

PROMOTING RESPONSIBLE FINANCE AND SUSTAINABILITY IN AZERBAIJAN

Lessons for Emerging Microfinance Associations



January 2019

This document is based on the lessons that emerged during a study tour attended by a Rwandan delegation to Baku, Azerbaijan from September 17-21, 2018. The program was facilitated by the Azerbaijan micro-finance Association (AMFA) and funded by The SEEP Network as part of the Responsible Finance through Local Leadership and Learning (RFL3) Program.

The objectives of the study tour were to:

- Understand the role played by the microfinance association in Azerbaijan in promoting responsible finance and client protection in the sector, and how this translates into members' practices;
- Understand responsible finance activities being conducted by other sector stakeholders;
- Understand the role of the private credit bureau and its use by financial service providers;
- Understand AMFA's approach to achieving financial sustainability;
- Capture lessons learned for the Rwandan microfinance sector and the Association of Microfinance Institutions in Rwanda (AMIR).

The study tour was attended by:

- Mr Charles Kayumba, Board Vice-Chair, AMIR
- Mr Aimable Nkuranga, Executive Secretary, AMIR
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- Mr Festus Gasigwa, CEO, COPEDU Ltd
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Acknowledgements

- **Ms Jhale Hajiyeva** - AMFA Executive Director
- **Vusala Garayeva** - AMFA Projects Manager
- **Genesis Analytics** - Learning Partner to the Responsible Finance through Local Leadership and Learning Program

We would like to extend a special thanks to all the organizations that participated in the study tour:

Azerbaijan Credit Bureau, Central Bank of Azerbaijan, Financial Market Supervisory Authority of Azerbaijan, Finance for Development LLC, IFC, MIX Market, Swiss Economic Cooperation Office, TBC Kredit LLC, VF AzerCredit LLC

Cover Photo Asian Development Bank

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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. www.amir.org.rw @AMIR_Rwanda.



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. www.seepnetwork.org @TheSEEPNetwork.



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, please visit www.mastercardfdn.org. Follow the Foundation at @MastercardFdn on Twitter.

Acronyms

ADB	Asian Development Bank
AMFA	Azerbaijan micro-finance Association
AMIR	Association of Microfinance Institutions in Rwanda
CPP	Consumer Protection Principles
EBRD	European Bank for Reconstruction and Development
EU	European Union
FIMSA	Financial Market Supervisory Authority
IFC	International Finance Corporation
MFC	The Microfinance Centre
MFI	Microfinance Institution
MNO	Mobile Network Operator
NBCI	Non-Bank Credit Institution
NCCR	National Cooperatives Confederation of Rwanda
PAR	Portfolio at Risk
RFL3	Responsible Finance through Local Leadership and Learning
SCO	Swiss Cooperation Office
SPM	Social Performance Management

RESPONSIBLE FINANCE IN AZERBAIJAN: The Role of AMFA

While country contexts vary and comparisons across countries are not always possible, it is valuable to identify lessons and reflect on their replicability to other contexts. Through the study tour, three main factors were identified as being pertinent to the success of the Azerbaijan microfinance sector that are relevant to the Rwandan context.

These are:

- **There is a strong, member-driven association that prioritizes responsible finance and growth in the sector.** The Azerbaijan Micro-Finance Association (AMFA) advocates and lobbies for industry growth, prioritizes networking and collaboration, promotes the credibility of the Azerbaijan microfinance industry, and actively promotes client protection and responsible finance among its members and the broader sector.
- **Progress has been made towards achieving an enabling environment** for responsible finance and consumer protection at the macro and meso levels. There are regulatory guidelines for responsible lending and the handling of consumer appeals (complaints, applications and suggestions) in place, as well as a newly established private credit bureau that financial institutions are mandated to report to. AMFA plays a key advocacy, coordination and relationship brokering role in this context.
- **International donor and development agencies and investors** continue to play an important role in the microfinance sector and the promotion of responsible finance. They have supported a range of initiatives aimed at improving the financial capability of clients, reforming the legislative and regulatory environment, generating awareness on levels of indebtedness in the microfinance sector, and encouraging improved social performance management within MFIs.

This learning brief begins by providing an overview of the key players in the Azerbaijan microfinance sector, followed by more detail on the approaches used by AMFA to build its sustainability and credibility in the sector. It then goes on to explain the role of those different actors in furthering responsible finance in Azerbaijan, ending with lessons from the Azerbaijan experience that are relevant for emerging microfinance associations.



