



# **AMIR Mystery Shopping Initiative Synthesis of Findings Oct 2018 - Mar 2019**

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## **Introduction**

AMIR organizes mystery shopping exercises quarterly, to check on member compliance with its code of conduct (CoC). While the CoC largely covers the Smart Campaign's consumer protection principles, AMIR's mystery shopping exercise focuses on areas of the CoC that can be verified by any person walking into a financial service provider (FSP) and seeking to acquire a product or service from the FSP. It therefore deals with staff behavior and existence of public information related to the following principles:

- Prevention of overindebtedness
- Transparency
- Fair treatment of clients
- Privacy of client information
- Mechanism for complaint resolution

The AMIR mystery shopper walks into an FSP's branch, takes stock of the information available in brochures, signs, posters and other FSP communication materials. S(he) then seeks to procure a product or service from the FSP's staff using a set of questions that s(he) has been trained to ask. Immediately after the branch visit, the mystery shopper records answers to various questions that are in the Mystery Shopping scoring tool and also provides comments and/or examples as needed. AMIR compiles scoring sheets from various mystery shoppers for the quarter and develops a short report on how clients are being treated in FSP branches during that quarter.

AMIR has decided to produce public bi-annual anonymized synthesis of results from quarterly mystery shopping exercises, to inform partners and other stakeholders on the status of CoC compliance among members. This report summarizes findings from mystery shopping in the last quarter of 2018 and the first quarter of 2019.

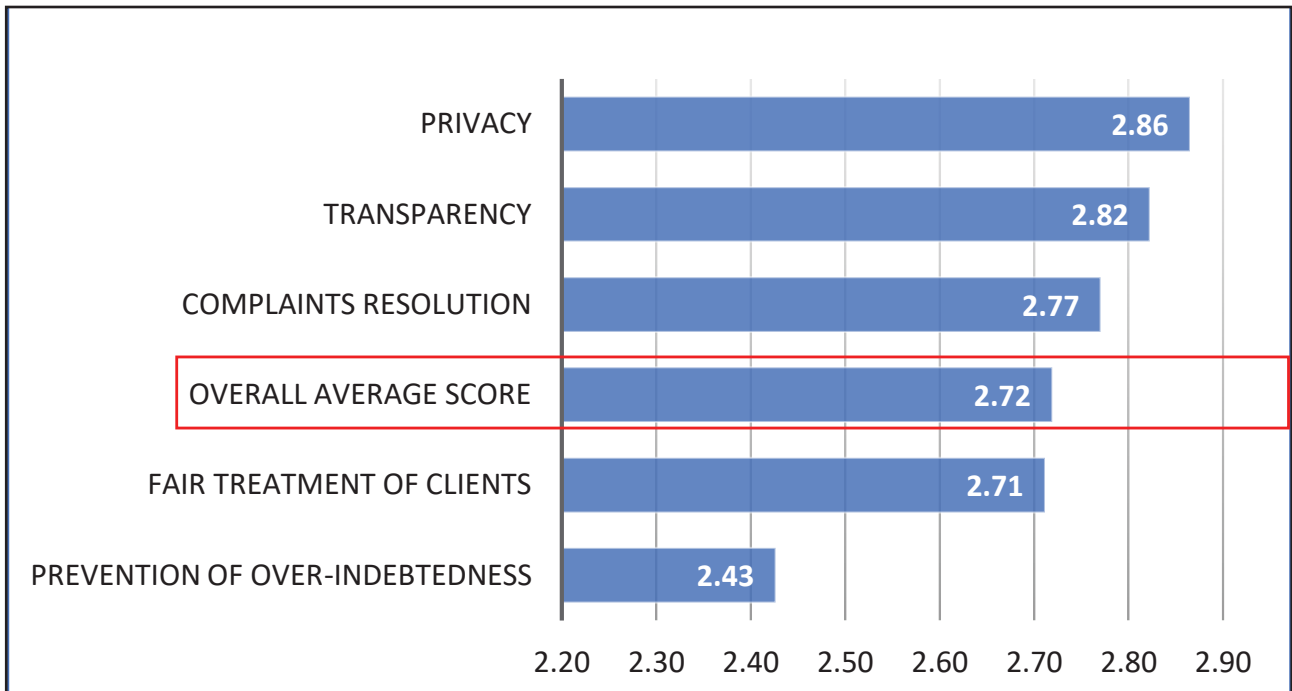
## **Results**

The table below shows areas that are covered during mystery shopping visits and the average scores obtained by the FSPs. Maximum possible score for any item is 4.

