



2009 - 2019

The Smart Campaign Ten Years of Keeping Clients First



Keeping clients first
in financial inclusion



SMART MILESTONES

10 Years of the Smart Campaign

2008 The Pocantico Declaration responds to **indebtedness crisis** in microfinance and recognizes client protection failures

2009 The **Smart Campaign** launches at the Center for Financial Inclusion at Accion around the **Client Protection Principles (CPPs)**.

2011 The Campaign revises the CPPs and **builds out a network of trained experts** and tools for financial service providers.

Initiated more than **50 partnerships** to decentralize expertise to key countries.

2013 **Smart Certification program** launches, providing external recognition for client protection achievement

2015 Smart Campaign, Partnership for Responsible Financial Inclusion & DLA Piper release the **Model Legal Framework** for regulators and supervisors

2016 **Client Voice report:** 4,500 clients in Benin, Georgia, Pakistan and Peru share their experiences with financial services

2018 **Smart founds Fintech Protects Community of Practice** to create a space for digital financial service providers to share responsible practices

2019 **Consumer Protection Standards for Digital Credit** launched and incorporated into Smart Certification program

The Smart Campaign's official journey began during a period of rapid industry growth in 2009, prompting leaders in financial inclusion to join forces and embed safeguards into financial services for underserved clients. The Campaign soon became an umbrella for consumer protection cooperation between financial service providers, investors, regulators, researchers, and support organizations. With the launch of the Client Protection Principles, the financial inclusion community created a common language and a solid, pragmatic foundation to improve consumer protection and build trust globally. In the context of a global financial crisis, this set a powerful example for the financial sector at large.

After ten years, this community has ignited into a movement with thousands of endorsers and networks of providers and practitioners around the world committing to embedding client protection standards into their products and practices. With this global community, the Campaign launched the world's first financial consumer protection standards and certification program, offering the industry a pathway to act on its commitment to deliver quality financial services while preserving the dignity of clients.

Today, more than 115 financial service providers have been awarded the Smart Certification seal. More than 45 million clients globally are served by providers that have demonstrated their commitment to treat customers with fairness and respect. Investors have adopted the standards into their due diligence and social impact assessments. Regulators have relied on the principles and the Campaign's research to design policies that balance client risk, market sustainability, and take the voices of both providers and clients into account. The Campaign has facilitated collaboration between our communities to create a world in which clients can better access a range of financial services with confidence.

At our ten-year anniversary, we face new challenges to ensure that clients can trust and truly benefit from financial services in a digital world. The widespread use of data to create new products for low-income clients, coupled with the proliferation of mobile phones, means that new consumers gain access to powerful financial tools every day. Used appropriately, these can drastically improve the economic opportunities for currently underserved clients. Used without safeguards, they can set already vulnerable clients back. If we want to see the digital revolution yield lasting inclusion, we need to band together again to develop industry safeguards for digital financial services that build trusting relationships and mutual benefits for consumers and financial service providers.

A heartfelt thank you goes out to all who have contributed their time and energy to this movement over the past decade. We are thrilled to continue this journey together for the next ten years and beyond.



Isabelle Barrès
Global Director
Smart Campaign





Global Success Stories

+ **Creating a Global Coalition for Consumer Protection**

We built a coalition for change by creating a common language and global framework to measure and evaluate financial consumer protection from the industry perspective.

+ **Improving Market-Level Supervision & Engagement**

We empowered regulators, supervisors and networks to understand and improve consumer protection at the national level.

+ **Leading Standards Development for Digital Financial Service Providers**

We convened the first coalition of digital financial service providers to share best practices and are leading the process to develop standards for responsible digital finance.

Client Protection Principles





- **Appropriate Product Design & Delivery**
- **Prevention of Over-indebtedness**
- **Transparency**
- **Responsible Pricing**
- **Fair and Respectful Treatment of Clients**
- **Data Privacy, Security, and Integrity**
- **Mechanisms for Complaint Resolution**



In 2009, client protection was recognized as a priority for the financial inclusion industry, but there was no globally accepted framework describing good consumer protection from the provider perspective.



Through consultation with providers, provider networks, investors, and regulators, the Campaign developed the Client Protection Principles, which have received thousands of endorsements and continue to guide the global conversation on respectful treatment of clients.



The shared principles have created a pathway for providers to understand and implement best practices and form the bedrock of Smart Certification.