THE AZERBAIJAN MICROFINANCE SECTOR: EVOLUTION AND KEY PLAYERS



In the mid-1990s, international non-governmental organizations operating in Azerbaijan initiated microfinance activities to increase economic opportunities for local and war-affected populations in the country. The microfinance sector has since grown significantly and attracted investment from regional and international investors. The sector continues to play an important role in the country by providing access to financial services to low income individuals and Internally Displaced People (IDPs).

However, the reduction in the oil price in 2014 and the subsequent devaluations of the local currency in 2015 triggered a financial crisis in Azerbaijan and highlighted the importance of responsible finance in the country's microfinance sector.

The sector was affected in a number of different ways:

- i) the closure of a number of banks meant that microfinance institutions (MFIs) were unable to access their bank accounts,
- ii) there was a lack of funds available in the local currency,
- iii) many loans were USD based and clients struggled with loan repayment, and
- iv) foreign-denominated investors withdrew or stopped lending to the sector.

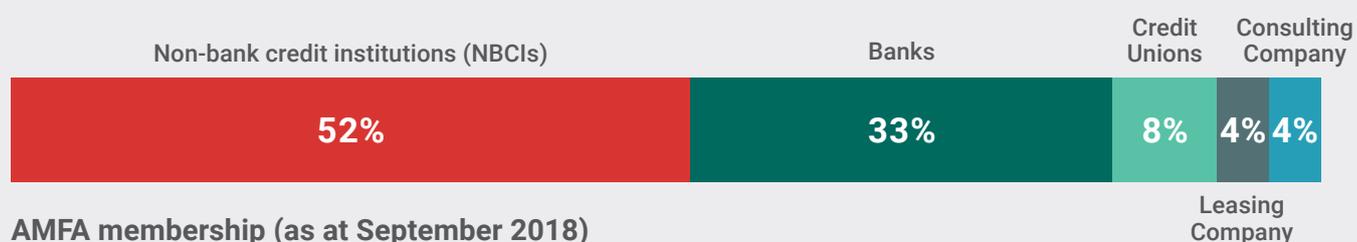
As a result, the number of staff members and branches at MFIs declined steadily from 2015-2016, as did loan portfolios and number of active borrowers. MFIs' portfolios at risk (PAR > 30) also increased sharply over that period (up to nearly 45% at the start of 2016).

Azerbaijan micro-finance Association (AMFA)

<http://www.amfa.az/>

In 2001, following the country's first Annual Microfinance Conference, ten of the international NGOs providing microfinance signed a Memorandum of Understanding to establish an association to represent the interests of the microfinance sector in Azerbaijan. The objective of the association was to advocate and lobby for the industry, strengthen networking, and increase visibility and credibility of the sector. One of the Azerbaijan micro-finance Association (AMFA)'s first activities was the development of a Quarterly Matrix, which includes a list of indicators that members report on quarterly. An important incentive for members to complete this matrix is that the data is useful for investors when making decisions about which MFIs to lend to. Matrix reporting has been successfully embedded into AMFA membership and is now completed by members monthly. The Matrix gives a helpful snapshot of the performance of the Azerbaijan sector at an aggregate level.

The association was officially registered in 2004 and as at September 2018, has 27 members¹ and five staff members. The members that reported to AMFA as part of the monthly Matrix in July 2018, serve 178 665 clients and have a cumulative outstanding loan portfolio of over USD 260 million².



Note: AMFA's membership includes organizations that provide microcredit (USD100 – USD 20 000), and thus includes banks and Non-Bank Credit Institutions (NBCIs).

¹ The number of members has decreased since the financial crisis – AMFA had 39 members in 2016.

² AMFA Matrix July 2018 (includes 22 members)

AMFA's vision is to promote and lead the best practices and sustainability of its members, and to support its broad membership within the dynamic microfinance industry. AMFA's strategic pillars are:

- **Innovative products and services**, such as the Matrix Reports, Annual Awards Dinner, Investors Fair and Working Committees
- **Continuing education**, through training and technical assistance projects
- **Industry expertise and advocacy**, including research studies, developing industry ethics standards and promoting the use of the Azerbaijan credit bureau

All of these pillars are underpinned by a strong focus on financial sustainability of the association.

