

## ANNEX 2: THE PROGRAM PLAN

Day	Activity
Day 1 (Sun):	✍ Travel from Kigali to Nairobi
Day 2 (Mon):	✍ Visit to MUSONI ○ HeadOffice, Branch, Contact Centre
Day 3 (Tue):	✍ Boardroom Session ○ Internal Preparation – CP Consultant ○ External Support – CP Consultant ○ Certification Audit Process – Rating Agency (MFR) ○ Recent Market Developments – Financial Inclusion Consultant
Day 4 (Wed):	✍ Sight seeing and shopping
Day 5 (Thr):	✍ Travel from Nairobi to Kigali

## ANNEX 3: LIST OF PARTICIPANTS

No	Names	Title & Institution
1	Lamech Nambajimana	TA Consultants
2	Nehemie Zimulinda	TA Consultants
3	Donatien Manirarora	TA Consultants
4	Patricia Uwimbabazi	TA consultant
5	Mediatrice Mukarugwiza	TA Consultant
6	Celestine Nakuredusenge	TA Consultant
7	Charity Uwase Kabarega	AMIR/Project Coordinator
8	Aimable Nkuranga	Executive Director / AMIR
9	Straton Habyarimana	Programs manager/ SEEP



## STUDY TOUR ON CONSUMER PROTECTION

Nairobi, Kenya  
4<sup>TH</sup> -7<sup>TH</sup> NOVEMBER 2019



### OUR ADDRESSES :

P.O.Box 6526, Kigali, Rwanda  
Tel: +250 78 8747900 | Email: [info@amir.org.rw](mailto:info@amir.org.rw) | Website: [www.amir.org.rw](http://www.amir.org.rw)

## Background to the Tour

- The Association of Microfinance Institutions in Rwanda (AMIR), sent a team of nine (9) individuals to Kenya for study tour on consumer protection.
  - 1 Project Manager, Seep Network
  - 2 Officials from AMIR
  - 6 SPM/CP Consultants
- The objective of the study tour was to learn the approach and process applied by Musoni Kenya, to become the first Smart Certified institution in East Africa.
- The study tour involved:
  1. Observation of consumer protection in action at Musoni offices.
  2. Discussions with the Chief Innovation Officer, in charge of SPM and the CP Certification Project, branch management, contact center staff, individual lending client and group lending clients.
  3. A boardroom session with: (a) consultants that supported Musoni through the certification process, (b) The rating agency that audited Musoni for certification.

This document contains a compilation of lessons the participants gathered from the visit.

## Lessons from the Musoni Visit

### Reflections from AMIR Consultants

- Consumer Protection is only a subset of the wider subject of Social Performance Management. MFIs need to think not just about 'causing no harm to clients' but also about 'the impact of their services to consumers' as well as 'staff welfare' matters.
- Getting certified is not the end, organizations must continue working to uphold the standards.
- Internal audit and contact centre are crucial functions in monitoring and ensuring the organization are upholding the standards, even after certification.
- The best approach to advance the certification process is:
  1. Obtaining commitment from board and management
  2. Working on the documentation (policies and training documents)
  3. Implementing the new practice
  4. Continuous training and monitoring of the practices on the ground
  5. All stakeholders (board, management, staff, supporting consultants) must have a common understanding of the process and be committed to seeing it through.
  6. Advise the MFIs on the benefits to be accrued from certification, for instance, access to cheaper loans from wholesale lenders.
  7. Prepare the MFIs in advance on the benefits and challenges involved before and after certification, so that they are well informed..

## Lessons on Internal Preparation (1/2)

### Key success factors

- Board and management buy-in, obtained by articulating the CP benefits to the organization and to each department.
- An SPM committee comprised of departmental heads who are involved in policy and operational changes in their respective functions.
- A dedicated and passionate focal point (SPM/CP Officer) to drive the activities on the ground. Key responsibilities include:
  1. Revising and aligning policies to CP,
  2. Conducting management, staff and client trainings,
  3. Preparing regular CP reports,
  4. Reviewing MoUs with partner organizations for CP alignment,
  5. Conducting CSR activities.

## Lessons on Internal Preparation (2/2)

### Key success factors

1. Nomination of SPM champions in each branch, and regular meetings/ conversations with them.
  2. Regional / branch trainings on CP, the certification process and revised policies, for all staff.
  3. Inclusion of CP in staff induction training.
  4. Client sensitization and training.
  5. Regular SPI and CP assessments during the preparation period.
  6. A robust management information system to support CP aspects, such as regular communication with clients.
- Note: Branch managers, loan officers and clients are key stakeholders in successful implementation.
  - Set realistic timelines – it took Musoni about 1.5yrs to earn the certification and they already had board buy-in and a dedicated SPM officer.

