutions achieved certification without raising external technical assistance.

82% of institutions believe the cost of certification was recompensed by value received.

The exact cost of certification varies by location and is negotiated between the licensed certifier and the requesting financial institution. An opportunity to defray the costs of certification missions, assessments, training, and TA is a social performance management initiative co-managed by the Smart Campaign and the Social Performance Task Force (SPTF), called the Responsible Microfinance Facility. Funded by the Agence Française de Développement (AFD), financial service providers, organizations, and associations vested in social performance can submit a proposal on the SPTF website to fund projects up to 50% in sub-Saharan Africa, the Middle East, and North Africa. More information is available here.

In terms of implementation of Smart certification, institutions reported that the process does require total buy-in at all management and staff levels. Most staff members tend to think of certification as an audit, which can appear daunting to people, therefore efforts need to be made toward communicating with staff on the process and its benefits. For example, the Grooming Centre declared the certification an internal project and assigned champions to drive the process. It was important that all internal reporting included updates on progress regarding the Client Protection Principles and Standards. While implementation can be challenging, most of the tools that an institution can use to improve their policies and processes are provided by the Smart Campaign.

Client Voices

Smart Campaign, in partnership with Bankable Frontier Associates (BFA), commissioned a research project called Client Voices, which surveyed 1,000 microfinance clients in Benin, Georgia, Pakistan, and Peru to identify and contextualize their concerns and experiences in the microfinance industry.

Some key challenges in the sector that were identified through the research included:

- The need for authentic transparency – particularly to help clients understand the terms and conditions of contracts
- There is a critical lack of understanding of credit bureaus, and clients are not aware of their rights to be informed of their credit history
- Clients are hesitant to voice their confusion or complaints. Multiple reasons are cited for this including:
    - A lack of understanding of where/how to raise complaints
    - Some clients don't feel that complaining is worth the effort
    - Clients are concerned that their complaint will be linked to their profile and may negatively influence their ability to access loans in the future

More information on the research can be found here. The next phase of Smart Campaign's Client Voices research will commence later in 2018 and will focus on digital financial services. Some findings from the first phase of research in Rwanda relating to mobile money are included in the section on digital financial services above.

Financial Capability

Financially capable consumers that understand and act on their rights and responsibilities as consumers are recognized as an important component of responsible and inclusive finance. A critical component of closing the 'financial capability gap' is increasing the knowledge, skills, attitudes, and confidence of the population to manage one's finances and appropriately engage with financial products through the provision of consumer financial education.

Best practices in the design and implementation of consumer education programs include[1]:

1. **Clearly defined objectives and expected outcomes:** Identifying the specific need for the intervention, and then defining the project objectives and target audience, while considering resource limitations, will help to inform how the program is designed.
2. **Aligned to lifecycle interventions (teachable moments):** Once the target audience for a program has been selected, it is important to identify the circumstances facing that group. 'Teachable moments' are those moments where individuals face an event or decision that will affect their lives and, in most instances, their financial circumstances. This is where consumer financial education is likely to have the greatest impact and provides a good opportunity to influence decision making.
3. **Sensitive to context diversities:** While identifying potential 'teachable moments,' it is critical to profile the target audience in terms of their income, economic activity, religion, location, and age, and to identify the relevant social norms and cultural idiosyncrasies. Programs must be customized according to the context in which they are delivered in terms of both curriculum and delivery.
4. **Safe, secure, and trusting environments:** Financial matters are serious, highly sensitive, and often emotional. Earning the trust of the participants in the program is, therefore, imperative. An important component of securing beneficiaries' trust is understanding how the target audience accesses information and then leveraging those channels to ensure that the information is shared in a manner which is suitable to the context.

1 FinMark Trust (2014) "Best practices in the design and implementation of Financial education programmes"

5 **Leveraging existing structures:** Using established social and physical infrastructure or programs from which to leverage consumer education provides a regular entry point into the target audience and assists in the process of securing participants' trust (examples include schools, churches, interactions with financial institutions, community meetings, and savings group meetings.)