AMFA also plays a key role in building relationships with key players in the microfinance landscape, which include:

- **Financial Market Supervisory Authority (FIMSA):**

FIMSA was established as a public legal entity in 2016 to ensure the effective functioning of the Azerbaijan financial market, as well as the protection of the rights of creditors, investors and insurers. FIMSA is responsible for the licensing, regulation and supervision of financial service providers (previously the responsibility of the Central Bank), including securities markets, investment funds, insurance providers, credit organizations (banks, NBCIs and the national postal services provider) and payment systems. When developing new regulations and guidelines for the microfinance sector, FIMSA draws on AMFA's in-depth knowledge of the microfinance sector.

- **Central Bank of Azerbaijan:**

The Central Bank is responsible for monetary and cash policy in the country. While financial education is not within the Bank's core mandate, the Bank's Economic Education Department is a key implementer of financial literacy programs in Azerbaijan. AMFA participates in a Working Group on financial literacy, facilitated by the Central Bank.

- **Azerbaijan Credit Bureau:**

A private credit bureau was established in Azerbaijan in January 2018 following the promulgation of "The rule on regulation and supervision of the work of Credit Bureaus". The bureau collects credit history data on individuals, including credit and collateral data from banks and NBCIs, leasing contracts, insurance and reinsurance records, debts from mobile network operators (MNOs), debts from utility organizations, retailer contracts, fine histories and other penalties, notarized debt contracts and court decisions on debt-related cases; and provides credit scores to financial institutions. Additionally, borrowers can access their credit report twice a year for free, either online or at the service office. Credit reports are generated in approximately two seconds, making the process efficient for users. Historically, credit data was housed under the Central Credit Registry under the Central Bank, all of which has been transferred to the credit bureau.

- **Investors:**

MFIs in Azerbaijan are unable to accept deposits from their clients, and so are heavily dependent on loans from investors. As the Azerbaijan microfinance sector grew in the 1990s and 2000s, so did the number of investors participating in the sector. This was indicative of the perceived success of the sector and its potential to deliver sustainable benefits to the poor. However, since the drop in the oil price in 2014 and subsequent financial crisis, international investment to the sector has declined.

- **Donors and development agencies:**

There are a number of donor and development agencies active in Azerbaijan. Some of these organizations that are focused on deepening and strengthening the financial sector in Azerbaijan (that have also worked with AMFA) include International Finance Corporation (IFC), Asian Development Bank (ADB), European Bank for Reconstruction and Development (EBRD) and Swiss Cooperation Office (SCO). Initiatives supported by these organizations include supporting legislative or regulatory reform, supporting the development of financial infrastructure (such as credit bureaus), providing TA to MFIs, and financial literacy projects.

BUILDING A SUSTAINABLE AND CREDIBLE MICROFINANCE ASSOCIATION



AMFA has conscientiously built its credibility and sustainability to become a trusted, leading institution in the Azerbaijan microfinance sector.

AMFA has worked hard to build its credibility in the sector. It did this by partnering with international organizations, such as IFC, EBRD and the EU. AMFA has also built a strong relationship with the regional microfinance network - The Microfinance Centre (MFC) - and leverages the network for training opportunities for AMFA's staff and members. AMFA also has good relationships with key microfinance investors and plays an important role in brokering connections between investors and MFIs.

AMFA maintains this credibility by preserving strategic partnerships, but also by upholding strict requirements/standards for members. For example, to become a member, an MFI needs to provide AMFA with financial statements from the previous three years, the company history, two references, and portfolio statistics, and be willing and ready to place a profile on MIX Market. If a member doesn't perform or comply with AMFA's requirements, they are given a one-year grace period to improve, after which they can be removed from the Association, after a vote by the General Assembly.

AMFA has done a lot of work in ensuring it becomes financially sustainable. An important component of this was developing the association's strategic plan to not be dependent on donor funding. Where donor funding is used, this is only to pilot/test new products or services that will eventually become fee-based. AMFA also does not see break-even as a sustainable strategy, and so plans for retained earnings for every service/product/project it conducts.

AMFA's key revenue streams include:

- Membership fees: these are calculated based on a member's asset volume and must be paid upfront at the start of each year
- Grant contracts
- Service contracts with partner organizations, focused on a specific target group and objective
- Fee-based services/products: these include trainings, bi-annual conference, Investor Fair, Annual Award Dinner, Workshops/Seminars, Success fees, Study Tours, and Client protection assessments. For smaller MFIs or members in financial difficulties, AMFA offers them the possibility to pay for services through instalments.

