

A Guide to Assessing and Implementing the Universal Standards for Social and Environmental Performance Management

Guide for Disability Inclusion Focus



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Note to readers

Thank you very much for being part of the Cerise+SPTF community. We are delighted to share this important resource with you.

This Audit and Implementation Guide for the [Universal Standards](#) for Social and Environmental Performance Management (SEPM Guide) is focused on Disability Inclusion. It is designed to assist you in your journey towards assessing and managing social and environmental performance with a focus on People with Disability.

If you have any questions, please visit our website: <https://en.spi-online.org/>

Or contact us at: support@spi-online.org

Especially if you would like to **give us your feedback on this document!**

Introduction

This version of the SEPM Guide places a specific focus on Disability Inclusion. It aims to support financial services providers in understanding how the inclusion of persons with disabilities can be integrated across the different dimensions of the Universal Standards and within existing Social and Environmental Performance Management (SEPM) systems.

This Disability Inclusion Focus is primarily intended for organizations that are already familiar with the Universal Standards and SPI Online audits, and that wish to strengthen and systematize their approach to disability inclusion through strategy, governance, policies, management systems, and monitoring processes.

This edition complements the Disability Inclusion Guide for Financial Services Providers developed by Barrier-Free Finance Initiative (BFFI).

While the SEPM Guide focuses on *where* and *how* disability inclusion fits within the Universal Standards and SEPM frameworks, the BFFI Guide provides more detailed and practical guidance on *how* to implement disability inclusive practices in day-to-day operations.

The two guides are therefore designed to be used together in a complementary way.

This Guide covers all of the Universal Standards and indicators mapped with Disability Inclusion Strategies (SPI5 Entry and few indicators from SPI5 Full).

For auditing, it provides scoring guidance and examples on how to understand and score each indicator in the SPI Online tools.

The selection in this guide are the indicators related to Disability Inclusion: in a nutshell, it covers SPI5 Entry tools plus some extra indicators for SPI5 Full. You can find the mapping with each indicator:

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | DI Focus**

For more information on the different tools available using the Universal Standards indicators, please visit the [tools section](#) of SPI Online website.

For implementation, it provides field experience, links to concrete examples, and processes for each standard, practice, and indicator, based on more than 20 years of improving social and environmental performance management and specific inputs from Barrier-free Finance Initiative.

Please visit SPI Online for resources to help you every step of the way.

We love hearing from you, so feel free to email us with questions or to share your experiences: support@spi-online.org

Cerise+SPTF Team

Dimension 1. Social Strategy

Dimension One of the Universal Standards focuses on social strategy. Starting with strategy is important because the first step to achieving good performance is defining what “good” performance is, and then developing a strategy to achieve it. Integrating a social element into the strategy is also important, given the increasing recognition that better customer outcomes strengthen the overall sustainability of the business, and therefore “good” performance must include creating some type of benefits for customers. Note that each financial service provider (the “provider”) is setting its own social goals. Many different types of benefits for clients are possible. The essential step is for the provider to define its own “social goals” in line with its vision/mission, capabilities and resource availabilities. They refer the specific benefits that its products and services are expected to create for clients. Then the provider must collect data on its progress toward those goals and use those data to guide decisions.

Dimension 1 has two standards:

- Standard 1A: The provider has a strategy to achieve its social goals.
- Standard 1B: The provider collects, analyzes, and reports data that are specific to its social goals.

Resources for Dimension 1

- [Making the Case for Outcomes Management to Financial Service Providers](#)
- [Outcomes Management for Financial Service Providers: A proposed standard framework aligned with the Sustainable Development Goals](#)
- [Fondo Esperanza Case Study](#)
- [KOMIDA Case Study](#)
- [Genesis Empresarial Implements Outcomes Management by Client Segment](#)
- [The Business Case for Customer Centricity](#)

Standard 1A. The provider has a strategy to achieve its social goals

Your strategy should specify your target clients, social goals, and a description of how your institution will use products and services to achieve its social goals. It must also define indicators and targets to measure your progress toward your social goals. Each social goal needs to be broken down by at least one target to make it more operational. Each target needs to be measurable by at least one smart indicator. The reason for defining specifically in your strategy whom you are trying to reach and what you are trying to achieve is that all other decisions that you make, including what expenses to approve in the budget, how to define job responsibilities, whom to hire or promote, and what products and services to offer, all build from the strategy. This guide discusses each element of the strategy below.

Resources for Standard 1A

This standard has 2 essential practices:

- Essential Practice 1.A.1: The strategy specifies the provider's target clients, social goals, and how the provider will achieve those goals.
- Essential Practice 1.A.2: The strategy defines indicators and targets to measure the provider's progress toward social goals.

1.A.1 The strategy specifies the provider's target clients, social goals, and how the provider will achieve those goals.

1.A.1.1 The strategy defines the demographic and socioeconomic characteristics of target clients.

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | DI Focus**

Different segments of clients face different obstacles and have different needs. For example, income levels, gender, location (rural/urban), and literacy, all affect the types of products, services, and delivery channels that are best suited to a client.

 **Disability Inclusion Focus:**

DI Indicator: Social strategy and goals should specifically mention equitable inclusion of persons with disabilities, either as target clients, or as a subset within its target client groups.

Disability Inclusion - Info Box 1.A.1.1

Equitable inclusion of persons with disabilities, as well as other excluded groups, is an integral part of social performance, supporting a more just and inclusive society. The UN Convention on the Rights of Persons with Disabilities (UNCRPD) articulates the rights of persons with disabilities to live independently and participate in all areas of life, including social, economic, cultural and political, on an equal basis with others.

Approximately 16% of the global population are living with a disability, according to the World Health Organization (WHO), with 80% of living in developing countries. Persons with disabilities are more likely to experience poverty than persons without disabilities, as a result of systemic exclusion from access to education, employment and basic services, and are one of the most financially excluded groups worldwide.

Persons with disabilities are represented in every population demographic and sub-group, and are often amongst the most marginalized members within these groups. Disability inclusion is therefore a cross-cutting priority within social strategy. Even if a provider does not specifically target persons with disabilities, its strategy should ensure persons with disabilities within its target client segments are not excluded from its products and services, and have equal opportunities to access these.

To operationalize this inclusion, providers should consider different types of impairments when identifying and segmenting clients with disabilities. This can be based on data collected from clients on self-reported difficulties in everyday activities, such as:

Domain	Functional difficulty
Vision	Seeing, even when wearing glasses
Hearing	Hearing, even when using a hearing aid(s)
Mobility	Walking or climbing steps
Cognitive	Remembering or concentrating
Self-care	Self-care, such as washing or dressing
Communication	Communicating, for example understanding or being understood

This approach helps identify people who may face different barriers to access financial services and ensures that persons with disabilities are appropriately considered within the provider's target client definition.

