

**Responsible Inclusive Finance Working Group, Convening #15**  
**Hosted via WebEx**  
**May 21, 2015, 9 a.m. – 11 a.m.**

*Participants*

- Bridget Dougherty, Microfinance CEO Working Group
- Anne Hastings, Microfinance CEO Working Group
- Katie Hoffmann, SPTF
- Laura Foose, SPTF
- James LeCompte, Good Return
- Kasia Pawlak, Microfinance Centre
- Julie Peachey, Grameen Foundation
- Alex Rizzi, Smart Campaign
- Tony Sheldon, SPTF

**I. Meeting Overview**

The 15th convening of the Responsible Inclusive Finance (RIF) Working Group focused on coordination on regulation. The RIF Working Group will meet next in July 2015. The recording for the meeting can be found here: <https://sptf.webex.com/sptf/ldr.php?RCID=ce4bdaee9995e01229ee709cea09eed1>

**II. Next Steps**

- RIF Working Group members that were not able to attend the call will fill out the chart for their respective organization and return it to Katie Hoffmann.
- SPTF will reach out to Heather Clark to discuss classifying countries by type of regulation.
- SPTF will take stock of existing resources on regulation, such as the Global Microscope and any resources from CGAP, AFI or the Responsible Finance Forum.

**III. Summary of Dialogue on Agenda Items**

**i. Coordinating efforts on regulation**

- Katie Hoffmann discussed SPTF's ongoing efforts to engage regulators:
  - High engagement:
    - **Nicaragua.** SPTF has trained two of their staff on SPI4
    - **West Africa.** SPTF has met and/or trained the BCEAO four times on USSPM and have regular correspondence with them. They just completed a memo to SPTF, detailing their thoughts on the USSPM and how they're incorporating them.
  - Intermediate engagement
    - **Bolivia.** Cara Forster was invited by supervisory authority to talk about USSPM. Social ratings are now required.
  - Low engagement
    - **Morocco.** Jurgen Hammer is working with Morocco about the SPI4, and is also trying to get them to come to Cambodia. SPTF is planning to have its meeting in Morocco next year.
    - **Jordan**
- Alex Rizzi discussed Smart Campaign efforts on regulation.
  - High engagement



- they're viewed as a whole. Anne wants to start this and is waiting for proposal.
      - She requested to speak at the AFI meeting in Mozambique in September. Hoping to get the model legislation on the agenda.
      - **Latin America.** Anne had a meeting with MIF and ASPA. That association has been keen on reviewing the model law when it's in Spanish and on doing a workshop with regulators in the region.
      - **Asia.** Would like to do a workshop in Asia. Still in planning stages.
      - Anne will send the model legislation in French to Laura, who will share it with the BCEAO.
- Kasia Pawlak detailed MFC's efforts on regulation.
  - High engagement
    - Every two years, MFC organizes regional policy forum with CGAP. Then, AFI got very active with regulators, so they haven't organized one in four years. Last year, it was in **Armenia** and MFC invited as a speaker. This year **Belarus** will organize policy forum and MFC will be speaking. In touch with Anne as potential opportunity to discuss the model legislation.
    - **Armenia, Uzbekistan, Kyrgyzstan, Kazakhstan.** In contact, have done some trainings for those regulators.
  - Intermediate engagement
    - **Ecuador.** RFR suggesting operational guidelines for social audits for cooperatives.
    - **Philippines.** MCPI suggesting operational guidelines for social audits.
  - Low engagement
    - **Nepal, Russia.** In addition to above countries, these networks have established contacts with regulators. Inviting central banks or some other regulators to participate in projects supported by SP fund.
      - In Russia, the COO of Russian Micofinance Center, became head of financial inclusion at the Central Bank. Opportunity there to get more involved with consumer protection and inclusive finance.
  - Kasia noted that the group should get AFI to respond on subset of indicators. That would be easier for networks to work with regulators locally and promote adoption of this reporting format. The group needs to think of which indicators regulators can easily verify, given their limited capacity.
- James LeCompte discussed Good Return's work on regulation.
  - High engagement
    - **South Pacific.** Good Return very active in the South Pacific region, which is one of AFI's geographical focus areas. There are seven central banks that is called Pacific Islands Regional Initiative (used to be called Pacific Islands Working Group).
      - Good Return working on project with ADB in the Central Bank of the Solomon Islands (chair of PIRI). Has consumer elements – consumer protection guidelines and recommendations around branchless banking and consumer empowerment research
      - Could be a good opportunity to get traction with model legislation.
    - **Cambodia.** Works closely with National Bank of Cambodia and have partnership to develop financial capability strategy and to pilot consumer awareness initiative. Main objective is to build NBC capacity around consumer protection and understanding financial capability.

