



CLIENT PROTECTION CERTIFICATION

*Report for Bayport Financial Services Botswana,
Gaborone, Botswana
Certified in March 2015*

Mission Conducted by MicroFinanza Rating
Aldo Moauro, Executive Director, MicroFinanza Rating
Njeri Muita, Leading Analyst on the Certification Mission

“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 a certification mission conducted at Bayport Botswana. Bayport Botswana became Client Protection Certified in March 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>.

If you have any questions or concerns about this report please contact:

MicroFinanza Rating, Via Rigola, 7 | 20159

Milan - Italy

Tel: +39-02-3656.5019

aldo.moauero@microfinanzarating.com

Selected Examples of Practices

Client Protection Principle 1 – Appropriate Product Design and Delivery

- The product offer that is exclusive to payroll lending is aligned to the clients' needs with no collateral requirements.
- Bayport monitors client drop-out frequently and generates a settlement report on a monthly basis which tracks reasons for client exits.
- Client feedback is systematically gathered, analyzed and reported. Client feedback is taken into consideration in product refinement and in improvement of business operations.
- Sales techniques are not aggressive. Promotional material given to clients prior to sale cautions them against borrowing beyond their financial capability and clearly states that clients should not be pushed into taking a loan by Bayport agents. The sales targets for the agents are reasonable.

Client Protection Principle 2 – Prevention of Overindebtedness

- Bayport prudently considers volatile sources of income based on employee allowances perceived to be temporary in the repayment capacity analysis.
- Credit checks include consultation with Botusafe Credit Registry for all loans and with the credit bureaus for loans above BWP 100K (USD 10,420) on a voluntary basis.
- The loan approval does not rely on guarantees as a substitute for repayment capacity.
- Centralized quality control checks are performed on all loan files to guarantee the uniform application of credit policies.
- Repayment capacity analysis is performed on all loans at each cycle including top-ups.
- The indebtedness policy provides for the settlement of credit from other Microlenders.
- As an additional measure not to over-burden clients, Bayport accepts settled clients from other institutions who get to retain a considerable portion of the loan disbursed.
- Management receives the detailed monthly portfolio report and monitors settlements on Bayport on a monthly basis.

Client Protection Principle 3 – Transparency

- Prior to sale clients are given a sample repayment schedule that provides a full breakdown of costs including the total monthly instalment, total cost of credit and the total collectable amount for the entire loan. The sample repayment schedule is comprehensive providing the total costs breakdown by all loanable amounts and by various maturity periods.
- The full breakdown of costs is replicated in the loan application form; clients retains a copy.
- The loan contract is not written in legalese and it is legible without fine print. Prior to sale, clients are provided with a customer fact booklet that explains the main terms and conditions of the loan in a simplified manner. This booklet is available in English and in local language.
- Penalties and prepayment fees are adequately disclosed in the customer fact booklet and in the loan contract.
- The loan contract includes insurance documentation, a deduction consent form and a signed direct debit authorization.
- Pricing information is adequately disclosed in public domain.

Client Protection Principle 4 – Responsible Pricing

- The price is market oriented and is competitive within the market without significantly deviating from the peers.
- The early settlement fee and late penalties are not excessive.

Selected Examples of Practices

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

- The Ethics Code of Conduct defines the ethical conduct expected of all staff and stipulates prohibited behavior.
- The Agent's Code of Conduct states the acceptable and non-acceptable behavior during agent-client interactions.
- The Collections Code of Conduct and the Collections Policy defines the appropriate collection practices when dealing with clients.
- Staff are recruited and trained in line with the Ethics Code and relevant staff are taken through the Agent Code and the Collections Code during induction and refresher trainings.
- The customer fact booklet explains the client's rights and clearly highlights the acceptable and non-acceptable behavior that agents and collections staff should adhere to.

Client Protection Principle 6 – Privacy of Client Data

- The Privacy policy covers both current staff and former employees.
- The loan agreement has a privacy clause on respecting and safeguarding client information. The loan agreement details the use and sharing of client information with the credit registry and credit bureau as applicable and other external parties including banks and employers.
- Client consent is sought to share information with the credit registry and credit bureau as well with the insurance and banks by signing on the corresponding documents.

Client Protection Principle 7 – Mechanisms for Complaint Resolution

- Bayport's online customer care portal ensures the systematic logging of complaints, monitors the resolution status and compiles regular reports.
- Clients are adequately informed on how to submit a complaint with the customer care contacts provided in the customer fact booklet and loan application form as well as display in the branches.
- The complaint mechanism is effective in resolving complaints in a timely fashion.
- Training on the complaint mechanism is provided during induction and refresher trainings.
- Bayport uses client feedback to correct mistakes and to improve the quality of services.