Intersectionality also provides a lens for the provider to understand the root causes of disadvantage, to identify target client segments and design appropriate responses. Persons with disabilities experience different and often compounded forms of exclusion, depending on factors such as their gender, age, socio-economic status, ethnicity, migration or displacement status, and geographic location. For example, women with disabilities experience intersectional disadvantages and marginalization, arising from both their gender and their disability. They encounter greater barriers to accessing education, employment and services than women without disabilities, or men with or without disabilities, and are often expected to perform unpaid care and domestic work in the home, reducing opportunities for economic participation. Older persons with disabilities and youth with disabilities also experience particular forms of disadvantage based on their age and their disability.

Scoring guidance

- Score “yes” if the provider’s strategy mentions its client segmentation approach with specific demographic and/or socioeconomic characteristics of the client segments it wants to serve and if the board and senior management have a clear and consistent understanding of this.
- Score “partially” if the strategy mentions at least basic elements of client segmentation with at least one characteristic of each client segment the provider wishes to serve (e.g., “economically-active”), but does not detail fully its target client segments. Also score “partially” if the provider has a clear mission statement that mentions target client segments with basic characteristics, but the strategy itself does NOT mention them.
- Score “no” if the strategy lacks basic elements of client segmentation with no or unclear demographic and/or socioeconomic characteristics of the clients the provider seeks to serve or if board / senior management cannot share their view on this.
- To verify consistency among answers to this social audit, compare the scoring here to the scores and comments for the Essential Practice 2B1 (“The provider includes social goals in its operational plan and the CEO/Managing Director holds senior managers accountable for achieving social targets.”)

Sources of information

- Strategic plan / Business plan / provider’s website / board member/ CEO interviews

Evidence to provide

Search in the strategic plan and/or the business plan and the provider’s website for any mention of target clients or client segments and how they are described and identified. If not, a mission statement, if available, may offer some information about the type of clients to be served. Cross-check the information identified with the understanding by a board member and the CEO.

If the provider intends to serve all residents (i.e. both men and women, of all income and formal education levels and ages, including ethnic and religious minorities) and/or businesses in terms of size (micro, small, medium or large), maturity (established, new, start-ups), and formality (informal or legal entities) in some or all regions (i.e. in urban, semi-urban, and rural areas) of the country, the strategy must define clearly whom and how the provider wishes to serve (e.g.; offering deposit products to all residents, incl. youth savings accounts, but loans only to established informal and formal micro, small and medium-sized businesses in all sectors, except in agriculture, fisheries and forestry).

If the definition of target clients includes terms such as “marginalized,” “excluded,” or “poor,” use the strategy to clarify what is meant by these labels. For example, “exclusion” can be political, social, geographic, ethnic/racial, religious or economic. The definition of “poverty” may refer to low and/or unstable income, limited assets and limited or no access to healthcare, education, sanitation, or other basic needs.

Field examples / Guidance for implementation

Your strategy should define the characteristics of the people you want to reach. Defining your target market will make it easier for your institution to tailor products and services to client needs and preferences and to set realistic targets for client-level change. Define for example these characteristics:

- Demographics (e.g., male/female, urban/rural, age)
- Socio-economic status (e.g., income level, level of education)
- Access to financial services (e.g., banked/unbanked)
- Business activity (e.g., agriculture/trade, new businesses/existing businesses)

Resources for indicator 1.A.1.1

- [Opportunity Bank Uganda's Social Goals, Strategic Activities and Indicators](#)
- Strategic planning: [Integrating SPM into microfinance capacity building \(MSC and Imp-Act Guidance Note\)](#)
- [Fonkoze \(Haiti\) Defines Target Clients](#)
- **[DI Focus]:** [Case Study: Fundación Paraguaya, has embedded disability inclusion is an integral part of its organizational culture and operations, consistent with its mission broader mission to empower low income and marginalized families to overcome poverty](#)

1.A.1.2 The strategy identifies the benefits that the provider seeks to create for clients, such as:

- *providing access to the previously excluded*
- *reducing vulnerability to shocks*
- *building assets / Investing in economic opportunities*
- *creating jobs*
- *strengthening the roles of women in their household and their local community*

Indicator in SPI5 Entry | SPI5 Full | DI Focus

The Universal Standards are relevant to every financial service provider that is interested not only in profitability but also in creating benefits for clients. However, not every provider will focus on the same type of benefits. This indicator simply requires the provider to be clear about the type of benefits it is seeking to create as each type of benefit will require its own specific strategy and set of activities.



Disability Inclusion Focus:

DI Indicator: The strategy identifies the benefits that the provider seeks to create for clients with disabilities, and describes how its products and services contribute to creating positive change for these clients, aligned with its social goals.

Disability Inclusion - Info Box 1.A.1.2

The disability inclusion goals that the provider adopts may reflect different levels of focus, consistent with its overall strategy:

- All providers should seek to prevent exclusion or discrimination against persons with disabilities, both as clients and as employees, ensure fair and respectful treatment of persons with disabilities, and mitigate risks associated with use of their products and services by persons with disabilities.
- To align with human rights and social inclusion principles, providers should aim to enable equal access to their products and services for persons with disabilities within their target segments.
- Providers who identify persons with disabilities as a target segment may identify specific outcomes they aim to deliver for persons with disabilities, for example:
 - Empowering persons with disabilities and their caregivers to overcome barriers to economic participation;
 - Enhancing their financial autonomy, capabilities and wellbeing;
 - Reducing their vulnerability to health shocks or adverse climate-related impacts.

As part of their social strategy, FSPs may commit to a goal to advance broader social inclusion, which may be articulated in a diversity, equality and inclusion (DEI) or gender equality, disability and social inclusion (GEDSI) statement and policy.

Scoring guidance

- Score “yes” if the provider’s strategy mentions specific types of benefits that it wishes to create for specific client segments and if the board and senior management have a clear and consistent understanding of this.
 - Note: “Providing products and services” is not sufficient. The strategy must answer “for what?” For example: to invest in economic opportunities, to provide a safe place to save, etc.
- Score “partially” if the strategy mentions some specific elements but with no reference to specific client segments and/or vague client benefits, such as “improve the quality of life” that do not specify what will improve for specific client segments.
- Score “no” if the strategy contains only vague benefits the provider wishes to create without reference to specific client segments or if board / senior management cannot share their view on this.

Sources of information

- Strategic plan / Business plan / provider’s website / board member/CEO interviews

Evidence to provide

Search in the strategic plan and/or the business plan and the provider’s website for any mention of target clients or client segments and how they are described and identified. If not, a mission statement, if available, may offer some information about the type of clients to be served. Note any mention of social goals, outcomes, impact, or benefits for clients described in the strategy. Cross-check the information identified with the understanding by a board member and the CEO.

