



STANDARDS FOR RESPONSIBLE DIGITAL FINANCIAL SERVICES:
FAIR AND RESPECTFUL TREATMENT OF CLIENTS STANDARDS
SECTION

9 June 2022

DRAFT

CERISE + SPTF

Draft Standards: Fair and Respectful Treatment of Clients

(as of 9 June 2022)

Note: The Universal Standards for Social and Environmental Performance Management already contain a standard, with associated practices, on fair and respectful treatment of clients. During the DFS standards working group discussion, the group validated that those practices are still relevant, though several raised doubts that in a model where the FSP has no in-person interaction with clients, it is as feasible to inform clients as thoroughly about their right to fair treatment as it is when FSPs do see clients in-person. Nonetheless, we can seek to do so. The table below reminds us of what the Universal Standards manual already includes related to fair and respectful treatment of clients. The section “Standards for Fair and Respectful Treatment of Clients,” shown below the table with existing standards and practices, presents the additional standards that the working group suggests could be relevant specific to digital financial services providers.

4.C	Standard	The provider enforces fair and respectful treatment of clients.
4.C.1	EP	The provider's code of conduct requires fair and respectful treatment of clients.
4.C.1.1	Indicator	The provider's code of conduct states the organizational values, standards of professional conduct, and treatment of clients that it expects of all employees, and defines the sanctions to apply in case of a breach.
4.C.1.2	Indicator	The provider's policies prohibit the following:
4.C.1.2.1	Detail	Corruption, theft, kickbacks, fraud
4.C.1.2.2	Detail	Client intimidation: using abusive language, using physical force, limiting physical freedom, sexual harassment, shouting at the client, entering the client's home uninvited, publicly humiliating the client, using threats
4.C.1.2.3	Detail	Discrimination against all internationally recognized Protected Categories. [Note: Protected Categories are as follows: People over 40 years old; Sex; Race/ethnicity/national extraction/social origin /caste; Religion; Health status, including HIV status; Disability; Sexual orientation; Political affiliation/opinion; Civil/marital status; Participation in a trade union.]
4.C.1.3	Indicator	The provider informs clients, verbally or in writing, about the prohibited behaviors found in the code of conduct.
4.C.1.4	Indicator	If the provider partners with third parties, it reviews the the third party's code of conduct prior to signing a contract to check for commitment to fair and respectful treatment of clients.

4.C.2	EP	The provider does not use aggressive sales techniques.
4.C.2.1	Indicator	The provider has internal controls to monitor whether employees or agents are engaging in aggressive sales.
4.C.2.2	Indicator	The provider's incentive structure does not promote aggressive sales.
4.C.2.2.1	Detail	When front-line employees' salaries are comprised of a fixed and a variable portion, the fixed portion must represent at least 50% of total salary.
4.C.2.2.2	Detail	The provider monitors front-line employees' productivity ratios and investigates those that are above a predetermined threshold.

4.C.3	EP	The provider protects clients' rights to respectful treatment during the loan collection process.
4.C.3.1	Indicator	The provider's collections policy includes the following:
4.C.3.1.1	Detail	A list of appropriate and inappropriate debt collections practices, including collateral seizing practices.
4.C.3.1.2	Detail	A schedule for the collections process that allows time for the debt collector to determine the reasons for a client's default and for the client to find solutions.
4.C.3.1.3	Detail	The provider informs the client prior to seizure of collateral, allowing the client to attempt to remedy the default.
4.C.3.1.4	Detail	A prohibition on sales of the clients' collateral to the provider, the staff of the provider, to their relatives, or to third parties involved in the seizing process.
4.C.3.2	Indicator	The provider restructures or writes off loans on an exceptional basis, based on a list of cases of specific distress.

Standards for Fair and Respectful Treatment of Clients

1. Inform your customers of the top risks they incur if they use the products or services offered via a partner.
2. Incorporate human touch at minimum at the following points in a customer's journey: a) Onboarding/receiving information about the product; b) Resolving a problem or complaint; c) Answering customer questions
3. Record calls made to the call center to monitor customer service, noting performance when responding to complaints both about the provider's services and complaints about third-party providers.
4. As part of the agent selection criteria, consider whether the personality, culture, and language(s) spoken will appeal to your target customers.
5. When you educate customers about a product, teach not only how the product works but also what behaviors are good/bad from the service providers, which can be employees, agents, other partners.

Guidance on fair and respectful treatment of clients: concepts, examples of real practice, and questions to address

Concepts

- When considering how to share information with customers who have USSD phones, remember that these USSD phones can have limited storage, meaning there is a risk that customers will not receive SMS messages that you send.

Examples of real practice:

- CGAP has a market monitoring toolkit for the regulator, and one tool it recommends is mystery shopping of providers in part to identify when discrimination is happening. It says in Zambia, a provider was discriminating against pregnant women and mystery shopping confirmed this.

Outstanding questions:

- Are all of the original fair and respectful treatment standards applicable in a fully digital context? Specifically, it is relevant to talk to customers about the approved staff code of conduct of a fintech, if those customers use only mobile money from a fintech that provides only digital financial services?

- More generally, how you can best make your customer aware of good practices from your staff, from your agents if you do not see them in person and they have limited access to electronic devices and/or their only device is a USSD phone?
- Could or should FSPs inform customers of the power of leaving reviews on digital platforms? Social media does elevate consumer voice and give them power to demand fair and respectful treatment and functional services.
 - One interviewee noted, “Google reviews are a huge measure of accountability that did not exist before DFS.”
- Since we all agree that it is not reasonable to think that anybody is going to read terms and conditions, is fair treatment of customers more about setting your own standards and conduct to being reasonable and fair than it is about making sure people have access to information about your code of conduct? Perhaps a better standard is to say your customer should be able to trust you and not have to read your own code of conduct.