



CLIENT PROTECTION CERTIFICATION

Report for Asociación Pro Mujer de México A.C.

Hidalgo, México

Certified on September 2013

Mission Conducted by MicroRate

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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*

This document was prepared by MicroRate, a licensed certifier of the Smart Campaign’s Client Protection Certification Program. It contains excerpts of analysis from a certification mission conducted at ProMujer. ProMujer Mexico became client protection certified in September 2013.

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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Select Examples of Practice

Client Protection Principle 1 – Appropriate Product Design and Delivery

- The time, frequency and method of repayment of loans (fixed installments) is favorable to the client.
- The telephone call center conducts surveys of customers who have not renewed their claims, to collect information about the care they received from their loan officer, from the office and see if they met their expectations. On this basis have developed customer retention programs and improvement of products and services.

Client Protection Principle 2 – Prevention of Overindebtedness

- From the initial training clients are emphasized about the role of the General Assembly (the complete group) and the committee in evaluating credit approval. This is reinforced by the mandatory visit to all the members to their homes and / or businesses.
- The portfolio at risk has remained low in recent years with indicators PAR> 30, 2.7%, 2.5% and 4.5% for Dec-10, Dec-11 and Dec-12, respectively. Similarly the level of write-offs observed in 2.4%, 1.4% and 2.5% for the same periods, respectively. With the increasing observed in the 2012 corrective action has been taken.
- Credit policies establish parameters for determining when a client is over-indebted. First every customer is screened through the credit bureaus. In addition PMM limits customers to having existing debt with no more than 4 MFIs.
- "Credit Rescheduling Policy" includes the procedure for refinancing loans if customers meet certain requirements (special cases with lessened payment capacity, customers with the intention of paying but inability to do so and approved by a supervisory committee).

Client Protection Principle 3 – Transparency

- All of the details of payments, commissions, principal, interest are explicitly included in the payment schedules provided to each client prior to disbursement. This document indicates the monthly rate charged, detailing the sum of interest and fees included in the loan.
- In addition to the details of the fees and charges in the schedule given to each client, the loan officer explains in detail the charges to the groups and individual customers.
- Written information given to the customer is complemented with a training (2 or 3 days) provided by the loan officer. 100% of customers receive this training before being served by the institution.
- Interest rates are posted at the offices of the IMF, flyers are also used where rates are indicated.

Client Protection Principle 4 – Responsible Pricing

- PMM charges its clients an interest rate that ranks among the lowest of its direct competitors in the Mexican market.
- The operational efficiency ratios of PMM are (OER 45%), cost per client (U.S. \$ 166), and cost per loan officer (\$195) and are well within the range available to MicroRate in the Mexican market (58%, U.S. \$ 291 and \$163, respectively). Figures as of December 2012.
- There is no prepayment penalty charges at PMM.

Select Examples of Practice

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

- ProMujer Mexico has a code of ethics that reflects the guiding ethical principles their collaborators should keep. Additionally, they have an internal document that reflects adherence to the client protection principles. The Collections Policy emphasizes among others: cordiality to the clients, use of language that is appropriate and does not hurt their feelings, as well as guidance to find solutions without using intimidation and violence.
- The IMF seeks to attract staff to share PMMs ethical principles. The initial training sessions for loan officers includes an analysis code of the ethics.
- Within the Loan Officer training program, there are sessions specific to collections and appropriate treatment of clients.
- Staff performance review document includes an assessment of ethical aspects and values, such as integrity, transparency and customer orientation.

Client Protection Principle 6 – Privacy of Client Data

- Misuse of customer information is a violation of the articles code of conduct, which include this issue.
- Board members of groups receive training regarding information management and administration of village banking. The record books piled on repayment meetings are kept by the loan officer in the branch to protect the information. It is mandated that Loan officers read and explain the privacy policy to clients and a copy of this policy is also available on the website. There is also language on privacy contained in the contract.
- A privacy clause has been included in all loan contracts.
- During the initial training of groups, they are told about credit bureau reporting (with previous authorization) and cases of poor repayment history are communicated to the group.

Client Protection Principle 7 – Mechanisms for Complaint Resolution

- ProMujer has implemented a Customer Service System with 3 different resources: call center, mail and suggestion box, to service the communication with clients. This system specifies how to service client complaints and suggestions, detailing the entire procedure.
- There is a monthly report of the Call Center that tracks statistics for the follow-up of complaints and suggestions from clients. They include response times indicators by branch. While it is not frequently used by customers, this is understandable as it is a new procedure. There is evidence of the institution reaching out to clients through posters and office stationary.
- Based on the customer feedback survey responses there have been changes to some products and some new products have been developed to better serve customers.