Field examples / Guidance for implementation

The benefits you wish to provide for clients, also called your “social goals,” describe what positive changes you expect to happen with your chosen target group thanks to the use of your particular products and services. Broadly, there are two types of social goals to consider—outputs and outcomes. Your institution’s output goals describe the actions you will take to improve client well-being (e.g., trainings provided, loans made, savings products proposed). Your institution’s outcome goals describe how your clients, community, or

environment will benefit from your products and services (e.g., improvement in business skills, increase in household assets).

It is important to be clear on whether your goals are output goals or outcome goals. Output goals are typically much easier to measure, but they provide little or no information about changes in clients' lives. Mostly, they describe access or outreach—the number of clients who are being served with financial and non-financial services. And it is possible for clients to have increased access and also be worse off, for example, if greater access to loans leads to over-indebtedness. Measuring outcomes is more complex, because it requires the use of harder-to-measure indicators related to change, such as empowerment or increased income. However, if your social goals include creating positive change for clients or at least not harming them, then your organization should measure client outcomes too.

Resources for indicator 1.A.1.2

- [Opportunity Bank Uganda example of integration of social goals into strategic activities](#)
- [Strategic planning: Integrating SPM into microfinance capacity building \(MSC and Imp-Act Guidance Note\)](#)
- [Defining Social Goals: Guidance and an Example From Komida](#)

1.A.1.4 The provider defines a “do no harm” strategy that articulates how it will mitigate the social risks connected to the use of its products and services:

1.A.1.4.1 Negative effects on clients and their households

1.A.1.4.2 Human rights violations

1.A.1.4.3 Corruption and bribery

Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | DI Focus

Providing access to financial products and services - notably to credit, if the provider fails to assess loan repayment capacity adequately - can harm clients. This is especially true if providers care only about profit, but even providers who sincerely seek to create benefits for clients can create unintentional harm. To mitigate these risks, the provider should define in its strategy the protective measures it can implement to protect clients from negative outcomes related to their income/assets, stress level, well-being of themselves or other household members, human rights violations, corruption, etc.

Disability Inclusion Focus:

DI Indicator: The provider defines a “do no harm” strategy that articulates how it will mitigate the social risks associated with the exclusion of persons with disabilities, and heightened risks experienced by persons with disabilities connected to the use of financial products and services.

Disability Inclusion – Info Box 1.A.1.4

The provider should recognize physical, digital and information inaccessibility as active exclusion, and articulate how it will ensure accessibility of its products and services to persons with disabilities. For example, the provider's 'Non-Discrimination Policy' should prohibit discrimination against persons with disabilities, including through denial of reasonable accommodation. This should be reinforced by processes to identify and address accessibility barriers and provide reasonable accommodation.

Persons with disabilities may be at greater risk of negative effects from using financial products and services, for example they may be more vulnerable to fraud or financial abuse particularly if they are dependent on others to use financial products. The provider's "do no harm" strategy should articulate how it will identify and mitigate these risks (see indicators related to Dimension 4) include examples of measures to address them.

See resources for this indicator for guidance on disability inclusion and non-discrimination policies.

Scoring guidance

For each subject in the details:

- Score “yes” if the strategy mentions clearly protecting the client or household from harm and how the provider is integrating these measures into its operations and if the board and senior management have a clear and consistent understanding of this. [nbsp]The provider should have a client protection policy and a conduct of conduct to that staff, managers, and board members have to abide to.
- Score “partially” if the strategy does not or not sufficiently define how it is avoiding harming clients in its strategy, but does implement activities that specifically either seek information from clients on harm they might have experienced or mitigate the risk of client harm (e.g., training staff on client protection, ethical behaviour and rules against corruption in the code of conduct, or seeking client feedback specifically on obstacles, abuse of human right or negative outcomes they have experienced) [nbsp]
- Score “no” if the strategy does not or very insufficiently spell out on how to avoid harming clients and no activities implemented by the provider directly relate to reducing risk of clients’ experiencing harm or if board / senior management cannot share their view on this

Sources of information

- Strategic plan
- Board minutes
- Reports on client complaints
- Code of conduct and related trainings
- Client satisfaction surveys, data from the complaint's mechanism
- Client outcomes data
- Board member/ CEO interviews

Evidence to provide

Read the strategic plan, board minutes, and reports that management and/or the board read related to client complaints and client satisfaction. Analyze client outcomes data collected by the provider. Note any evidence of steps taken in advance to avoid harm related for example to over-indebtedness, fraud, violations of data privacy, theft due to insufficient cybersecurity (refer to 4D), but also child labor and domestic violence. Note also the mechanisms implemented to identify harm when it has occurred and to take corrective action. Cross-check the information identified with the understanding by a board member and the CEO.

Detail 1A142: Describe the strategy to avoid adverse impacts on human rights. If there is no explicit commitment or strategy, check if there are major gaps with regards to the relevant indicators of 2.A.3, 2.B.2, 3.B.3, 4.A.1, 4.B.1, 4.C.1, 4.C.3, 4.D.1 and 4.E.1 and/or non-compliances with national client protection laws (if these exist and are robust).

Detail 1A143: Financial Service Providers (regulated and unregulated) are supervised by national authorities according to national AML/FT law. Check if the provider has appropriate anti-money laundering systems and policies (this is also part of the KYC/Know Your Client check) in place to comply with regulatory provisions (e.g. screening of controversial transactions and borrowers in sanctions list or PEP/Political Exposed Person identification) or also internal controls to prevent corruption and bribery from employees (e.g. misappropriation of assets, frauds).

Field examples / Guidance for implementation

The risk of unintended harm is linked to providing financial services (notably to credit), and even greater when clients are poor or vulnerable, because often they are not as able as others to understand terms and conditions, to advocate for their rights, to recognize and avoid fraud, or even to distinguish among various product offerings to select the one best adapted to their needs.

Evidence shows that the types of harm that clients have experienced due to use of financial products and services include over-indebtedness, loss of productive assets, loss of funds due to corrupt employees or agents, loss of funds due to fraud, abusive land seizure, abusive detention in case of default of payment, bribery, increased child labor, gender-based violence, reduced access (for example, if non-repayment of a loan leads to blacklisting), depression, and stress.

Human rights violations occur when actions of actors violate, ignore or deny basic human rights (including civil, political, cultural, social and economic rights). Corruption includes practices such as bribery, facilitation payments, fraud, extortion, collusion, and money laundering. It also includes an offer or receipt of any gift, loan, fee, reward, or other advantage to or from any person as an inducement to do something that is dishonest, illegal, or a breach of trust in the conduct of the enterprise's business. This can include cash or in-kind benefits, such as free goods, gifts, and holidays, or special personal services provided for the purpose of an improper advantage, or that can result in moral pressure to receive such an advantage.