When deciding on which services to offer, AMFA considers the following:

- % surplus earned
- Comparative analysis of time spent/earned surplus
- Importance for members
- Relevance to the Association's strategic mission
- Ability to improve cost effectiveness
- Need to keep or remove the service based on changing context and circumstances

AMFA conducts detailed financial analyses of its earned and contributed income, profit/loss and cost recovery per product, and assesses operating costs and overhead costs (supported by staff timesheets) per activity. AMFA's budget is completely transparent and planned versus actual expenditures are recorded and made available as needed. In 2017, AMFA generated the greatest revenue and achieved the greatest margins from its Investors Fair, social performance services and trainings.

In recent years, the government of Azerbaijan introduced restrictions on the support international organizations can provide to NGOs in the country. Since AMFA is registered as an NGO, this precipitated the **formation of the Association's private consulting arm, FSI Consulting**. Local revenue is channeled through AMFA, while international revenue comes through FSI Consulting.



In the wake of the financial crisis in Azerbaijan, and along with other initiatives aimed at strengthening the sector (e.g. engagement with investors, recommendations to the regulator on amendments in prudential regulations, and support for a credit guarantee mechanism), AMFA recognized the importance of promoting particular responsible finance practices, such as financial education and responsible collection practices. This built on the impetus created by the guidelines issued by the Central Bank in 2016 on responsible lending for banks and MFIs.

THE AZERBAIJAN MICRO-FINANCE ASSOCIATION

AMFA undertakes the following to promote responsible finance in Azerbaijan:

- AMFA's biennial conference (and workshops) includes discussion topics or themes on responsible finance
- AMFA hosts regular Investors' Fairs focused on responsible finance
- AMFA has an annual membership award program and hosts an annual Award Dinner to reward those MFIs implementing responsible practices
- AMFA provides training to members on a range of responsible finance topics, such as financial education, and Smart Campaign Client Protection Principles.
- AMFA provides fee-based consulting services to members on building Social Performance Management (SPM) tools and SPM integration, Smart Consumer Protection assessment and Consumer Protection Principles training, SPI4 assessment, and social audits. AMFA staff are certified by CERISE as SPI4 auditors and 2 staff members are qualified as lead Smart assessors. To date, ten AMFA member institutions have completed Smart Consumer Protection self-assessments, five have passed external assessments and four have been Smart certified. Two members have completed SPI4 assessments, and eight have completed social audits.
- AMFA formed a partnership with MIX Market and encourages members to report to MIX on both financial and social performance indicators.
- AMFA makes use of a range of channels to communicate with members on responsible finance, including specially designed announcements, AMFA's web page, e-newsletter, above-the-line media, social networks (Facebook, LinkedIn), Youtube channel, face-to-face meetings, Skype meetings, and printed materials.

AMFA's lessons on communicating with members on responsible finance

AMFA found that when engaging face-to-face with members on responsible finance, it is important to identify the right stakeholder (who is a decision maker), to be well prepared for the meeting, to reference the experience of international and well-regarded MFIs, to be flexible, collaborative and solutions-oriented, and to follow up after the meeting on practical next steps.

- AMFA does not have a centralized complaint resolution mechanism, these reside instead within each financial institution (which is a regulatory requirement). However, AMFA has supported institutions with the integration of their systems, procedures and policies related to their own client complaint mechanisms.
- AMFA developed and promoted a code of conduct for the sector, providing guidance to members on responsible finance practices.

AMFA also implements a number of projects that support responsible finance objectives, focused on, for example, financial literacy and skills development for women entrepreneurs. These are funded by partner organizations such as the EU, SCO, EBRD, and the Islamic Development Bank. Where AMFA does support financial education initiatives, content is modularized depending on the profile of the audience and their needs, e.g. the 'basics' for illiterate/uneducated individuals and more sophisticated content for educated audiences.

The following activities are implemented by other stakeholders to support responsible finance in Azerbaijan:

FINANCIAL MARKET SUPERVISORY AUTHORITY

The Central Bank developed guidelines for responsible lending in 2016, the implementation of which is now overseen by FIMSA. These guidelines recommend that banks and NBCIs implement a range of mechanisms to protect of the rights of consumers, such as conducting repayment analysis before issuing loans and preventing institutions from lending to individuals who cannot meet a set of compliance criteria, such as providing the necessary stipulated documentation. Financial institutions are also required to show the effective interest rate on all loan documentation and marketing material. In 2013, the regulator also released guidelines on handling appeals (complaints, applications and suggestions) of consumers of financial services – all banks and NBCIs are required to establish a specific structural unit aimed at investigating consumer appeals and protecting consumer rights.

