



CORE VALUES:

- ☞ PROFESSIONALISM
- ☞ TRANSPARENCY
- ☞ UNITY
- ☞ INTEGRITY
- ☞ SUSTAINABILITY

Areas of intervention:

- ☞ Advocacy
- ☞ Capacity building and coaching
- ☞ Financial inclusion
- ☞ Financial literacy
- ☞ Performance monitoring
- ☞ Research & Development

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A five-day-tour to hear 100 voices



In June, AMIR in partnership with SBFIC conducted quarterly visits for AMIR members across five provinces of the country with the main objective of sharing sector-wide information.

These visits started on Monday 17th June and 100 institutions: SACCOs were visited in only five days.

The Association of Microfinance Institutions, being the only professional umbrella for the microfinance institutions in Rwanda, has a definite mandate to build a strong and flourishing microfinance sector. Since its establishment as a member-based organization in 2007, AMIR has been implementing various activities to attain this mandate through representation, capacity building, institutional strengthening, promotion of responsible finance as well as advocacy. The “Advocacy” has been playing a key role as “double-edged” sword; both in effective membership management and in building a conducive business environment for the sector.

For effective membership management, “Advocacy” plays a pivotal role in maintaining members and recruiting new members. AMIR achieves this by visiting its members, hosting national and international stakeholders events; having a membership drive; collecting feedback and advocacy issues from members; updating members about sector upcoming initiatives and available opportunities providing customized membership services and information sharing just to name a few.

The AMIR’s Advocacy Strategy places “member voice” as an elementary component which has a specific role to contribute to the association’s functioning, in other words, it is the foundation of association operations.

Mid-June, AMIR took a five-day journey to visit one hundred(100) microfinance institutions and SACCOs not only to share information; collect advocacy issues but also to exchange ideas on how both AMIR and members can improve services and communication. The visited institutions are AMIR members from the five corners of the country: the four provinces and the

Kigali City.

The discussions held were so productive and members recommend that these visits should be regular and benefit all members. In general, the main takeaways for AMIR revolve around the following: Training of the new elected board members of SACCOs; technical support in Financial Education; Training on small claim procedures system, loan management, Customer Care, and Taxation; Advocacy to speed up the process of digitisation of U-SACCO; and the establishment of Refinancing fund.

According to the advocacy strategy, these visits are to be conducted on a quarterly basis and most of the time they are combined with other activities, like Rwanda Microfinance Week, CEO round table meetings and Savings Week; but for this year, AMIR appreciates the support from SBFIC, these visits were conducted to institution per institution and AMIR was able to discuss with individuals from their respective institutions. This tour has proven that they were really needed and it can be done for members to feel the association and build a strong membership based organization.

AMIR is set to thwart corruption and associated effects in the sector

The 2018 Corruption Perception Index, a world global index that measures the level of corruption, was released early this year and Rwanda was ranked the fourth least corrupt country in Africa behind Seychelles which scored 66, Botswana 61, and Cabo Verde 57. In East Africa, Rwanda was found to be the least corrupt country while, globally, the country was

ranked the 48th.

Although Rwanda is keeping its performance, be it on the regional, continental or global level, corruption is still there, and the most affected are those with very limited income who cannot afford its cost. The areas which are more prone to corruption include banking especially during the process of loan applications. In 2017, the Rwanda Bribery Index had also indicated that the rate of corruption in banks is 2.49%.

In attempts to set strategies to eradicate this “business-sucking” parasite in the microfinance sector; the Association of Microfinance Institutions in Rwanda (AMIR) conducted a research on corruption and its effects to responsible and inclusive finance. This research targeted MFI staff members and clients.

The research findings have proven that the microfinance sector is still experiencing slight corruption and other associated setbacks namely nepotism, embezzlement, lack of anti corruption policies, ineffective communication between clients and institutions, lack of transparency, lack of strong complaint mechanism, as well as lack of client-centered policies.

AMIR has formulated a number of recommendations which MFIs and SACCOs are expected to comply with to ensure the complete eradication of corruption and related setbacks in the sector. The same recommendations are meant to help the institutions improve service delivery and customer care. The details of these recommendations will be fully published in our quarterly newsletter.

MFIs are making tremendous progress towards smart certification

The Smart Campaign is the leading global voice on financial consumer protection and empowerment, and it is the world’s first financial consumer protection standard. As part of its core business, Smart Campaign influences the implementation of good consumer protection practices through key areas of work. In addition to elevating the client voice, convening partners to effect change at the national level, and supporting the implementation of consumer friendly financial regulation, it also technically supports financial service providers to understand the risks faced by vulnerable clients when accessing financial services, so as to develop standards and solutions that take their interest into account.

According to Smart Campaign statistics, since the launch of certification program in 2013, over 130 Financial Service Providers have gone through certification missions. While most have passed after a making a few improvements to their practices, some needed a bit more time to meet the certification standards. Others decided to put certification on hold to allow making more significant improvements in a streamlined way, tying them to on-going operations. All can testify to the fact that Certification is a meaningful process. It entails a deep look at one’s practices. Undergoing certification is a life changing journey.