OECD MNE Guidance:

Develop and adopt adequate internal controls, ethics and compliance programs or measures for preventing and detecting bribery, developed on the basis of a risk assessment addressing the individual circumstances of an enterprise, in particular the bribery risks facing the enterprise (such as its geographical and industrial sector of operation). These internal controls, ethics and compliance programs or measures should include a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts, to ensure that they cannot be used for the purpose of bribing or hiding bribery. Such individual circumstances and bribery risks should be regularly monitored and re-assessed as necessary to ensure the enterprise's internal controls, ethics and compliance program or measures are adapted and continue to be effective, and to mitigate the risk of enterprises becoming complicit in bribery, bribe solicitation and extortion.

Prohibit or discourage, in internal company controls, ethics and compliance programs or measures, the use of small facilitation payments, which are generally illegal in the countries where they are made, and, when such payments are made, accurately record these in books and financial records. making public commitments against bribery, bribe solicitation and extortion, and disclosing the management systems and the internal controls, ethics and compliance programs or measures adopted by enterprises in order to honor these commitments. Enterprises should also foster

openness and dialogue with the public so as to promote its awareness of and cooperation with the fight against bribery, bribe solicitation and extortion.

Resources for indicator 1.A.1.4

- [Indicators of Financial Stress, Including Over-indebtedness](#)
- [RICHES Toolkit](#) developed by Grameen Foundation
- [Making the case: Protecting Women and Children with Women’s Economic Empowerment Initiatives](#)
- [SPM Essentials #8: Barriers, Bias and Banking Webinar](#)
- **[DI Focus]:** [Humanity & Inclusion \(HI\) Factsheet on Disability Policy](#)
- **[DI Focus]:** [Workable’s template and guidance notes on anti-discrimination policy](#)

1.A.2 The strategy defines indicators and targets to measure the provider's progress toward social goals.

Note that the institution also sets indicators and targets to measure progress toward its environmental objectives (see indicator 7.A.1.2).

1.A.2.1 *The provider has at least one measurable indicator for each social goal.*

Indicator in ALINUS | SPI5 Entry | SPI5 Full | DI Focus

To hold itself accountable to its social goals, the provider must collect specific quantitative and qualitative data, including client output and outcome data, to monitor its performance relative to those goals.

Disability Inclusion Focus:

DI Indicator: The provider has at least one measurable indicator and at least one measurable output and/or outcome target on disability inclusion for each social goal.

Disability Inclusion – Info Box 1.A.2.1

As a start point, the provider should track inclusion of persons with disabilities in their client base via a measurable indicator (e.g., % of active clients with disabilities) to identify potential exclusion of persons with disabilities. This metric must be validated to ensure it tracks active usage, in a way that is comparable with tracking of clients without disabilities.

Other potential output indicators relating to accessibility and inclusion include: proportion of staff trained in disability inclusion; numbers of activities such as access audits, retrofitting of branches, and digital accessibility audits; extent of Adoption of Universal Design methodologies for new product and service development (see indicator 3.A.1.1); extent of compliance with Web Content Accessibility Guidelines (WCAG) (see indicator 3.B.2.2).

Scoring guidance

- Score “yes” if the provider has defined at least one smart indicator for each of the targets that specify each of its social goals that the provider seeks to achieve, as defined in its strategy, to track progress towards its social goals.
- Score “partially” if the provider has defined at least one smart indicator for some but not all of its targets that specify some, but not all, of its social goals that it seeks to achieve.
- Score “no” if the provider has not defined any smart indicators for its social targets and goals and/or has defined only vague indicators to track progress toward its social goals.
 - Note: For consistency, if the provider scores no for EP 1A1, meaning it does not define its social goals, then it should also score no for EP 1A2.

Sources of information

- Business plan/ strategic document/ operational plan
- MIS
- Client surveys
- Annual report
- Social performance dashboards reviewed by the board of directors
- Social performance dashboards reviewed by management

Evidence to provide

Note if the provider has a written set of outcomes indicators in any of the documents that management reviews, or if the provider’s MIS has fields that collect and store data on outcomes. Also see if reports that the board and/or management review include social data. And check whether client feedback mechanisms, such as focus groups or satisfaction surveys also include questions about client outcomes.

Field examples / Guidance for implementation

When selecting indicators, consider how well they meet each of the following criteria: relevance, usability, clarity, feasibility, and comparability. [Click here](#) for examples of indicators that meet the criteria.

Resources for indicator 1.A.2.1

- [Criteria for Outcomes Indicators](#)
- [ASKI Selects Social Indicators for Its Social Dashboard](#)
- [Building MIS Capacity for Social Performance Reporting](#)
- [KASHF Foundation Selects Social Indicators for its Social Dashboard](#)
- [Selection of Outcomes Indicators](#)

Standard 1B. The provider collects, analyzes, and reports data that are specific to its social goals.

A provider does not know whether its products are creating benefits for clients unless it collects and analyses data about it. Frequently, providers answer questions about client benefits by showing just easily available transactional portfolio data like numbers of accounts and loan repayments. These data s can look satisfactory, like client outreach, loan portfolio, and deposits (in the case of deposit-taking FSPs) are increasing, loan repayments are mostly on time. However, these transactional data inform about outreach and access only, but not on client outcomes. Do the use of financial and non-financial services lead to behavioural changes of clients in managing better their household budget and their family businesses, in saving more than before for the education of the children, in seizing economic opportunities to grow their family businesses, in improving their housing conditions, in accessing better health care and so forth? How do such positive client outcomes vary among different client segments? Are there also negative client outcomes for specific client segments of becoming over-indebted in terms of eating less, reducing the use of health care services, and taking children out of school in order to meet loan repayment obligations and/or losing household and business assets pledged?

For achieving its social mission, the provider must monitor positive and negative outcomes for all of its client segments and understand how outcomes vary among them. If client outcomes are limited or even negative, the provider should use that information to improve its products/services and their distribution channels in order to improve client outcomes. In summary, regular and solid client data collection and analysis gives managers the information needed to make informed decisions and track progress toward social goals.

Resources for Standard 1B:

- [Fondo Esperanza Case Study](#)
- [Fondo Esperanza Cómo usar los datos de resultados de los clientes](#)
- [FINCA Experience with Outcomes Management case study](#)
- [Guidelines on Outcomes Management for Financial Service Providers](#)
- [The Drivers for Better Outcomes: How Social and Environmental Performance Management practices](#)
- [Outcomes Plenary Presentation: Exploring the connection between SEPM and client outcomes](#)
- [Outcomes Plenary Session Notes: Exploring the connection between SEPM and client outcomes](#)
- [Understanding and Measuring Women's Economic Empowerment](#)

This standard has 3 essential practices:

- Essential Practice 1.B.1: The provider collects data on outcomes for clients and their households.
- Essential Practice 1.B.2: The provider analyzes outcomes data by client segment.
- Essential Practice 1.B.3: The provider reports social performance data internally and externally.