Smart Certification

“

I feel that privacy is the most important aspect of client protection a company can offer you.”

-Maria, (Mexico)






Creating Incentives for Implementation

Smart Certification is the world's first financial consumer protection certification program, ensuring that more than 45 million low-income clients globally are treated with respect and fairness.

- Smart Certification is a way for financial service providers to demonstrate their commitment to client protection. To become certified, an institution must complete an independent, third-party evaluation of its policies and practices. Certification gives providers the road map and tools for strengthening consumer protection practices.
- Becoming a Smart Certified institution helps financial service providers stand out in crowded markets and serves as a marker of good practice for clients, regulators, and investors.
- Certification is the only global seal that accredits an institution for its commitment to protecting financially vulnerable clients, highlighting trustworthy institutions.



“We communicate like family. When you have any problem, you go to [the financial institution], they will come to your rescue.”

-Mary (Nigeria)



The Global Reach of Certification

Since 2013, the Smart Campaign has certified more than **115 institutions** that serve over **45 million** low-income clients, while also engaging with regulatory bodies in more than **20 countries** and training a network of advocates and experts that provide consumer protection training and support globally.





Ujjivan | Certified January 2016



“Smart Certification helped us raise capital and transform into a bank. Among regulators, people feel Ujjivan is one of the better institutions, with ethical values and good governance. Smart Campaign helped in building this very important part of Ujjivan’s image.”

– Samit Ghosh
Managing Director and CEO
Ujjivan India



Pro Mujer | Certified July 2017

“Smart Certification is the first step in measuring your practices and improving upon them. We want to see all women thrive and feel valued.”

– Rodolfo Medrano
General Director, Pro Mujer Mexico

Certification Benefits

86%

of institutions agree certification has helped them better understand client risks.

96%

of institutions agree certification has helped them prioritize client protection.

93%

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

“Source: Consumer Protection Resource Kit, 2017.”

Market-Level Engagements to Improve Consumer Protection





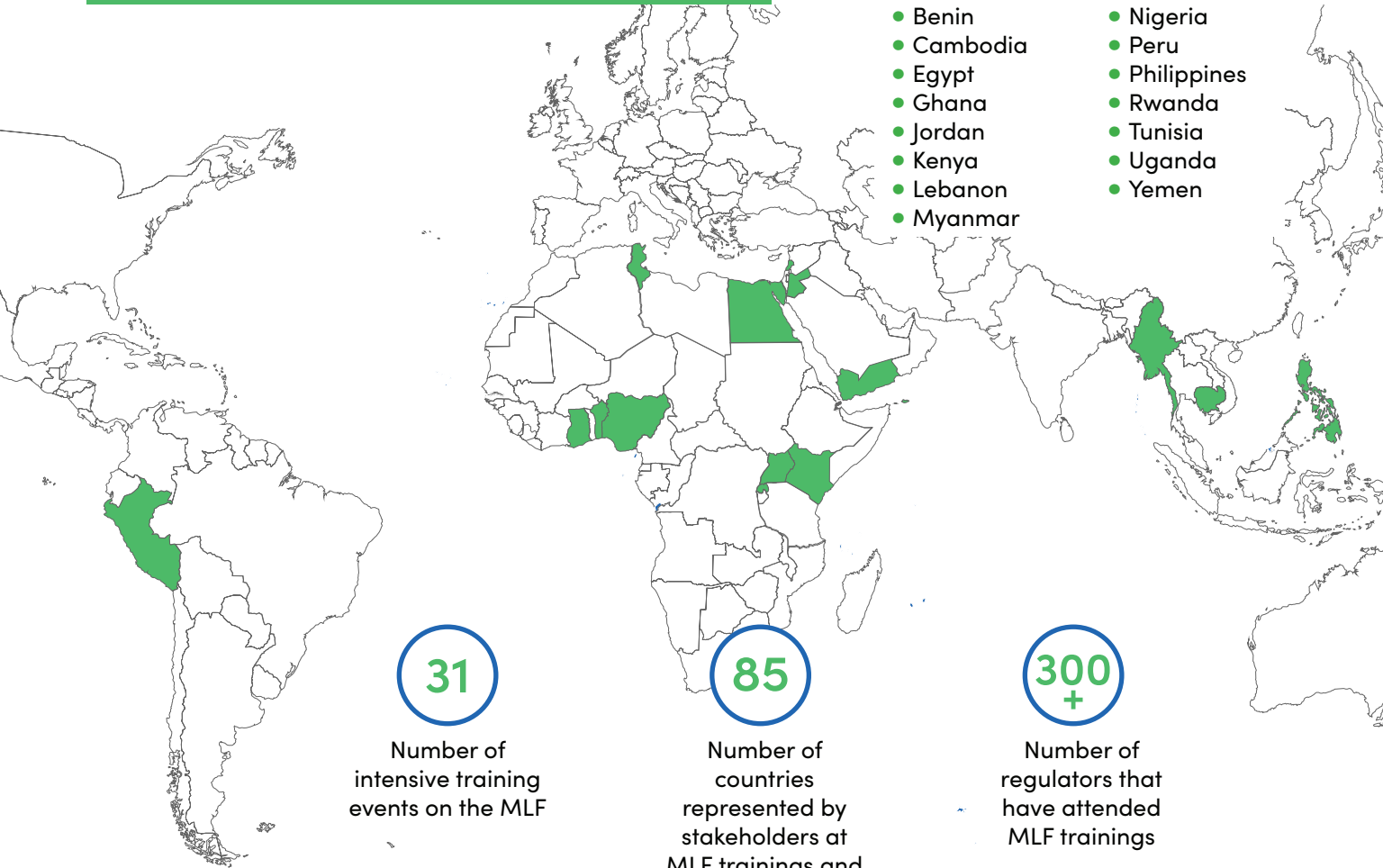
The Smart Campaign is changing the way that provider networks, agent networks, and governments regulate and understand consumer protection risks, especially for vulnerable clients.