	2019Q1	2018Q4	Semester average
	11 FSPs	8 FSPs	19 FSPs
<b>Surveyed areas</b>			
<b>Prevention of Over-indebtedness</b>			
Checked if the client has multiple loans	2.00	3.13	2.56
Informed client about checking her credit worthiness	2.09	2.75	2.42
Informed client about checking her status in CRB	2.09	2.50	2.30
<b>Average</b>	<b>2.06</b>	<b>2.79</b>	<b>2.43</b>
<b>Transparency</b>			
Disclosure on Loan product (options;T&Cs)	2.54	3.08	2.81
Disclosure of interest and costs	2.36	2.88	2.62
Disclosure on being late on repayment	2.44	2.54	2.49
Public display of information on loans	2.22	2.53	2.37
Account opening as a pre-requisite for loans	3.55	3.63	3.59
Communicating proactively with the client	2.36	2.83	2.60
Disclosure on savings accounts (options)	3.25	3.31	3.28
Disclosure of terms for using the account	2.70	2.94	2.82
<b>Average</b>	<b>2.68</b>	<b>2.97</b>	<b>2.82</b>
<b>Fair Treatment of Clients</b>			
Avoiding aggressive sales	3.36	3.20	3.28
Display of MFI values	2.18	2.10	2.14
<b>Average</b>	<b>2.77</b>	<b>2.65</b>	<b>2.71</b>
<b>Privacy</b>			
Informed client on data sharing	2.68	3.00	2.84
Informed the client on the need to keep their own data confidential	2.73	3.05	2.89
<b>Average</b>	<b>2.70</b>	<b>3.03</b>	<b>2.86</b>
<b>Complaints resolution</b>			
Informed the client about her right to complain	2.27	2.70	2.49
Informed the client about complaint channels	2.91	3.20	3.05
<b>Average</b>	<b>2.59</b>	<b>2.95</b>	<b>2.77</b>
<b>Overall average score</b>	<b>2.56</b>	<b>2.88</b>	<b>2.72</b>

## Semester Picture

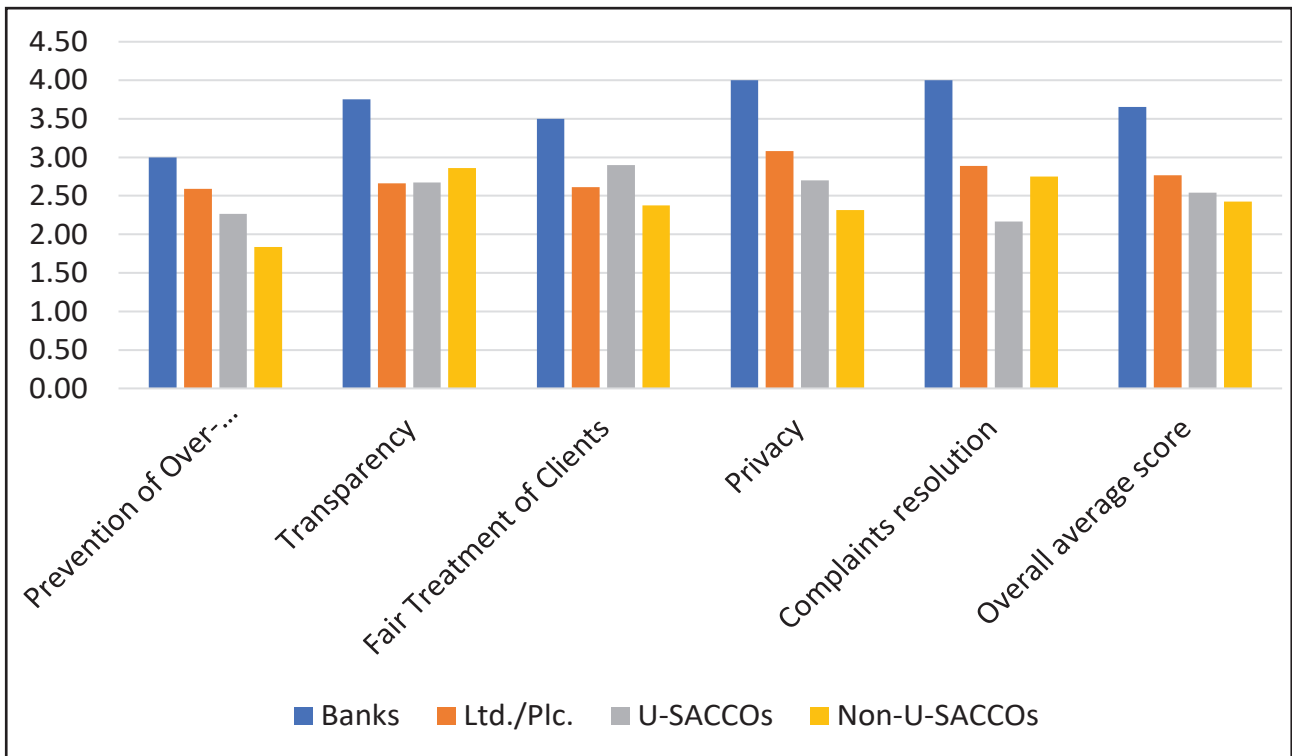
The overall average score for the 19 FSPs that were visited from October 2018 to March 2019 is 2.71 over 4, which shows that in general Rwandan FSPs are doing relatively well as far as client protection is concerned. The table below shows the scoring for the different areas of the Tool.