1.B.1 The provider collects data on outcomes for clients and their households.

The data collection is related to social client outcomes whereas the indicator 7.A.2.1 refers to environmental outcomes.

1.B.1.1 The provider has protocols for social performance data collection that identify who collects the data, how, and when.

 **Indicator in SPI5 Entry | SPI5 Full | DI Focus**

Accurate and timely data collection happens only when the roles and responsibilities are very clear for who does what, and when. This requires also regular checks on data accuracy by internal control/operations and internal audit.

 **Disability Inclusion Focus:**

DI Indicator: Social performance data collection modalities are accessible and enable fair representation and participation of persons with different types of impairments.

Disability Inclusion – Info Box 1.B.1.1

Protocol for how to collect data from persons with disabilities should be developed in consultation with diverse groups representing clients and employees, including organizations of persons with disabilities (OPDs).

Protocols should identify how social and communication barriers are overcome, which are otherwise likely to prevent data from being collected directly from persons with disabilities. Ensure staff conducting research are trained to follow these protocols, and in communication with persons with different types of impairments. Data collection tools should be accessible, for instance including sign language interpreters in interviews with persons with hearing impairment, providing Easy read versions of surveys for persons with cognitive disabilities, braille or large print versions for persons with visual impairments, and digital surveys compatible with screen readers.

Protocols should specify data collection methodologies to collect data on disability from respondents, to enable accurate disaggregation of the data by disability status (see indicator 1.B.1.3 for information about tools and methodologies for disability data collection).

See the resources for this indicator for practical guidance on disability-inclusive research.

Scoring guidance

- Score “yes” if the provider collects a range of client outcomes data consistently and regularly at least annually for tracking progress on all social targets and their corresponding goals. For efficiency reasons the client outcomes data are entered into the MIS, with regular data quality/accuracy checks by operations/internal control and internal audit, and job descriptions reflect employees’ responsibilities regarding client outcome data collection and quality/accuracy checks.
- Score “partially” if the provider has established protocols for client outcomes data collection, but employees implement them inconsistently and/or do not carry out data quality/accuracy checks, or if the provider has collected client outcomes data as follows: (1) as a one-time activity; (2) some data collected on paper but not captured in MIS or databases to be used and analyzed; (3) collection of one or two types of client outcomes data only.
- Score “no” if the provider does not collect client outcomes data in a consistent and regular way that data can be used and analyzed.

Sources of information

- MIS
- Relevant job descriptions

- Data protocols
- Interviews with IT department / Internal audit / branch staff (tellers, field staff)

Evidence to provide

A formal system refers to a system based on written procedures, that staff are trained on, that is explicitly referenced in the strategic or operational plans, that generates reports used by senior management and/or board of directors. Discuss with MIS and Operations managers if/how the provider collects social performance data, and the regularity of data collection. Make sure to assess the MIS and identify which social data are available and at which frequency. The MIS must produce regular, reliable information.

Often social data, gender, location is collected through loan or savings applications, so it is important to talk to front-office employees to see how data is collected, and then stored, and analyzed. It also allows the auditor to verify that the reality on the ground matches the provider's data protocols. A verification of the job descriptions can reveal if data collection responsibilities are included for relevant staff and staff interviews can reveal whether they understand their data collection and quality control tasks.

A good practice for providers is to collect notably quantitative client outcomes data at least annually through statistically representative client satisfaction and/or client perception surveys.

Field examples / Guidance for implementation

A provider must put in place strong systems in order to ensure efficiency and accuracy in the collection and capture of data. This involves all of the following:

- Designing the data collection format
- Piloting the data collection
- Choosing the data collection team
- Training and incentivizing the data collection team
- Capturing – and retaining – digital data

Data protocols should integrate:

- Who defines the indicators to be collected
- Who collects the data
- How the data are collected
- Where the data are stored
- Who analyzes the data
- Who verifies the accuracy of the data
- How the data are reported
- To whom the data are reported

Resources for indicator 1.B.1.1

- [Outcomes Data Collection: The experience of Cashpor Micro Credit India](#)
- [MicroLoan Foundation \(Malawi\) Uses a Data Protocol](#)
- **[DI Focus]:** [Institute of Development Studies' guidance for Disability Inclusive Research](#)
- **[DI Focus]:** [Opportunity International's Cheat Sheet for disability data collection using the Washington Group Short Set \(WGSS\) tool](#)

1.B.1.2 The provider ensures the accuracy of the social performance data that it collects.

1.B.1.2.1 Employees in relevant positions receive specific training on social performance data collection and entry.

1.B.1.2.2 The provider validates client data by periodic internal audit or management review, including some field-level checks.

Only accurate data are not useful. Data accuracy requires good data quality and completeness based on regular data checks by both internal control/operations and internal audit.



Disability Inclusion Focus:

DI Indicator: Employees in relevant positions receive specific training on social performance data collection and entry, including accessibility and inclusion, inclusive data collection, and inclusive interaction and communication with persons with disabilities.

Scoring guidance

Detail 1.B.1.2.1

- Score “yes” if the provider has trained and motivated effectively of relevant staff (branch staff, notably tellers and field officers, IT team, internal audit etc.) on accurate social performance data collection and data entry as verified by internal control and/or internal audit reports.
- Score “partially” if training is not systematically/effectively done for all relevant staff (branch staff, notably tellers and field officers, IT team, internal audit etc.).
- Score “no” if staff has not been trained in the collection and entry of social performance data.

Detail 1.B.1.2.2

- Score “yes” if both internal control/operations and audit procedures require regular checks of the quality of client data collection and data entry at branch and head office unit level as verified by respective internal control and audit reports.
- Score “partially” if internal control/operations and audit procedures are only partially in place to verify regularly the accuracy of client data collection and data entry but they are not comprehensive enough to ensure accuracy of all client data.
- Score “no” if the provider has not implemented an internal control and audit system to check the accuracy of client data collection and data entry and thus not correct errors of client data collection and data entry, as needed, or when client data from the MIS cannot be used due to lack of accuracy.