- **Model Legal Framework:** The guide advises policymakers seeking to incorporate client protection into financial regulation, sharing global examples of model consumer protection laws.
- **Client Voices Research:** Governments create better policy when they hear directly from consumers. The Campaign's client-level research allows regulators to respond to the challenges, risks, and benefits clients experience when accessing financial services.
- **Supervisory Systems:** The Campaign has created systems to strengthen supervision by structuring complaints mechanisms, creating codes of conduct, and building digital monitoring systems for governments, self-regulatory bodies, and provider networks.

A Strong Legal Framework to Protect Consumers

Country-Level Adoption & Engagements

- Benin
- Cambodia
- Egypt
- Ghana
- Jordan
- Kenya
- Lebanon
- Myanmar
- Nigeria
- Peru
- Philippines
- Rwanda
- Tunisia
- Uganda
- Yemen



31

Number of intensive training events on the MLF

85

Number of countries represented by stakeholders at MLF trainings and events

300
+

Number of regulators that have attended MLF trainings

+

The Model Legal Framework (MLF) has been used to assess consumer protection laws, identify gaps, and improve national regulation in line with the consumer protection principles, with a focus on protecting first-time customers of financial services.

+

Regulators in Cambodia, Egypt, Jordan, Lebanon, Myanmar, Peru, the Philippines, Uganda and Yemen have employed the MLF to develop or revise regulatory frameworks, guidelines, or legislation.

+

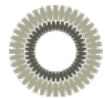
Since its publication in April 2015, the MLF has been presented to more than 650 financial inclusion stakeholders from 85 countries, including over 300 regulators and bank supervisors.

MLF Endorsers

Client Protection Principles:
Model Law and Commentary for
Financial Consumer Protection



Microfinance
CEO Working Group



ASBA

ASSOCIATION OF SUPERVISORS OF BANKS OF THE AMERICAS



afi Alliance for
Financial Inclusion
Bringing smart policies to life



صندوق النقد العربي
ARAB MONETARY FUND



BCEAO
BANQUE CENTRALE DES ETATS
DE L'AFRIQUE DE L'OUEST



THE
WORLD
BANK



IFC International
Finance Corporation
WORLD BANK GROUP

Creating Markets, Creating Opportunities

Supporting Responsive Regulatory Action in Peru

When designing financial consumer protection regulation, regulators often must work with imperfect information about risks to consumers. The Superintendency of Banking, Insurance and Private Pension Fund of Peru (SBS) worked with the Campaign to improve Peru's regulatory environment based on the 2016 Client Voices findings, which revealed a close-up look at the experiences of more than **1,000 clients** accessing financial services.