- NBC also had landscape study done by IFC on consumer protection. Key recommendation to develop consumer protection unit.
  - Good Return arranged dinner before SPTF Annual Meeting for staff of NBC and Bank of Laos to socialize model law.
- Julie Peachey noted that PPI is not really doing anything related to regulation. She asked the group if PPI should be pushing central banks to require some sort of poverty measurement?
  - Laura Foose said that Tom Shaw has been active with **BCEAO** on poverty measurement. There was interest from BCEAO. Also, **Nicaragua** has gone a little bit deeper beyond client protection. Laura said that most regulators are interested in client protection. Then, in countries that have had problems, they're more interested in segmentation.
  - James noted that for the Reserve Bank of **Fiji** developed first PPI scorecard. Did that through the National Financial Inclusion Task Force and linked them to a core set of financial inclusion indicators.
  - Kasia added that regulators are not homogenous. Central Banks have the mandate to stabilize financial system and are mostly interested in consumer protection. Non-bank MFIs are often supervised by ministries of finance, ministries of entrepreneurship and those entities are often interested in other aspects of SPM.
- Next steps for coordination
  - Anne said it would be helpful to begin classifying countries by regulation – who is doing the regulation? What areas are they covering? Is it more than prudential regulation? The group agreed and noted various resources to help start this:
    - Anne said that the pro-bono attorneys read through every law related to client protection in nine countries. They have excel spreadsheet with relevant details. Could be good place to start.
    - Anne also noted that the Global Microscope, an annual publication on regulation, could be a good resource.
    - Laura said we need to make sure we coordinate with AFI, as they may have some of this information. She also noted that Tim Lyman of CGAP was working on these issues.
    - Josien Slujis of NpM recently did a mapping of implementation and impact on MFIs of client protection regulation.
    - Kasia noted that Kate McKee would also be a good resource. Kate previously worked with SPTF on developing high level, messages on engaging with regulators on SPM. For examples, doing intelligence work and identifying opportunities that might be ripe for interaction, being a resource for regulators on their own efforts (rather than pitching our own language.) Discussions need to be framed as supporting ongoing efforts on the part of the regulators.
    - Kasia also said that Armenia contact in the Central Bank would welcome more support. The Central Bank has invested a lot in terms of capacity, but it's not enough to enforce certain practices in the market. This requires an alignment of different stakeholders.
    - Alex noted that CGAP and SEEP seem to have a lot of one-off projects where they've engaged with regulators in certain markets. In Ghana, CGAP were working a lot with working with regulators. Last year, SEEP asked members to map CP and SPM landscape and gave members tools to advocate to regulators.
    - James said CGAP, IFC and World Bank are part of the Responsible Finance Forum, which could be a good resource.
      - Anne said she's trying to build relationships with the World Bank, given that they are the ones dealing with regulators operationally on a day-to-day bases in country. She is specifically trying to work with Doug Pierce and Ros Grady

- Laura agreed and noted that AFI and the Responsible Finance Forum often working on a higher level. In contrast, RIF initiatives tend to engage when there's a willingness to act and when we see they need help on implementation. We could categorize based on awareness building vs engagement.
- Laura suggested reaching out to Heather Clark. She wrote the last report for Responsible Finance Forum and has worked with SPTF and Accion. She could be a good person to put together this grid.
- James noted that engaging at the country level and being in country gives you the ability to respond to a partner that moves slowly, like a regulator. The facetime and availability in country is very helpful. Could be good to know who is in different countries that we could coordinate with to do this engagement.
- Laura noted that Emmanuelle Javoy's memo on how networks can engage with regulators will be updated. It is going to be used in the Networks Working Group meeting.
- Anne said the first step is to take stock of resources out there, such as Microscope, the classifications by the pro-bono lawyers, AFI and CGAP resources, etc.
  - Within a given country, who is responsible for microfinance sector and who is responsible for the banking sector. What areas are covered for that regulation? Usually prudential first. Then, do they have client protection regulation, do they enter into the area of SPM?
  - Then, for each country, do we have any contacts?

**ii. Update on TA database**

- SPTF is working to update the TA Database and plans to launch it in the fourth quarter. While SPTF will not be able to verify all information that TA providers put forward, it will be able to verify select qualifications, such as SPI4 auditor or Smart Assessor.
- Laura added that TA providers will still have to list two references to be listed on the database.