CENTRAL BANK OF AZERBAIJAN

The Economic Education department of the Central Bank provides financial education through various channels, including: 1) Face-to-face workshops with 4-17 year olds, students, employees at companies, and small and medium enterprises (SMEs) and 2) an online portal available to the general public (also accessible through a mobile application). This consists of tools, animations and other content and includes self-assessments for individuals to test their level of financial literacy.

The department also hosts the Working Group on Financial Literacy which facilitates discussion and learnings on financial literacy with stakeholders from across the financial sector, including AMFA.

AZERBAIJAN CREDIT BUREAU

The private credit bureau established in 2018 aims to enable the Azerbaijan microfinance sector to: **(1)** reduce information asymmetry between borrowers and lenders, **(2)** enable lenders to better understand the profile of their borrowers, **(3)** reduce the cost of evaluating borrowers, **(4)** create a greater awareness of borrowers lending practices, and **(5)** enable lenders to tailor their practices according to borrowers' needs.

Banks and NBCIs are mandated to submit credit data to the bureau and AMFA communicates the value of data sharing and use with its members, to encourage compliance with this. To date, the bureau has signed data exchange contracts with 44 banks, 47 NBCIs, 22 insurance companies, three utility companies, three mobile operators, 16 courts and one other organization. From these organizations, there is information on approximately 2.8 million borrowers and 1.4 million guarantors housed in the bureau's databases. There has been a high degree of interest in this data and the number of inquiries per month ranged between approximately 117 000 and 205 000 from March 2018 to June 2018.

INTERNATIONAL DONORS AND DEVELOPMENT AGENCIES

Some example of initiatives currently underway in Azerbaijan are:

- IFC is implementing a digital finance project, with the objective of promoting financial inclusion. This includes the provision of technical assistance to MFIs and banks on how to educate clients about the use of mobile applications and using their cards responsibly. IFC has also worked with AMFA for many years, implementing training programs and events on responsible finance, and conducting surveys to understand borrowing practices and needs.
- SCO has partnered with AMFA to implement a financial literacy program for rural women, which also included business plan training and access to seed funding for small businesses. The Swiss Agency for Development and Cooperation (SDC) also partnered with AMFA to provide training women for careers in the financial sector, in roles such as loan officers.



TRANSLATING RESPONSIBLE FINANCE INTO PRACTICE: THE EXPERIENCE OF AMFA MEMBERS

Social Performance Management

In addition to implementing their own responsible finance initiatives, MFIs also play a pertinent role in generating, collecting and reporting on responsible lending. Through effective social performance management (SPM), MFIs generate valuable information on the social impact of their activities, helping to shape lending practices in the broader MFI sector.

Social Performance Management: The example of VF AzerCredit LLC

VF AzerCredit LLC operates 12 branches and six sub-branches in 18 districts in Azerbaijan. Through these branches, AzerCredit serves more than 32 000 active borrowers. At the beginning of 2008, AzerCredit's management recognized the need to develop a SPM system to (1) build their understanding of AzerCredit's client base and the relevance of their products for this client base; and (2) better understand their social and financial performance. Indicators tracked by their system include: age and gender of the lender, loan purpose and industry, and jobs created and jobs sustained by gender. Through this measurement, AzerCredit is able to track the poverty level of their clients and the change in their clients' well-being over time. This enables AzerCredit to determine whether or not they are serving their target client group of low-income individuals.

SPI4 Assessment: The example of TBC Kredit LLC

SPI4  is a social performance indicators assessment tool for microfinance institutions. TBC Kredit LLC conducted an SPI4 assessment in 2017 with AMFA's support as part of its corporate governance and social responsibility objectives. TBC Kredit reported that the assessment was an easy process. They were required to prepare and hand over documents to the assessors, who then conducted interviews with staff members. The findings were analyzed and recommendations were presented back to senior management.

TBC Kredit found that:

- The assessment helped give them a 'helicopter view' of where they can improve. It wasn't difficult to make changes based on identified gaps, they managed to do this within a few months. A critical success factor was following up on the process and timing the required changes correctly.
- The gaps identified by the assessment helped inform the institution's mission statement
- SPM can lose attention from management, particularly in times of crisis.
- One investor specifically asked for an SPI4 assessment. While many investors will still invest if this isn't in place, some investors are very socially minded, and their investment decision can be swayed by the potential investee's SPM practices and SPI4 assessment.