SUPERINTENDENCIA
DE BANCA, SEGUROS Y AFP

"The risk is to regulate by anecdotes and not by evidence."

- Mariela Zaldivar
DEPUTY, SUPERINTENDENT

Client Voice Finding

Clients did not understand how credit bureaus work, or the consequences of having a negative credit record.



40% of clients did not understand loan terms; many expressed confusion with loan insurance and what it covered.



26% of clients reported providers did not treat clients equally, discriminating against those of lower socioeconomic status.



SBS Response

Three steps: 1) launching a media campaign & training on credit histories; 2) mandating a non-payment warning be included in term sheets; 3) creating simple and accessible credit reports.

SBS experimented with simplified, client-centric summaries to provide clear information, while also requiring that marketing of insurance include the scope and characteristics of product coverage.

SBS made changes to laws on market conduct, incorporating detailed responsibilities for financial institutions to improve their business practices.

The Client Voices Project began in 2014 to support standards development and policymakers by sourcing insights directly from clients. In partnership with Bankable Frontier Associates, the Campaign collected and analyzed qualitative and quantitative data in four countries—Benin, Pakistan, Peru, and Georgia—to identify country-level consumer protection priorities based on the following research questions:

- What do clients view as their most important worries and most negative experiences in dealing with microfinance providers?
- How common are experiences of consumer protection problems at the national level?
- What attributes are most important to clients in determining a positive customer experience?
- How do these priorities compare to assumption the industry has made about what clients want?

The “My Turn to Speak: Voices of Microfinance Clients in Benin, Pakistan, Peru and Georgia” report summarizes and analyses the key findings, takeaways, and recommendations across the four comprehensive country reports.

Client Perceptions of Good Service (Across All Types of Institutions)

Attributes of positive treatment valued by clients in each market.

Benin:

- Thoughtful presentation
- The opportunity to negotiate
- A warm welcome
- Reciprocal trust in clients

Pakistan:

- Respect
- Humanity (*insaaniyat*)
- Compassion and dignity
- Interest in establishing a long-term relationship

Georgia:

- Clear explanation of information
- Long-term cooperation
- Reciprocal trust in clients
- Warmth

Peru:

- Extension of a helping hand
- Clear explanation of information
- Thoughtful presentation
- Genuine interest in clients

Monitoring Market Dynamics in India with Sa-Dhan





The Campaign worked with Sa-Dhan, the largest self-regulatory organization (SRO) in India recognized by the Reserve Bank of India, to design a consumer protection monitoring system to better protect **30 million low-income clients**.

After being designated an SRO, Sa-Dhan needed a way to monitor and assess consumer protection risks and member compliance to the Code of Conduct.

The Smart Campaign created an online portal that allows Sa-Dhan's **200 member MFIs** to efficiently self-report data. Sa-Dhan can use the system to analyze market dynamics and quickly identify and report areas of rising debt stress to regulators.

"We are hopeful that this tool will not only usher in a new era for responsible growth of the industry in India but will go on to become a global best practice for the sector."

- P. Satish
Director of SA-Dhan



Sa-Dhan
The Association of
Community Development
Finance Institutions

Featured Supervisory Projects

- **Microfinance Institutions Network (MFIN, India):** Improved complaints mechanisms
- **Business Correspondents Federation of India (BCFI):** Created code of conduct for members
- **Bank of Ghana:** Improving complaints mechanisms
- **Central Bank of Nigeria:** Addressing supervision gaps with mystery shopping
- **Lending Guidelines (Cambodia)** to prevent the risk of over-indebtedness

Leading Standards Development for Digital Providers





Digital financial services have the potential to close the credit gap for unbanked, low-income customers, but the rapid growth of the sector has raised consumer protection concerns. Now is the window of opportunity to build trust with new consumers of financial services. On the basis of its own research, research by others, and dialogue with providers, the Campaign has developed standards for digital credit providers, a needed step towards consumer trust in the digital ecosystem.

- + **Fintech Protects Community of Practice:** The Campaign convened a community of digital financial service providers, opening a safe space for dialogue on consumer protection risks and solutions.
- + **Research and Field Assessments:** The Campaign conducted inquiries into the risks of digital financial services, raised awareness in the industry, and engaged in pilot research with digital credit providers to identify practical standards.
- + **Digital Credit Standards:** The Campaign released standards for responsible digital credit in 2019, to create a shared set of criteria to assess the practices of digital lenders.