Sources of information

- Staff training materials
- Interview with internal audit, IT manager, and branch staff
- Operational client data collection and data entry manuals
- Internal control and audit reports of the past year
- Review of quality and completeness of MIS data based on a sample of client data

Evidence to provide

Analyze the social performance data chain from the source of the information (clients, employees) via the accuracy check of data collection and data entry, the analysis of client data up to the reporting of analyzed client data. Verify that this chain is coherent, with no missing link to ensure high quality, complete and timely social performance data. Specify how and when employees such as field officers or tellers / data entry clerks are trained on data collection and data entry. Discuss with internal audit team and with the branch managers how the quality of client data is verified. Specify how (incl. sampling methodology) and when client data are validated. If possible, add how many clients or what % of clients are included in these checks.

You can ask the IT manager to print out a sample of client data and see if any important fields are empty or with many nonsensical data (e.g., number of children is 100 or age is 2).

Field examples / Guidance for implementation

The provider should regularly and consistently validate social data, just as it validates financial information. This includes evaluating employees on how well they adhere to the

institution’s process for collecting quality social data. Validation techniques, that can be used by the internal audit team, may include the following:

- Field level checks
- Visiting or calling a random sample of clients to confirm that interviews with branch employees happened
- Observing the data collector in action and providing feedback on his/her performance.
- Data verification
- Verifying a random sample of data entered by the data entry personnel to confirm accuracy.

The [MicroLoan Foundation Malawi case study](#) includes information on how MicroLoan verifies the accuracy of the social performance data that its staff collect. See also the field example from VisionFund International.

Resources for indicator 1.B.1.2

- [Guidelines on Outcomes Management for Financial Service Providers](#). See in particular the section entitled, “STEP 6 Put systems in place to check data quality.”
- [Vision Fund International Verifies Data Quality](#)

1.B.1.3 The provider collects data on an ongoing basis to measure whether it is achieving its social goals.

1.B.1.3.1 The provider collects quantitative data that measures both positive and negative changes for clients and their households. Minimum frequency: annually

1.B.1.3.2 The provider collects qualitative data that measures both positive and negative changes for clients and their households. Minimum frequency: annually

Indicator in ALINUS | SPI5 Entry | SPI5 Full | DI Focus

Quantitative data and qualitative data both have unique value but also limitations. It is relatively easy to verify the accuracy of quantitative data, and it is much easier to aggregate quantitative data for analysis, but quantitative data tell you only what is happening, not why. When collecting both quantitative and qualitative client outcome data and conduct analysis on positive but also negative changes, the provider gains the most insightful and useful information about clients’ changing behaviours and is able to know with more confidence whether it is achieving its social goals, but also what steps it needs to take to address any weaknesses that the data reveal.



Disability Inclusion Focus:

DI Indicator: The provider collects data on an ongoing basis to measure whether it is achieving its social goals, including data on clients' disability status (preferably using a methodology aligned to the Washington Group Short Set questions (WGSS)).

Disability Inclusion – Info Box 1.B.1.3

To effectively measure impact and inform the improvement or development of financial services, it is essential to collect intersectional data disaggregated by gender, age, disability, socioeconomic status, and other relevant factors such as geographic location and cultural background, ensuring that diverse needs and experiences are accurately represented.

The provider should collect data on disability status of clients as well as other demographic data, to understand its reach to persons with disabilities within its target segments, and how well it is serving them, as a measure of whether it is achieving its social goals (including at a minimum level non-discrimination, inclusion and accessibility for persons with disabilities).

It is recommended that providers collect data on both by disability status (with/without disabilities) and types of functional impairments. These questions are not intended for medical diagnosis, and FSPs should avoid being overly prescriptive, as they are not health professionals. The purpose is simply to identify clients who may experience barriers and to inform the design, improvement, or development of suitable financial services.

The data collection method chosen will impact both the accuracy and quality of the data collected, and the granularity of analysis that can be carried out. The WGSS is recommended as an internationally-accepted standard, which provides information by type and severity of functional impairments. In particular for FSPs identifying disability inclusion as a core part of their social strategy. However, recognizing potential challenges for implementation, FSPs may adopt simplified methodologies. As a minimum, an indicator of disability status based on self-identification by the client should be collected.

Further information on the WGSS and alternative data collection methods are provided in the box on the next page.

Disability Inclusion – Info Box 1.B.1.3 (Continued)The Washington Group Short Set of Questions on Disability (WGSS)

The WGSS is a globally recognized tool designed to identify persons with disabilities in a way that is comparable across different cultural and economic contexts. The WGSS was originally designed to be used in national population censuses, and is widely used by governments for this purpose.

It assess difficulties across six functional domains, through a survey of six questions asking whether respondents experience difficulty in carrying out activities:

Seeing / Hearing / Walking or climbing stairs / Remembering or concentrating /
Self-care / Communicating

For each question, it captures the degree of difficulty people experience in these daily activities through four response options:

no difficulty / some difficulty / a lot of difficulty / cannot do at all

More information can be found in this link: [‘Washington Group on Disability Statistics, WG Short Set on Functioning \(WG-SS\)’](#), and in BFFI’s Disability Inclusion Guide for FSPs,

Alternative data collection methodologies

FSPs may use simplified disability data collection methodologies adapted to their operating and cultural context, for example:

- Simplified versions of the WGSS, for instance collecting Yes / No responses for the six questions instead of the four responses on degree of difficulty, and / or by removing the question relating to self-care.
- Ask a self-identification question: “Do you consider yourself a person with a disability?” with response options (allowing multiple response):
 - No / Yes: physical / Yes: visual / Yes: Hearing / Yes: communication / Yes: remembering / concentrating / Yes: other / Prefer not to answer.

Advantages of using the WGSS rather than simplified methodologies:

- enables more detailed analysis to make informed decisions
- from FSPs' experience, using simplified methodologies can result in under-reporting
- easier to report and benchmark

Potential challenges using the WGSS:

- Designed for data collection at national / sector level: may not fit the purpose of the FSP
- FSPs may not have the detailed understanding and expertise
- Concerns about sensitivity / confidentiality relating to the questions

Whichever methodology is used, disability data should only be collected on the basis of voluntary disclosure with informed consent, and where data collection has a clear purpose to support inclusion, the respondent is informed how and why the data will be used, and confidentiality and data protection is ensured.

See the resources for this indicator for guidance on using the WGSS for disability data collection, and gender- and disability-disaggregated data analysis

Scoring guidance

- Score “yes” if the provider collects consistently and regularly (at least annually) a range of both quantitative and qualitative client outcomes data, including also analysis of negative changes. The quality of data collection and data entry is assured by regular internal control/operations and audit checks.
- Score “partially” if any of the following are true:
 - The provider does not collect client outcomes data annually, but does analyze systematically the data it has on its clients’ financial transactions based on previous outcomes surveys to continue and look for trends that might indicate whether certain client segments are having better or worse outcomes.
 - The provider collects consistently and regularly either quantitative or qualitative data on client outcomes, but not both.
 - The provider collects consistently and regularly some data on outcomes but it is insufficient to understand whether the provider is creating the types of benefits for clients that it seeks or to understand any negative changes.
 - The provider has collected both quantitative and qualitative outcomes data on clients but did so as an isolated activity. It does not do this on an annual basis.
- Score “no” if the provider does not collect any data on client outcomes consistently and/or regularly (at least annually).

