



STANDARDS FOR RESPONSIBLE DIGITAL FINANCIAL SERVICES:
PARTNERSHIPS STANDARDS SECTION

9 June 2022

DRAFT

CERISE + SPTF
Draft Standards: Partnerships
(as of 9 June 2022)

Standards for Partnerships

1. Research the 3-5 most common problems that customers tend to have with any partner organization you are considering, and ask the partner what steps it is taking to address these problems.
2. During contract discussions, ask about the potential partner's client protection practices:
 - i. Ask how the partner receives and resolves complaints.
 - ii. Ask if the partners has a code of conduct policy and how the partner trains its staff on customer care.
 - iii. Ask how the partner protects customers from fraud.
 - iv. Ask how the partner keeps client data secure.
 - v. Ask what terms and conditions the partners imposes on its customers.
3. If potential partners do not yet serve the segment of customers you serve, discuss their strategies for serving them, and make the case why doing so would benefit them:
 - i. Ask potential partners if they already have plans to serve your customer segment and, if yes, what those plans are.
 - ii. Prepare a case for why it's a win-win for the partner to adapt their offer to your customers
4. Have a service-level agreement (SLA) with each partner that includes at minimum the following: a) Complaints handling – who is responsible for what, and how do they resolve complaints; b) A plan to manage client data privacy given the data that will be shared between partners; c) Pricing; d) Data reporting – how does the partner report its data? How does the FSP have access?; e) If the partner uses algorithms, agree on a definition of what a “fair” algorithm function would be; f) If you are partnering to offer some online service to customers, specific who is responsible for what if that online system gets hacked; g) Exit clauses – under what conditions do you cancel the agreement;
5. If you partner with an MNO, if possible, select one that achieved GSMA certification.
6. Establish a direct line of communication and point of contact for your organization within the partner organization.
7. Define the indicators of success for the partnership. Agree on them with the partner and put them into the contract.
8. Meet annually with the partner to review what is and is not working and set expectation for the coming year:
 - i. Review and amend as needed the projections for revenue and numbers of customers related to the product/service that is offered via the partnership
 - ii. Analyze performance according to the indicators of success for the partnership
9. If customers lose money because of a failure in a partner's system, it is nonetheless the FSP's responsibility to restore funds to the customers' accounts. The FSP can pursue a refund from its partner organization separately.

Guidance on partnerships: concepts, examples of real practice, and questions to address

Concepts

- Advice for contract negotiations: Identify the potential areas for there to be problems. Don't focus just on the benefits that will accrue to each party.
- Regarding the complaints mechanism, take into account considerations like if the partner organization does not speak your language and/or is located in a different country. What is a realistic time frame and process for the partner to deal with different problems?
- Advice or exit clauses: include bad customer protection practices, such as not resolving customer complaints or mistreatment of customers, as reason to terminate the contract
- When partnering with MNOs, the FSP can often act more as a customer than a partner, meaning it has little or zero ability to influence how the MNO operates. But to the extent possible, it is useful to receive the following information from an MNO: transactions data (e.g., who transacts, when, how much);_complaints data (who complained, about what, when was it resolved);_network downtime.
- Especially with newer fintechs, the team can be small, and this can create a mismatch between what the fintech says it can deliver and what the fintech can actually do given its human resource limitations. So check not only that they know how to do the project they are selling to you, but also that they have a big enough team to execute it.
- Many cautioned against entering into long-term contracts with a partner until you are certain the partnership would work out, but others said signing short, meaning 1 or 2 year contracts, over and over is inefficient. So, the group recommends either to have some very careful and comprehensive exit clauses in the SLA, to enable exiting a partnership if it is not going well, or to begin a partnership by field testing new products/services with your partner in a shorter-term arrangement, where the experience tests the viability of not only the product/service but also the partnership.

Examples of practice:

- Many of SPTF's Responsible Inclusive Finance Facility grantees are willing to share their experiences working with partner organizations.

Outstanding questions:

- In some agreements, the FSP has a lot of power to influence the behavior of its partners. In other agreements, the FSP has little or no power and is essentially a customer using the service of a partner organization. Do we need different standards for these two different types of partnership arrangements?