Convening a Community for Responsible DFS



- + In 2018, the Smart Campaign founded Fintech Protects as an action research and consensus-building project to create awareness and engage fintechs on consumer protection risks.
- + The group currently includes more than 20 companies, from digital credit to blockchain companies and pay-go models. Members meet regularly to share their approaches to implementing the Client Protection Principles.
- + The community of practice provides a space where fintechs and digital providers exchange ideas on how to offer the greatest value to consumers while maintaining adequate protections, also feeding into standards development.

Why Fintech Protects? Members Weigh In

“As a fintech lender, Fintech Protects was the perfect forum to share our experiences and learn from others to find ways to close the finance gap, which leaves so many businesses and families excluded.”

- Wayne Hennessy-Barrett
CEO of 4G Capital



“Our work breaks new ground by including many customers that have never accessed formal financial services before. This is exciting, but also means we have a significant responsibility to make sure their first formal financial services experience is positive and empowering. That’s really important to us, so we’re open to testing, learning, sharing and collaborating – it’s a part of our contribution to building the digital financial services ecosystem.”

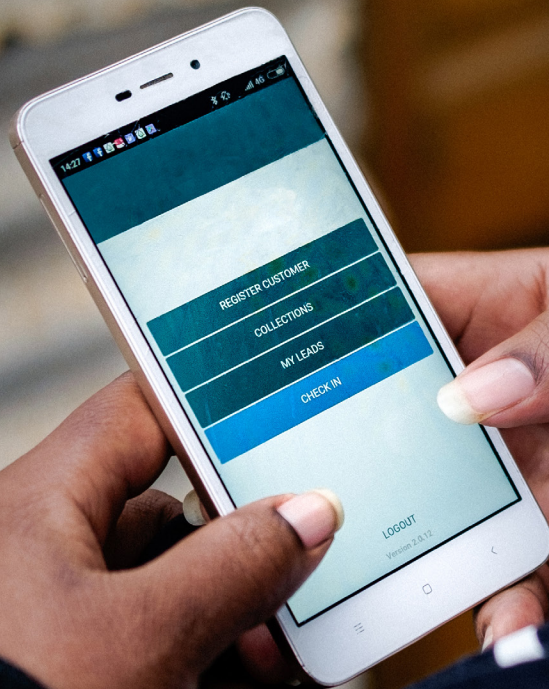
- Buhle Goslar,
Chief Customer Officer, Jumo

“Customer protection standards provide tremendous value to us. A customer may not be inclined to repeat a service if they felt it was not working in their favor and protecting their privacy.”

- Rose Muturi
former East Africa Regional Manager, TALA



Fintech Protects Members





AGA KHAN DEVELOPMENT NETWORK



FINCA®



faster than cash

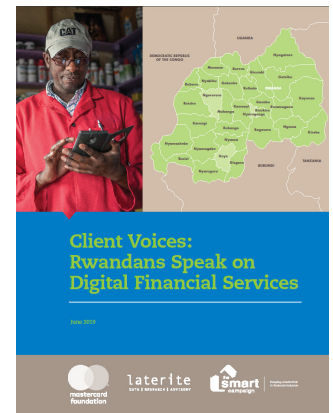
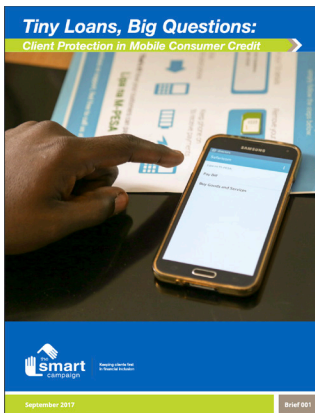


MOSABI



DFS Research & Field Assessments

Since 2017, the Campaign has led research and raised awareness on client protection risks in DFS:



- + In *Tiny Loans, Big Questions*, the Campaign explores risks involved in tiny, instant loans available by mobile app.
- + In *Responsible Digital Credit*, CFI Fellow John Owens outlines a framework for responsible finance using the Client Protection Principles.
- + In *Digital Finance and Data Security*, CFI Fellow Patrick Traynor examines how digital lenders are performing on data security, transparency, and privacy.
- + The latest Client Voices project in Rwanda investigates consumer experiences with mobile money and digital credit.

