



CLIENT PROTECTION CERTIFICATION

Report for ASKI - Philippines

Certified in JULY 2015

Mission Conducted by MicroFinanza Rating
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“Certified financial institutions have demonstrated their commitment and practice to treat the people they serve fairly. They contribute to a microfinance industry that prioritizes client care.”

- *Isabelle Barrès, Director, the Smart Campaign*

Selected Examples of Practices

This document was prepared by MicroFinanza Rating, a licensed certifier of the Smart Campaign's Client Protection Certification Program. It contains excerpts of analysis from the certification mission conducted at ASKI - Philippines. ASKI became client protection certified in July 2015.

Certification missions entail a streamlined desk review of institutional policies and procedures followed by an on-site due diligence visit that includes extensive staff interviews and focus group discussions with clients. The certifier looks for evidence of adherence to the [Client Protection Principles](#) as evidenced by meeting [standards](#) associated with each principle in institutional policies, procedures, systems, organizational culture and staff behavior. In order to become certified, an institution must meet all of the client protection standards. Only organizations that pass certification will be made public. Certification status is valid for up to two years, after which an institution must undergo a new certification mission.

This summary presents selected excerpts from the certification mission analysis, which in total covers 30 standards of care. The evidence presented is not exhaustive but rather meant to illustrate what the certification standards of care look like in practice and to highlight specific practices by this institution.

We encourage readers to reference the [client protection standards](#) when reading this report. For more information about the certification program and a list of certified organizations please visit the Smart Campaign's website <http://www.smartcampaign.org/certification>.

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Selected Examples of Practices

Client Protection Principle 1 – Appropriate Product Design and Delivery

- Most credit products offer several possibilities in terms of repayment frequency, allowing clients to select the one that better matches their needs.
- Branches administrate exit surveys to drop-out clients. The R&D department analyses the results and produces a report for the management and Board, on yearly basis.
- Staff is reminded of clients' rights to refuse a product while clients have occasionally received text messages through the Komento service, reminding them that they have the right to refuse products and services from ASKI.

Client Protection Principle 2 – Prevention of Overindebtedness

- ASKI has adopted a sound methodology to collect information and assess client repayment capacity, mainly through establishing the client's cash flow and performing field visits. The cash flow analysis considers both business and family expenses and is conducted for all loans, regardless of the amount or loan cycle.
- ASKI's management receives monthly PAR, write-offs and restructuring reports. ASKI also provides management with quarterly collection statistics, broken down by month, for each branch and for each Remedial Accounts Officer.
- ASKI has defined clear guidelines to allow renewal of a loan in case of early repayment, for specific products only.

Client Protection Principle 3 – Transparency

- The Disclosure statement includes: loan amount, service fee, training, fees for pre-termination, loan refinancing or restructuring, net proceeds of loans (i.e. loan amount minus charges and fees outlines above), schedule of principal and interest payment, EIR, conditional charges (penalties, etc.), savings terms and conditions (compulsory savings, interest rate, max withdrawal amount)
- Flyers in Tagalog include all information on terms and conditions, fees, pre-termination options, savings and insurances provided to clients upon orientation (prior sale). The Policy on Display, Distribution and Maintenance of IEC Materials provide clear guideline on how different information and materials should be presented and distributed to customers.
- Mandatory savings have been reduced to 10% of the loan amount (from previous 15%). Service fee has been reduced to 2%. Pre-deduction fees are now at 2.49%. Lighter and less complex fees allow for better transparency.

Client Protection Principle 4 – Responsible Pricing

- Prices are based on market benchmarks, profit expectations and operational costs. As a result, loan prices do not deviate significantly from peers.
- Efficiency ratios of ASKI are satisfactory when compared to those of peers, especially thanks to an improved operational expense ratio.

Client Protection Principle 5 - Principle 5 - Fair and Respectful Treatment of Clients

- ASKI issued an amendment to the 2014 Code of discipline to address the issue of customer relations and ethical treatment of clients.
- All new employees sign a document called "Do's and Dont's" by which they acknowledge that they will abide to the standards of professional conduct which is contained in the personnel files kept by the HR team.
- ASKI staff is now explicitly prevented from buying assets pledged as collateral and seized.
- During focus group discussions, clients reported that they often receive visits from branch managers who ask questions about the attitude of the loan officer and the general quality

Selected Examples of Practices

of the service they get from ASKI.

Client Protection Principle 6 – Privacy of Client Data

- ASKI approved in July 2014 a comprehensive privacy policy which provides guidelines on the proper collection of data, describes the appropriate practices on processing, distributing and storing them and states clear penalties to be faced in case employees do not comply with the policy.
- The loan application form and the disclosure statement include a privacy clause.
- Files are stored at the branches in locked cabinets, while each loan officer has access to his/her own cabinets where his/her client files are kept. Access to keys is restricted. Access to client files is recorded in the in & out logbook that is kept at the branch, the process is under the responsibility of the bookkeeper.
- The use of the credit bureau authorization form is extended to the entire network.

Client Protection Principle 7 – Mechanisms for Complaint Resolution

- Staff is trained to inform the clients about the available complaint channels while the Komento number appears now on clients' IDs. In addition, ASKI occasionally informs clients through SMS on their rights, including the right to complain through Komento specifying that this will directly reach the head-office.
- All complaints verbally expressed in the branch or on the field must be recorded in a logbook by the personnel receiving the complaint.
- ASKI updated its training material and included specific information about potential consequences of not reporting a complaint.