Smart Campaign Client Protection Principles

MFIs and banks in Azerbaijan are integrating client protection principles into their policies, procedures and operations. They are doing so, firstly, because they see the social and business imperative to do so, and secondly, to ensure compliance with regulatory bodies. AMFA has assisted in this by educating its members on the importance of the principles and by leading by example, as detailed below. This support has contributed towards a 50% member endorsement rate of the Smart Campaign Client Protection Principles (CPPs).

AMFA's role in promoting client protection principles

AMFA originally became interested in the CPPs as a result of the high levels of over-indebtedness in Azerbaijan and the potential effect of this on the industry. To encourage its members to integrate CPPs into their policies and practices, AMFA invested in increasing its own understanding of the principles. On this basis of having a better understanding and awareness internally, AMFA began educating its members through networking events and seminars. AMFA also ensured that client protection materials were accessible to members by translating them into Azerbaijani, the local language.

When AMFA first began promoting responsible finance practices, members didn't think it was a priority for them. AMFA held individual meetings with members on the Smart Campaign CPPs and focused on getting members to endorse the CPPs on Smart Campaign's website (50% of members have done so). AMFA went through the Smart questionnaires with members so the MFIs could self-assess their performance against CPPs. Initially, members weren't ready to pay for full Smart assessments, and so AMFA offered these free of charge on a first come first served bases. 2 institutions participated in this initiative. Initially, senior management questioned this, but were impressed when the assessment results were presented. When the institution made adjustments to their policies and practices based on these results, they reported to see the financial implications on the bottom line as well.

AMFA now provides fee-based consulting services to members on Smart Consumer Protection assessments and CPP training. 2 AMFA staff members are qualified as lead Smart assessors. To date, ten members have completed Smart Consumer Protection self-assessments, five have passed external assessments and four have been Smart certified.



LESSONS FOR RWANDA AND AMIR



While country contexts vary significantly and comparisons are not always possible, it is useful to identify lessons and success factors from one country that can be adapted and applied in another. The study tour identified the following major drivers of Azerbaijan's, and AMFA's, progress in furthering responsible finance in its microfinance sector, that are particularly relevant to the Rwandan context:

Lessons for the sector:

- Associations play an important role in communicating the value of responsible finance to members, and can extend their fee-based service offering to include related services, such as training, assessments and audits. Starting with 'pioneer' members creates valuable demonstration cases for other members.
- There is a need for formal guidelines for responsible lending in the sector.
- Peer-to-peer platforms or forums with other regulators from other countries can help build buy-in from regulators. An association can also facilitate the education of regulators through well-established organizations, such as CGAP
- Responsible finance goes beyond the SMART Campaign Consumer Protection Principles. Promoting social performance through SPI4 and social audits increases the chance to instill responsible practices across the industry.

Lessons for AMIR:

- It is important for an association to be member driven, rather than primarily responsive to donors' requests. Every strategy/program should be endorsed by members
- When introducing new initiatives, it is important to target the largest, most influential members first to ensure buy-in from others
- The Association cannot do everything. It should start with the most pressing issue and expand as its capacity grows (e.g. AMFA started with the Quarterly Matrix and grew from there)
- An Association needs to maintain a good reputation and credibility in the market, and build the trust relationship with its members
- High standards/requirements should be in place for members to join and retain membership
- It is important to partner with well-regarded organizations (local and international) that offer the Association something/bring value
- The Association's strategic plan should not rely on donor funding. Where donor funding is used, this should be for piloting/testing new products/services that will become payable once proven
- It is important to collect accurate data from members regularly and collaboratively and have an SPSS database with sector data
- Regional networks and donors should be included in the Association's lobbying and advocacy efforts
- A local Association should leverage its regional and international network to build the capacity of its members.
- The Association should promote and communicate the value of implementing responsible practices, focusing on Smart principles and SPI4, through different communication channels
- It is important to build the internal capacity of the Association first by, for example, certifying a small number of staff members on SPI4 and Smart CPP assessments
- The Association can play an important role in advocating for guidelines on responsible lending to be issued by the Central Bank, including suggestions for credit institutions regarding responsible lending policies, collection and verification of information, loan and affordability assessments, and disclosure of assessment outcomes to clients.



The Responsible Finance through Local Leadership and Learning Program is a four-year program being implemented in Rwanda by The SEEP Network, in collaboration with the Association of Microfinance Institutions of Rwanda (AMIR) and the Mastercard Foundation. The program's goal is to scale the application of consumer protection principles for low income financial service customers by promoting an enabling environment through collaboration among a wide range of private and public sector stakeholders. This learning brief was developed as part of the program's learning agenda.