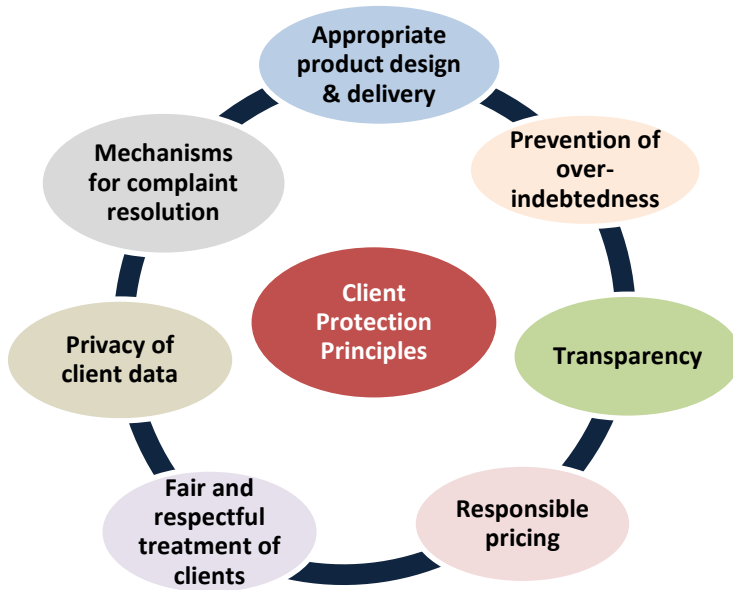




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Client Protection Principles Certification



Keeping clients at the forefront, client protection certification incentivizes institutions with improved client protection practices, promotes client centric approach and contributes to a more responsible and stable industry.

M-CRIL, as a specialized microfinance rating agency, is a **licensed certifier** for Smart Campaign’s client protection certification program. M-CRIL has worked with industry stakeholders and the Smart Campaign to develop the standards and methodology against which institutions are evaluated. M-CRIL continues to contribute towards improvement of the client protection practices in the sector.

Get SMART - CLIENT PROTECTION PRINCIPLES (CPP) CERTIFICATION

M-CRIL offers microfinance institutions and other retail financial service providers serving low-income clients the opportunity to become **Client Protection Certified** through an **on-site mission**. Certification involves evaluating a provider’s policies, procedures, training, marketing and operations against a set of standards derived from the 7 Client Protection Principles formulated by the SMART Campaign.

Certification result is either a “Pass” or “Fail”, and only **passing institutions’ results will be public while financial institutions** that do not pass the Certification standards are free to share results entirely at their own discretion - neither M-CRIL nor the SMART Campaign will reveal results of a failed Certification to any third party. This is in keeping with the intent of the Certification program to incentivize improved practices. In such a case, maximum period of four months is provided to plug in the gaps through changes in the policies, systems and processes. Proposed policy changes will again be examined to complete the certification process.

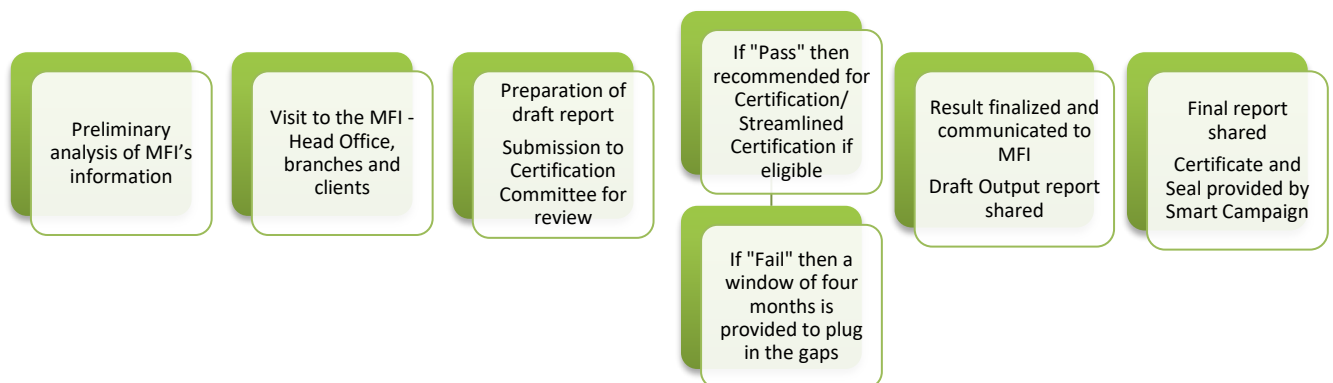
The certification is **valid for a period of 4 years subject to a Check-In at the two-year mid-period**. In case the institution fails or does not wish to undergo a Check-In within this period, its certificate will be revoked.

Appropriate product design and delivery
Products & processes are relevant to clients’ needs and do no harm to clients
Prevention of over-indebtedness
Implement and monitor internal systems that support prevention of over-indebtedness and foster efforts to improve market level credit risk management
Transparency
Clear, sufficient, timely information in vernacular on pricing & other terms and conditions
Responsible pricing
Affordable to clients and commercially viable for financial institutions in line with peers
Fair and respectful treatment of clients
Non-coercive recovery practices, no discrimination, aggressive or abusive treatment
Privacy of client data
Adequate policies, systems & controls for client data access and use limited to specific purpose and with clients’ consent
Mechanisms for complaint resolution
Timely and responsive grievance redressal mechanism which is clearly communicated to clients and used for improving products and services

Benefits of Client Protection Certification

- Allows financial institutions to **publicly demonstrate** their commitment to client protection through an **independent, third-party evaluation** of their practices.
- Examines client protection from the **perspective of clients**, addressing the question, “Does this institution do what it should to ensure that its clients receive fair treatment?”
- Facilitates **addressing priorities** and areas which require corrective interventions on aspects of policy and/or product alignment to client needs.
- Represents **adherence to a set of uniform, harmonized, global standards and minimum** level of behaviour that most stakeholders expect from the sector, unlike ratings which convey relative performance.
- Highly valued by the industry, including microfinance networks as well as many investors and donors, as **‘doing no harm to clients’**.

Certification Process



Customized Additions

The Certification program is **well integrated with M-CRIL's existing rating and assessment products**. In Microfinance Institutional Rating (MIR), Social Rating (SR) and SPI4 Audit, client protection practices are judged from the perspective of risk to institutional sustainability; whereas client perspective is the core of the certification program.



Why M-CRIL?

- **Contributed to development of indicators for the certification program for V1.0 and V2.0** along with the Smart campaign.
- **Rich and diverse experience** – over 1,600 ratings and assessments across 34 countries.
- MFIs rated/certified span a **wide range of organizational forms** from NGOs & non-bank finance companies to commercial banks having **varied lending models and products** including payroll & digital finance.
- **Review by Independent & External Certification/Rating Committee**, comprising international experts, to determine the final result.
- **Sector expertise:** M-CRIL has contributed to the framework for best practices and global sector benchmarks.
- **Qualified and experienced team:** Certification is conducted by a team of two specialists to ensure rigor and objectivity.