## Lessons from External Consultant

- Began with CP orientation training to the board and management.
- 1 day board and management orientation
- 3 day training with regional and branch managers
- Conducted accompanied self-assessment to identify gaps that institution needs to work on, while also orienting the institutional focal point (SPM/CP champion).
- Developed a detailed action plan based on the results of the self-assessment, indicating: the activity to be done, responsible department, responsible individual, and due dates.
- Prioritized implementation, starting with the low hanging fruits and working principles by principle.
- Provided monthly updates to the funding organization.
- Provided constant support/mentorship to institutional focal point, going beyond contracted days. The focus was on achieving the certification goal.



## TAKE HOME

- SPM/CP Consultants buy-in is essential
- Consultants to Facilitate FIs to take CPPs together with
- Create business care for MFIs
- Consultants should make this process their success as well not only MFIs success
- AMIR to organise a workshop that brings together CPP team, CEOs and consultants to share experience and discuss about challenges and new strategies
- Continuous trainings to staff, board, third parties and clients
- Put in place SMP focal person in every supported MFI
- Consultants to support MFIs to monitor the process and train the focal person
- Consultants were very committed to take the assignment contract a just a paper, but certification and the most achievement
- Understanding the DNA of the MFIs they are supporting
- Consultants and AMIR to chow the process, MFIs to swallow
- Facilitate the buy-in of MFIs management and board
- M&E should be done up to the client level
- Ensure that staff understands the SPM and CPPs standards
- Create many and easier communication channels for staff and clients
- CPP team should be raised and facilitated as babies, consultants should facilitate that process of raising the baby/ trainings and other TA assistance
- AMIR /SEEP to make certification a clear as target to those who are supporting ,MFIs that are committed for certification
- Sensitization should be done up to the client level
- Regular assessments should be done; SPM assessment was recommended to be the one to start.
- MFIs and consultants should report to AMIR about the progress. This will be done monthly
- AMIR should facilitate the process, especially talking to AMFIS that are mostly postponing programs. This sometimes affects not one institution but more. Considering that we have hired few international consultants to support more FIs, when one postpones, it immediately affects another.
- AMIR to continue involve regulators
- Coordinate with the rating agencies and negotiate the cheapest price
- Some consultants were committed to talk to the CEOs of the institutions they are supporting to be given an office at the MFIs
- No developed or revised policy should go beyond 30/11/2019 without approval
- Training materials of clients should include CPPs
- CPPs to be translated in Kinyarwanda
- Developing M&E checklist
- MFIs should be the ones to use consultants instead of consultants using MFIs
- For those with RMF grants, it should be used before the end of Dec/2019.

## ANNEX I

Recent Market Developments in Consumer Protection in Kenya

### I. Transparency - Cost of Credit Website

- <https://www.costofcredit.co.ke/>
- An initiative of CBK and KBA, in line with Guidelines on Consumer Protection, under the CBK Prudential Guidelines 2013
- A platform which enables consumers to compare different bank loan costs based on standardized parameters and a common computation model
- It provides information on total cost of credit (TCC) and has a cost of credit calculator
- Banks are required by CBK to provide a borrower with the TCC breakdown as well as the loan repayment schedule.



### II. Pricing - Interest Rate Caps

- Instituted in Sept 2016., to manage cost of credit to customers
- Shift from 25%-30% to 13%, with lot's of hue and cry from banks
- Unintended effects: Reduced private sector credit, shylocks
- Amendment of Finance bill 2019 to remove the caps presently in discussion
- Responses/commitments by CBK (with strong monitoring of banks)
- Stawi loan - a mobile app loan backed by 5 big banks that lend to MSMEs – to support SMEs that do not have reliable records to assess creditworthiness. Interest rate = 9% + other charges.
- 2018 Kenya Banking Sector Charter (Sept 2018) - a commitment from institutions in the banking sector to entrench a responsible and disciplined banking sector:
  1. Fairness (risk-based credit scoring)
  2. Transparency (CoC website, KFS, products & pricing, complaints, T&Cs)
  3. Financial literacy (plus technical assistance to MSMEs)
  4. Financial access (customer-centric product devpt, 20% of portfolio's to MSMEs).

### III. Over-indebtedness - Digital Lending

- Over 50 mobile loan apps
- Over 19 million Kenyans (38%) are active mobile loan borrowers
- 40% of these, have loans from at least 6 digital lenders
- Over 380,000 Kenyans have defaulted on these loans according to CRB
- Digital Lenders Association of Kenya (DLAK)
- An association established to help establish self-regulatory standards and offer consumer protection in the mobile money lending space.
- DLAK members want to be regulated. Regulation will help establish market standards that will ward-off unscrupulous players
- The Kenyan Parliament recently proposed a law to bring all mobile loan apps under registration of the CBK
- CBK proposal June 2019 - "All financial services and products will soon have a label of approval by the CBK to be able to guide users on which products to use".