+

In 2018, the Campaign conducted two field assessments in Kenya with 4G Capital, a digital MSME lender, & Tala, an app-based lender, to assess client protection gaps and identify good practices for the industry.

African BUSINESS Sectors Regions Interviews African Banker In Focus

4G Capital together with the Centre for Financial Inclusion Smart Campaign defines standards for client protection


SHARELATION | 11 NOVEMBER 2018 | 0 COMMENTS



As part of the Centre for Financial Inclusion's (CFI's) 'Financial Inclusion Week' held in Washington DC, 4G Capital announces the initiation of a special working relationship with the CFI's Smart Campaign to define global standards for client protection across the digital financial services industry.

The Smart Campaign works globally, uniting financial leaders to create an environment in which financial services are delivered safely and responsibly to low-income customers by maintaining a rigorous certification program, elevating the customer's voice and convening partners to effect change at the national level.

Headquartered in Mauritius, 4G Capital has supported self-employed traders and micro-enterprises in East Africa for over 5 years by providing essential financial literacy and business training along with working capital credit to help informal MSME businesses grow sustainably.

CROWDFUND INSIDER 


Tala Partners With Smart Campaign For Digital Client Protection

December 31, 2018 @ 2:14 pm By Samantha Hurst

Listen to this article 2:06

Tala, a U.S.-based consumer lending app in emerging markets, recently announced it has partnered with Smart Campaign, a global initiative to promote strong financial client protection for low-income clients housed at the Center for Financial Inclusion at Accion, for digital client protection research.

The duo reported that they recently conducted a client protection research assessment, which consisted of extensive interviews and site visits with Tala's operations in Kenya to establish best practices in consumer protection for digital lenders.



"Based on the findings from the assessment with Tala and research with other providers, Smart will release industry standards for digital lenders in 2019. The success of new standards for digital lending depends on the willingness of industry leaders like Tala to be transparent and committed to client protection practices."

Client Protection Standards for Digital Credit





In 2019, the Campaign launched the standards for digital credit, consolidating lessons from Fintech Protects and everything we have learned about good practices and where to set the bar for responsible DFS.



More low-income customers around the world have access to digital loans that promise improvements to their lives. Customers need to be confident that they can trust their provider and its products.



With an emerging consensus around the importance of responsible digital credit, demand is rising for a shared set of criteria to assess the practices of digital lenders.



The standards build on the existing client protection standards and Smart Certification in a number of areas specific to digital:

- Transparency in digital environment
- Use of algorithm-based underwriting techniques
- Expectations of third-parties (such as MNOs and agent networks)
- Data privacy, usage and security

7

Client Protection
Principles

25

Standards which
represent outcomes
for clients

85

Indicators which
represent the technical
requirements

**Thank You to All of Our
Partners and Supporters**



Campaign Steering Committee

Felipe Arango, Managing Partner, BSD Consulting

William Derban, Market Engagement Director, GSMA and Founder/Chair, Financial Inclusion Forum Africa

Rosamund Grady, Principal, Financial Inclusion - Regulatory Design

Dave Grace, Dave Grace & Associates, Independent Cooperative Consultant

Kelly Hattel, Asian Development Bank, Senior Financial Sector Specialist

Wayne Hennessy-Barrett, 4G Capital, Founder & CEO

Carlos Lopez-Moctezuma, Head New Digital Businesses and Global Director for Financial Inclusion, BBVA Bancomer

Asad Mahmood, CEO & Managing Partner, Social Investment Manager & Advisors, LLC

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Beth Porter, Policy Advisor for Financial Inclusion, United Nations Capital Development Fund

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Sahar Tieby, Independent Consultant

Mariela Zaldívar, Deputy of Market Conduct Supervision and Financial Inclusion Superintendence of Banks

ACCION



CENTER for
FINANCIAL
INCLUSION | **ACCION**



CREDIT SUISSE
Founding Partner



Deutsche Bank



The Smart Campaign works globally to create an environment in which financial services are delivered safely and responsibly to low-income clients. As the world's first financial consumer protection standard, the Campaign maintains a rigorous certification program, elevates the client voice, and convenes partners to effect change at the national level. Over 100 financial institutions, collectively serving more than 42 million people, have been certified for adhering to the Campaign's industry-accepted consumer protection standards.

More at www.smartcampaign.org.



SmartCampaign_



Smart Campaign