The strongest areas noted during the visits include “Privacy of client data”, “Transparency” and “Complaints resolution”; while those that seem to need the most improvements are in:

- Prevention of over-indebtedness
- Fair treatment of clients

The 19 FSPs included 9 microfinance companies, 1 Bank, 4 Non-Umurenge SACCOs and 5 SACCOs. The graph below illustrates how the different types of FSPs fared during the semester’s mystery shopping visits.



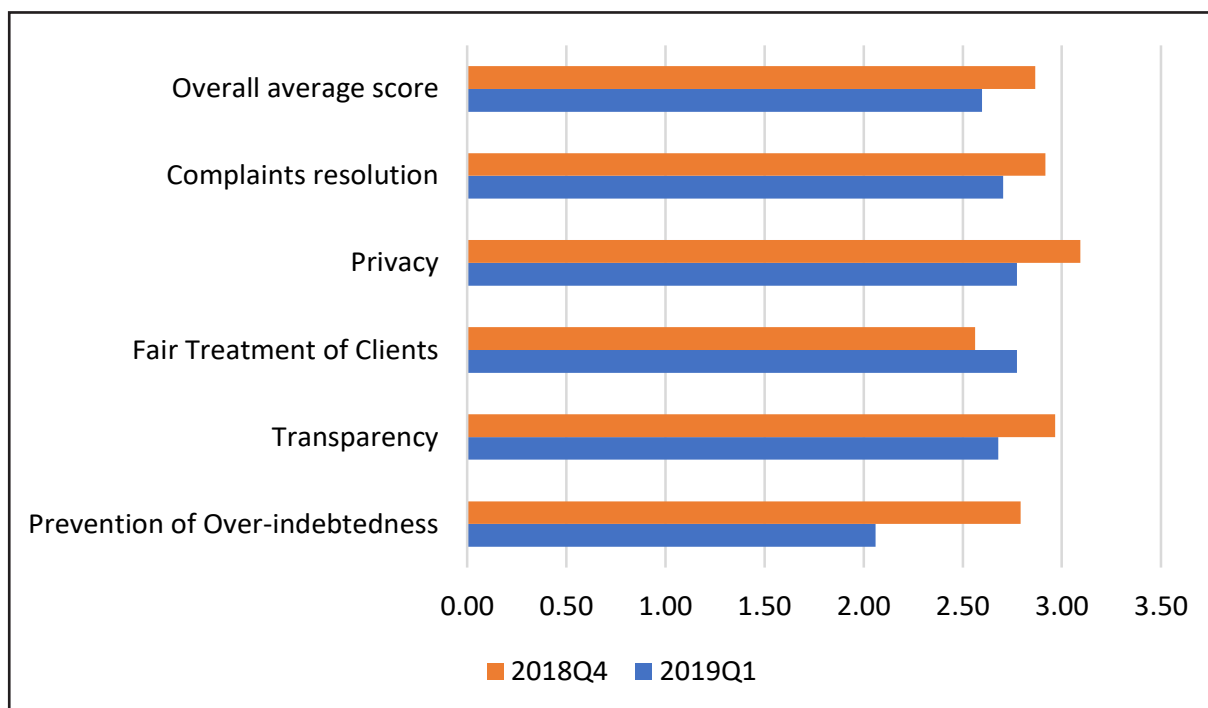
It is clear from this graph that our mystery shoppers found that microfinance banks have the most established processes and information provision that respond to CP principles (and the AMIR CoC) when serving clients, while all the others, especially non-Umurenge SACCOs, have some way to go. Interestingly, Umurenge SACCOs, while usually being the smallest institutions, did not fare the worst in many of the specific areas assessed.

Prevention of over-indebtedness was found to be the weakest practice across all MFIs categories except Umurenge SACCOs (see table below).

	<b>Banks</b>	<b>Ltd./Plc.</b>	<b>U-SACCOs</b>	<b>Non-U-SACCOs</b>
<b>Highest Score</b>	Privacy and Complaints resolution	Privacy	Fair Treatment	Transparency
<b>Lowest Score</b>	Prevention of Overindebtedness	Prevention of Overindebtedness	Complaints resolution	Prevention of Overindebtedness

### Comparing quarterly results

There is some difference between the overall score in 2018Q4 and that of 2019Q1, from 2.93 to 2.18 over 4, as can be seen in the graph below.



The difference is possibly due to the fact that during the 2018Q4 mystery shopping exercise, the sample included microfinance institutions that were benefiting from technical assistance (TA) for client protection improvements from AMIR, while 2019Q1 involved a sample of other institutions not participating in the TA program. This shows that TA provision could be key to improved CP performance from FSPs.

## Conclusion

The following lessons can be drawn from the analysis:

- Microfinance institutions that have been exposed to consumer protection principles and standards through technical assistance or other mechanism (e.g. SMART assessments) have a better performance than their peers.
- The Bank that participated has better performance than any other FSP category.
- The weakest practice area across the board consists of “limited disclosure of institutional values” (2.18); and the strongest practice observed was “informing clients that opening a saving account is a prerequisite to obtaining loans” (3.6)

It is therefore recommended, for AMIR, to increase exposure to consumer protection principles for all members in order to improve industry performance in this area. This can be done through technical assistance, trainings, exchange visits, and discussions in different forums.





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