Note: Collecting data on outputs (e.g., number of loans provided, PAR, outreach, and so forth) does NOT constitute client outcomes data.

Sources of information

- MIS information
- Client surveys and narrative reports
- Loan application forms that include questions on client outcomes
- Focus group discussions with clients and client exit interviews
- Annual reports

Evidence to provide

Look in the MIS for client outcomes data that are stored electronically. Look at data from all mechanisms the provider has to receive feedback from clients (e.g., call centers, focus groups, satisfaction surveys, outcomes surveys, complaints/suggestions mechanisms, client exit interviews, other client surveys) and check whether the provider is gathering data on client outcomes.

Field examples / Guidance for implementation

Quantitative data can tell you that a client withdrew savings, or deposited more this month than last month, or has not taken out a loan in two years, but it will not tell you why. On the other hand, qualitative data are exactly suited to learn how clients are doing. What outcomes have they experienced? What stresses have they encountered? Why did they choose or not choose to use a certain financial service? But qualitative data has its limitations. Foremost among them are that memory is faulty and clients may not be comfortable revealing uncomfortable and very personal information about their financial lives to a stranger.

Many financial service providers collect both quantitative and qualitative data on client outcomes. See field examples for any of the following :

- AMK
- Fondo Esperanza
- Friendship Bridge
- Genesis Empresarial
- IDEPRO
- Juhudi Kilimo
- MicroFund for Women
- SEF

Resources for indicator 1.B.1.3

- [60 decibels Remote Survey Toolkit](#)

- [60 decibels Why Off-Grid Energy Matters](#)
- [60 Decibels Microfinance Index Report](#)
- [Satya MicroCapital Financial Inclusion Impact Performance report](#)
- [Outcomes Plenary Presentation: Exploring the connection between SEPM and client outcomes](#)
- [Outcomes Plenary Session Notes: Exploring the connection between SEPM and client outcomes](#)
- [SPM Essentials #8: Barriers, Bias and Banking Webinar](#)
- [IDEPRO Desarrollo Empresarial case study](#)
- [Caso de estudio IDEPRO un sistema integral de evaluación de impacto](#)
- [Demonstrating the Impact of Client-Centric Microfinance--Impact Report 2020 BRAC Microfinance](#)
- **[DI Focus]:** [The WGSS: Explainer and link to download the questionnaire](#)
- **[DI Focus]:** [Opportunity International's Cheat Sheet for disability data collection using the Washington Group Short Set \(WGSS\) tool, including case studies of KOMIDA in Indonesia, and Opportunity Bank of Uganda \(OBUL\)](#)
- **[DI Focus]:** [Opportunity International's Cheat Sheet on Intersectional Data & Analysis gives practical guidance and examples of using gender- and disability-disaggregated data for intersectional analysis](#)

1.B.2 The provider analyzes outcomes data by client segment.

1.B.2.2 The provider analyzes outcomes for different segments of clients according to their profile and financial behavior. Minimum frequency: annually

1.B.2.2.1 By client profile: gender; age; location (urban/rural); poverty/income level

1.B.2.2.2 By financial behavior: types of products or services used; tenure with the provider

1.B.2.2.3 Other segments that are relevant to the provider's social goals (please specify)

Indicator in SPI5 Full | DI Focus

Different types of clients are likely to experience different outcomes even when using the same product. Analyzing averages only obscures the fact that some client segments are doing better than others. The provider therefore gets the most useful insight from its data when it segments its analysis by demographic and socio-economic characteristics and financial behavior.

Disability Inclusion Focus:

DI Indicator: The provider analyzes outcomes for persons with disabilities according to their profile and financial behavior.

1.B.2.2.1 By client profile: gender; age; disability status, location (urban/rural); poverty/income level

Disability Inclusion – Info Box 1.B.2.2

The provider should analyze how different client segments use its products and services and the outcomes for them, to support clear strategies for outreach and inclusion. This involves analysis of client behaviors and outcomes by gender, age, disability status, socioeconomic status, and other relevant factors.

Persons with disabilities are not a homogeneous group; to fully understand differences in behaviors and outcomes requires analysis by type of impairment and intersectional analysis (e.g. for women with disabilities as distinct from men with disabilities; older persons with disabilities vs. young persons with disabilities, etc.). Analysis of behaviors should include requests for and use of accessibility options and features, to enable continuous improvements in accessibility.

To carry out this analysis requires collection of data on disability status from clients and integrating this data in management information systems (MIS). For information on and resources on disability data collection and intersectional data analysis, see indicator 1.B.1.3.

Scoring guidance

- Score “yes” if the provider analyzes client outcomes by all above-listed segments of clients.
- Score “partially” if the provider does some segmentation of clients in its analysis, but not according to all of the segments listed above. For example, if it segments by economic activity (e.g., agricultural vs retail), but not by gender.
- Score “no” if the provider analyzes outcomes for its entire client database without segmentation or have no outcomes data.

Sources of information

- MIS
- Interview with IT manager
- All other databases the provider has
- Reports on client outcomes analysis

Evidence to provide

Read reports on client outcomes to establish whether the provider is monitoring outcomes by client segment. Also ask the IT department what demographic and socioeconomic data the provider collects on clients.

Field examples / Guidance for implementation

At minimum, the provider should collect the following information about each of its clients: gender, age, location (e.g., rural/urban/peri-urban), and poverty or income level. It may also have other characteristics that are relevant to track based on its particular goals, for example outreach to disabled persons or outreach to refugees. Because it has this information, the provider is able to segment all analysis it conducts of client outcomes and monitor whether different groups of clients are doing better or worse. This in turn drives strategic decisions. If the results for a certain group are good, the provider might invest more in expanding its offer of that product or service to that group. If the results are poor, the provider will investigate why the outcomes are not strong and take corrective action.

Resources for indicator 1.B.2.2

- [Making the Case for Outcomes Management to Financial Service Providers](#)
- [Friendship Bridge \(Guatemala\) Client Segmentation by Poverty Profile](#)
- [SPM Essentials #1: Use what you have. Discovering client insights in your existing data](#)

1.B.3 The provider reports social performance data internally and externally.

1.B.3.1 The provider conducts a social audit. Minimum frequency: every three years.