In the CEO’s breakfast meeting held in April AMIR convened all MFIs which undertook the smart assessment. The ultimate goal of the meeting was to openly discuss the progress made and challenges encountered, during assessment, for finding sustainable solutions. All represented institutions expressed their willingness and eagerness for technical assistance for their journey to smart certification. As part of the compliance with the client protection principles, the present MFIs have altogether committed to subscribe for the GRM software. It is expected that this software will be helping both the institutions and the Association to record and provide a fast-track feedback to clients’ concerns and complaints.

AMIR revitalizes its strategies to help MFIs make informed decisions

When businesses and consumers have access to more complete and multidimensional information, they can make better decisions and achieve great things. That’s why we believe information can advance businesses, raise the standard of living for consumers around the world and grow our industry.

AMIR decided to renew its cooperation agreement with this credit reference bureau: Transunion, to help Microfinance practitioners lead information based business and let them have access to accurate and multidimensional information, so as to make right decisions and achieve great financial goals. This agency is the only national institution which maintains both consumer and business data. It is specialized in credit information management.

The renewed cooperation agreement will mainly focus on capacity building, awareness campaign and regular follow up meetings. It is expected that, by the first phase of this cooperation agreement, more than 140 people will be reached and equipped with requisite

knowledge about credit information processing.

Why should a client’s voice be heard: Hearing client’s voice, is a strategic pathway to microfinance success

In the last couple of years, AMIR started elaborating a long term project to help clients of its members to find better solutions to their business – financial related needs and inquiries. The ultimate goal to have this project in place was to have a client centered microfinance business that meets the expectations of low-income earners; the majority of whom are clients of microfinance institutions and SACCOs in Rwanda.

According to the statistics from the Central Bank, as of March 2019, the Rwanda Microfinance Sector counted for 458 licensed microfinance institutions: 19 public limited companies, 23 non-umurenge SACCOs; and 416 Umurenge SACCOs. These institutions have been playing a paramount role in fostering financial inclusion in Rwanda. They serve more than 3.6 million of clients. The number of account holders in MFIs increased from 3,356,523 in 2017 to 3,687,851 in 2018. Reading these numbers and tremendous achievements that the microfinance service providers have been recording, we may speculate and reflect on the level of satisfaction of demand side and stakeholders. For microfinance to be successful “business” wise, it has to involve its clients; the clients must be fully involved in all processes: having access to financial information and most importantly access to “Client feedback collection/ management mechanism” which facilitates “reciprocal” or a “two-way” communication between service provider and demand side.

Sequentially, for preserving - sustaining and even achieving more than what have been recorded by these institutions so far – protecting clients – a well coordinated feedback collection mechanism has to play key role as a backbone of the business of these institutions; and responsible/ competent organs must play their mutual roles at maximum, as well.

Striving to find sustainable solution for the clients of MFIs who have been complaining that they don’t have avenues through which to channel their inquiries and complains, AMIR has introduced a pilot phase for the Grievance Redressal Mechanism Project, which is meant to help AMIR in the receipt and processing of complaints from clients of MFIs, in addition to facilitating the decision making process on rerated – raised issues by the clients; to help MFIs availing microfinance services more effectively.

To ensure its effectiveness, AMIR has even appointed a specific staff designated with the role of receiving complaints and initiating corrective actions promptly. Different microfinance institutions in Rwanda, not all of them, have their own set up mechanisms such as Feedback Forms, Suggestions Boxes, Toll Free lines, and Contact Us pages; such means to get direct feedback enable microfinance business to take corrective action in time. But despite everything they are not as productive as the sector beneficiaries and partners want it to be.

AMIR decided to embark on a well coordinated and systematic approach for the whole sector to serve a great number of beneficiaries, promptly in a coordinated way, so as to positively impact on the microfinance business as a whole. It is expected that this pilot phase will be concluded on 30th June 2019, and the lessons learnt and recommendations of the pilot phase will be basically taken into consideration for the implementation phase of the GRM across the country.

The CoC enforceability at a glance: 40% of microfinance institutions fully comply with some of the Code’s clauses

AMIR is committed to lead a market process to develop a clean sector, driven by ethical and consumer-oriented practices. An industry Code of Conduct was developed and endorsed by AMIR members in 2013, and revised in 2017. The new version of the Code of Conduct was endorsed by AMIR members in the general assembly that took place on 2nd November 2017 AMIR members were committed to complying with the industry Code of Conduct (CoC)s and AMIR has committed to carrying out annual checks on the extent to which members comply with the letter and spirit of the industry Code of Conduct. In this respect, AMIR carried out a quick survey on a sample of members to monitor the compliance.

The recent related survey has shown that Responsible pricing; Prevention of Overindebtedness, Core values and Transparency are the most components of the CoC with which the majority of institutions fully comply. This survey involved only 186 microfinance institutions: 40% of the entire sector. According to the findings, it has been pointed out that Responsible Pricing was fully observed by 82.4% of the total number of surveyinstitutions, while the Prevention of Over-indebtedness was 81.9%); Core values 77.5% and 139 institutions (76.4%) have been identified as exemplary institutions in fulfilling Transparency.

The findings of the survey prove that there is a lot to do for ensuring effective enforceability of the Code. There is a need to increase awareness, and provide technical assistance to facilitate the compliance of the code of conduct. The following are the Code’s areas to focus on: Privacy of client’s data; Mechanisms for complaints handling. It is planned that the next survey will be conducted in late 2019;

Upcoming Trainings and Events:

Launch of customer care pilot phase

Training of trainers on CRB training modules

AMIR members outreach phase two in more 100 members