6 **Opportunity to apply and practice new knowledge:** Programs should follow the 'learning by doing' model. The practical application of skills immediately or soon after training through 'mock' products or transactions supports knowledge retention and enhances understanding of the content. This also enhances the likelihood that members will internalize the learning and implement it in their own lives.

7 **Applying learning principles:** It is also important to understand how the target audience learns. This is particularly relevant to different age groups. For example, adult learning requires approaches that are problem-based and collaborative and which emphasize equality between the teacher and learner. For school children, learning is primarily a social activity and participation in the social life of the school is central for learning to occur.

8 **Accuracy and completeness of information:** During program implementation, it is important to ensure that accurate information is provided to beneficiaries by the 'messenger' or organization responsible for rollout, such as a radio program producer or implementing NGO. If information is inaccurate or incomplete, the key messages of the program can be lost in the delivery of the content to the target audience.

9 **Appropriate language and literacy requirements:** The language and method of delivery needs to be carefully considered to ensure content is accessible to the target audience, particularly where levels of literacy and numeracy are low. Key concepts such as 'compound interest' and 'investment' are often difficult to translate and involving a number of people who speak a particular language in the translation process will help with this. The use of stories and pictures through visual materials, images, and audio support is a very popular and effective means of delivering complex messages.

10 **Piloting the intervention:** A pilot can provide an initial indication of the types of challenges the program will face as well as the potential effect it may have on beneficiaries' knowledge and attitudes and behaviors. These considerations can then be incorporated into the revised design and implementation of the upscaled program.

11 **Constant innovation:** Consumer education must follow the trends in the environment in which it operates. Firstly, it must keep up with the changing demands of the consumer market and product innovation in the financial industry so that the beneficiaries have accurate information pertaining to their situation. Secondly, continuous review and revision of curricula design, particularly focusing on new learning and teaching innovations, help to ensure that curricula are fresh for each specific target audience.

12 **Results management:** Generally, there is a scarcity of evaluation frameworks, reports and mechanisms in consumer financial education programs. However, it is crucial to be able to evaluate the impact of interventions in order to determine which programs and methodologies are the most and least effective, and why. In order to do this, monitoring and evaluation (M&E) should be embedded into the program from the outset of its design – objectives need to be defined and indicators need to be identified, and continuous monitoring is required thereafter.

In **South Africa**, the ASISA Foundation was set up by the Association for Savings and Investment South Africa, an industry association that represents the majority of the country's asset managers, investment scheme management companies, and life insurance companies. ASISA members can channel funds to the Foundation, which are pooled and used for consumer financial education (CFE). In 2014, ASISA Foundation's founded their first CFE program, which was a pilot program that targeted people ages 18-60 from previously disadvantaged groups with basic financial literacy messages, as well as content related to the value and practicalities of savings and investment. Based on the lessons from the pilot (captured through ongoing monitoring and evaluation), three subsequent programs have been designed and implemented that are much more targeted in terms of audiences and content. Drivers of success of ASISA Foundation's programs include: **i)** successes and challenges experienced in implementation are documented, **ii)** course correction and implementation adjustments are made based on learnings, **iii)** good practices are captured and lessons are disseminated within the industry.

Also in **South Africa**, a regulator of the non-banking financial services industry implements consumer education initiatives. They have found that in many cases other institutions are better placed to implement CFE programs given their expertise and skill sets, and programs rolled out using an implementing agent have been far more effective thanks to their understanding of on-the-ground realities and community links. Activities the regulator has implemented that are better suited to their expertise and market function include developing industry standards for CFE, capturing and disseminating best practices, and conducting a national financial literacy baseline to inform industry CFE efforts.

More guidance on how to design, implement and measure effective consumer financial education programs can be found here.

THE WAY FORWARD

The International Conference on Responsible and Inclusive Finance (ICRIF) provided a valuable platform for a range of actors in the financial inclusion sector to share lessons and challenges related to maximizing responsible finance practices with a particular emphasis on client protection and consumer education.

