Toward a New "Business as Usual"

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The Social Performance Task Force is a global platform to promote and support a financial services industry that works for everyone.

From a quiet idea to a global movement–that is how I would describe the growth of the Social Performance Task Force (SPTF) over the past decade. In our early days, we were two dozen people crammed into a small meeting room in Paris, trying to imagine what a different microfinance industry could look like, and how to bring about that vision of change. We began this radical conversation long before the IPOs and the Andra Pradeshes, because we saw that the industry was failing to deliver on its social mission. We were, each of us, working on distinct pieces of this larger puzzle, and recognized that by collaborating, we could be more than the sum of those pieces. Ten years and about three thousand members later, we've successfully built a roadmap towards creating a financial services sector that serves the interests of clients, institutions, and investors alike. But what do we really mean when we say that?

We began by creating the very language needed to start having the conversation about what balanced, client-focused finance looks like in theory. Once we'd done this, we worked to bring it down to earth, so to speak–to define what it looks like in practice. This intensive, multi-year and cross-industry development process culminated, in 2014, in the launch of the Universal Standards for Social Performance Management, and the subsequent update in mid-2016. We like to think of the Universal Standards as a comprehensive manual of best practices to help financial service providers (FSPs) put clients at the center of all strategic and operational decisions, and align their policies and procedures with responsible business practices. The Universal Standards also underpin all of the management, reporting, auditing, due diligence and rating frameworks used by different actors across the industry today. What this means is that everyone along the financial services value chain is reading from the same page when it comes to social performance management (SPM). This is critical, because taking a value chain approach to SPM integration is the only way to ensure that it becomes standard business practice.

So what does the future hold for us? First, we're engaging with FSPs, wherever they are in the SPM integration process. We've already made solid progress towards building sector-wide momentum and visibility; so much so that a recent survey of stakeholders across the sector (conducted in partnership with the MIX, The Global Appeal for Responsible Microfinance, and the Microcredit Summit Campaign) revealed that 88% of FSPs were "aware, familiar, or very familiar" with the Universal Standards. Among these, 74% noted that the Universal Standards had influenced their SPM practices. For this reason, we will continue to develop and promote the practical resources they need to continually improve. And for the 12% of FSPs that don't know about the Universal Standards, we offer resources to help them make the case for SPM (see our recent *Convincing the Skeptic* guidance note), demonstrate good practice (through our multi-language, multi-topic webinars), and identify the local expertise and support needed to get started (through our database of technical assistance providers).

But our work isn't just about getting everyone on board the SPM train. We're also asking whether measuring and managing social performance actually makes a difference. We want to know whether clients are better off, more satisfied, and more savvy. We want to know whether institutions are growing more sustainably. We want to know whether staff are happier, investors keener, and managers better at making decisions. And if not, how we can do things better. These are not small questions, and in the coming years we'll be trying to answer them in a number of ways. In the first instance, industry-level benchmarking will help everyone along the value chain understand the relative strengths and weaknesses of SPM practice at an institutional, regional, and global level. CERISE, with the support of the SPTF, will be leading this work in the coming years (having already published its first benchmarking report with data from over 120 institutions). A data-driven view of the state of global SPM practice will help investors, networks, and donors make better decisions about how to support their partners, and it will also help us, as a Task Force, to spot common roadblocks and challenges, towards which we can leverage our messaging and resources to improve practice.

So too do we want to link better management with better results for clients. For this reason, we're particularly excited about the work of our Outcomes Working Group. A precise definition and measure of "social impact" has long eluded industry experts; historically, impact was assumed, so long as clients demanded and repaid their loans. More recently, randomized control trials have taken up the baton on the impact question, with one high-profile review concluding that the impact of microfinance is, on balance, absolutely zero. However, when it comes to the business of creating social value, we increasingly recognize that markets, clients, and institutions are rarely so straightforward, and immense variations in product design, delivery quality, and client uptake are always masked by academic averages. For this reason, we're starting a data-driven conversation around the small, tangible, measurable *outcomes* (like increased business income) that will lead to bigger, longer-term *impacts* (such as moving out of poverty)–and finding out how better SPM practice can drive the creation of these positive outcomes.

Finally, we're also trying to expand the very important conversation around how to create a balanced business model to achieve impact. We recognize that the conversations we (as a microfinance industry) were having ten years ago are the same ones that impact investors and social entrepreneurs are having today. That means that we can be a rich source of insights and cautionary tales, as other industries tread the same road towards definitions and frameworks around social performance. In terms of impact investors, this means engaging both the fund managers and asset owners, many of whom believe the common myth that financial inclusion automatically benefits clients. By leveraging the groundwork we've already laid, we hope to help fast-track the work of investors in defining, measuring, and improving their impact. For this, we're promoting the investor-designed SPI4 ALINUS, a monitoring and evaluation tool for investment officers to use in their social due diligence and ongoing monitoring based on the CERISE SPI4 self-assessment tool for FSPs. Importantly, we've also worked to harmonize our work with similar efforts in the broader impact investment sector–most notably by increasing alignment between the SPI4 and the B Impact Assessment (used to certify B Corps and provide GIIRS ratings) as well as between the SPI4 indicators and the IRIS (GIIN) catalogue of metrics related to financial service providers.

Our industry was created around the revolutionary idea that markets can, and should, work for poor and excluded people. We might have begun our journey armed only with idealism, but thanks to the work of the Task Force and *many* others, we have a roadmap and a compass as well. Importantly, the roadmap will continue to evolve, as our understanding and priorities evolve; as we identify and overcome future knowledge barriers, and as the SPM agenda itself evolves from “a new way of doing business” to “business as usual.”