Some of the key takeaways that emerged during ICRIF concerning what still needs to be done to drive responsible and inclusive finance include:

- Practitioners need to put the client first to be sustainable in the long term, because being focused on short-term gains can lead to exploitation.
- Every stakeholder has an important role to play in creating an enabling environment for responsible finance. That being said, stakeholder engagement and collaboration is essential in fostering responsible and inclusive finance as well as ensuring constant innovation.
- Institutions should leverage data to adapt and improve. For example, client grievance redress mechanisms and client surveys are proving to be effective data sources.
- There is no need to reinvent the wheel – there are many existing tools, standards, and experiences that institutions can draw on to assist them to adopt more responsible practices, many of which were discussed during ICRIF and are referenced in this report.

What does the ideal Rwanda look like with financial inclusion and client protection entrenched?

Information is provided in the local language, products and services are easy to understand, good behavior is rewarded, lenders are responsible, and regulation is activity-based.

James Kwezi
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AGENDA AT A GLANCE

DAY 1

PLENARY | Client Voices: The Past, Present and Beyond
Carmen Paraison, Accion/Smart Campaign | Straton Habyalimana, The SEEP Network | Bernard Nsengiyumva, National Bank of Rwanda | Damien Ndizeye, ADECOR | James Kwezi, Access to Finance Rwanda

PLENARY | The Enabling Environment for Responsible and Inclusive Finance
Ross Nathan, Visionfund Rwanda | Umma Dutse, Central Bank of Nigeria | Rebecca Rouse, Innovations for Poverty Action (IPA) | Peace Uwase, National Bank of Rwanda | Gian Boeddu, The World Bank | Jean Bosco Iyacu, Access to Finance Rwanda

PEER LEARNING | Investors and Funders Role in the Promotion and Uptake of Responsible Finance
Robert Kagiri Wanjohi, OikoCredit | Laura Foschi, ADA | Eric Rutabana, Rwanda Development Bank

PEER LEARNING | CARE's VSLA Financial Linkage Approach with MFIs: A Stepping Stone to Responsible and Inclusive Finance (CARE)
Bernard Niyomugabo, CARE Canada | Theophile Twahirwa, CARE Rwanda | Ross Nathan, Vision Fund Rwanda | Eric Rwigamba, Minecofin Financial Department Directorate

PEER LEARNING | Improving Savings through Financial Education: A Focus on Youth
Vumi Kachecke, Savings Banks Foundation for International Cooperation, SCFIC

PEER LEARNING | The Business Fintech in Africa: Opportunities and Risks
Olayinka David-West, Lagos Business School | Vedran Lescan, Oradian | Olaoluwa Samuel-Biyi, SureRemit | Norman Munyampundu, MTN | Kevin Kaburu, Tala

PEER LEARNING | Responsible Finance Practices in Agriculture Value Chain Financing
Patrick Birasa ICCO Stars Programme

PEER LEARNING | How does it work in practice? Implementation Lessons from Consumer Education Projects in Mozambique, South African and Rwanda
Caitlin Smit, Genesis Analytics | Noel Verrinder, Genesis Analytics | Bernard Niyomungabo, CARE Canada

DAY 2

PLENARY | Responsible Digital Payments: Making it Meaningful for Clients
Oswell Kahonde, UNCDF – Better Than Cash Alliance | Ibrahim Hassan, Central Bank of Nigeria | Ivan Ssettimba, Bank of Uganda | Arthur Rutagengwa, MTN Mobile Financial Services | Emile Kinuma,Mobicash Rwanda | Faith Mugambwa, I&M Bank

PLENARY | The Business Case for Consumer Protection Certification of Financial Service Providers
Sarah Samuels, Accion/Smart Campaign | Godwin Nwabunka, Grooming Centre Nigeria | Tiko Okoye, Fortis Microfinance Bank

TRAINING SESSIONS

Management of Risk and Fraud in Digital Financial Services

Integrating Consumer Protection in New Product Design Processes

Financial Education Toolkit: How to Design, Implement and Measure Programs

Sustainability of Microfinance Institutions through Client Training

The State of Financial Consumer Protection Regulation and Supervision

Close to 250 participants from 25 countries representing 174 organizations participated in the International Conference on Responsible and Inclusive Finance.