 **Indicator in SPI5 Entry | SPI5 Full | DI Focus**

An external social audit at minimum every three years allows the provider to track progress on building strong social performance management practices, and to remain aware of its current level of implementation of the Universal Standards.

Disability Inclusion Focus:

DI Indicator: The provider's social audits cover assessment of measures to prevent discrimination or exclusion of persons with disabilities and ensure accessibility, as well as practices related to any specific social goals the provider has identified related to disability inclusion.

Scoring guidance

- Score “yes” the provider had an external SPI audit or a social rating within the last three years.
- Score “partially” if the provider had an external SPI audit or a social rating or a client protection certification, but the most recent one occurred more than three years ago, but no longer than five years. Score “partially” if the provider has conducted a self-assessed SPI audit or an external client protection assessment within the last three years.
- Score “no” if the provider had never an external SPI audit or a social rating or an external client protection assessment during the last five years.

Sources of information

- CERISE SPI database
- Raters websites
- Cerise+SPTF client protection website section (for certification and CP assessment)
- Provider’s website
- check with the provider if they conducted an audit, rating, CP assessment or certification

Evidence to provide

Share the links or references to any SPI social audits, social ratings, client protection assessments or certification conducted in the last 5 years.

Resources for indicator 1.B.3.1

- SPI technical website
- SPI audit guide
- SPI online training videos

1.B.3.2 The provider publishes a report that includes social performance data. Minimum frequency: annually.

 **Indicator in SPI5 Entry | SPI5 Full | DI Focus**

Reporting makes the provider accountable to its social goals, both internally and externally. It also shows the provider transparency to report on and willingness to allow its social performance to influence its public reputation. Refer to 7.A.2.2 regarding the internal and external reporting on the provider’s environmental performance.



Disability Inclusion Focus:

DI Indicator: The provider reports on disability inclusion within its published social performance reporting

Disability Inclusion – Info Box 1.B.3.2

At a minimum, the provider should aim to report on the number / proportion of active clients with disabilities in its client base, and the number / proportion of employees with disabilities.

Social performance reporting should also include information about performance on social goals related to disability inclusion, and measures taken to ensure non-discrimination, increase accessibility and reduce barriers to access.

Scoring guidance

- Score “yes” if the provider publishes its social performance data - as well as key findings and recommendations of external SPI audits and social ratings at least annually on its website, in an annual report, or in any other format.
- Score “partially” if the provider publishes very brief and incomplete information about its social performance, where “incomplete” means the information reported do not address all of the benefits to clients that the provider is trying to achieve, as stated in its strategy. Or if the report is not published annually but every 18 or 24 months. Or if the reports are not public, but can be provided to investors and other stakeholders on request.
- Score “no” if the provider does not publish information about its social performance. Or if the last report is 3 years or older.

Sources of information

- Website
- Social media channels
- Annual report
- Social audit report
- Social rating report

Evidence to provide

Look at all reports, both public (e.g., on the website and through social media channels) and private (e.g., external social audits or social ratings) that the provider can furnish to stakeholders upon request.

Resources for indicator 1.B.3.2

- [Friendship Bridge Client Outcomes Report](#)
- [Demonstrating the Impact of Client-Centric Microfinance--Impact Report 2020 BRAC Microfinance](#)
- [Friendship Bridge Informe de Resultados de Clientas 2014-2016](#)

Dimension 2. Committed Leadership

Commitment to social performance starts at the top. A social strategy is only strong if the Board and senior management understand and uphold it. In order for social performance to be fully embedded in the organization, the governing bodies and senior leadership must build it into the organization's plans and accountability structures. The governance and senior management should be clear, committed and incentivized to achieve the provider's social goals. Dimension 2 lays out the key practices on how the board and senior management bear strategic responsibility and accountability for decision-making and subsequent operations towards achieving the provider's social goals. Please refer to EP 7.A.3 of the "Governance and Management structure ensures the implementation and oversight of the environmental strategy".

- Standard 2A: Members of the board of directors hold management accountable for achieving the provider's social goals.
- Standard 2B: Senior management is responsible for implementing the provider's strategy for achieving its social goals.

Standard 2A. Members of the board of directors hold management accountable for achieving the provider's social goals.

The board of directors or governing bodies should use social performance information to shape and adjust the provider's social strategy and hold the senior management to account for achieving the social goals. It should also protect the provider's social focus in times of transformation, growth or crisis.

This standard has 5 essential practices:

- Essential Practice 2.A.1: Board composition reflects the provider's social strategy and sound governance practices.
- Essential Practice 2.A.2: The provider trains board members on their social performance management responsibilities.
- Essential Practice 2.A.3: The board makes strategic decisions based on social and financial data.
- Essential Practice 2.A.4: Board oversight of senior management is aligned with the provider's social goals.
- Essential Practice 2.A.5: The board is responsible for preserving the provider's social goals during times of crisis or institutional change.

Resource for Standard 2A

- Nordic Microfinance Initiative's Board Participation in Svasti (watch the interview [here](#))

Note: There are providers where the founding shareholder is also (still) the managing director. These cases are delicate to audit from a governance viewpoint as one person is wearing two strategic hats. Governance cannot function well if the same person as board member is responsible for evaluating its performance as CEO. In this case, it is good governance practice if the other board members without operational functions decide alone - and in absence of the CEO - everything related to the CEO, like annual performance evaluation, remuneration and so forth. If the CEO assumes lead responsibility for SEPM at the board level, it is important that the deputy CEO or another senior manager assumes lead responsibility for SEPM (and environmental performance) at the senior management level.

2.A.1 Board composition reflects the provider’s social strategy and sound governance practices.

2.A.1.2 At least one board member has direct work experience with the provider’s target clients.

 **Indicator in SPI5 Entry | SPI5 Full | DI Focus**

To reflect the needs and preferences of its clients, the social strategy defined by the governing body must be based on detailed knowledge of the target clients, which must feed into strategic decision-making. For this, at least one member of the governing body must be able to provide his/her first-hand knowledge and analysis of the needs of the target clients.



Disability Inclusion Focus:

DI Indicator: At least one active board member has experience with disability inclusion from partnering with OPDs. Alternatively, the provider may partner with OPDs or other specialized organizations to ensure appropriate consultation and technical expertise.

Disability Inclusion – Info Box 2.A.1.2

FSPs should proactively seek candidates for board positions with experience working with persons with disabilities, to ensure first-hand knowledge and understanding of the needs of persons with disabilities within the target client base, and strategies for inclusion. Experience working with other vulnerable groups is helpful; however, given the prevalence of disability in all segments of the population, and the specific barriers they face to access financial services, it is important that at least one board member has direct experience of disability inclusion and partnering with organizations of persons with disabilities (OPDs),

Alternatively, the FSP should build partnerships with organizations of persons with disabilities and seek technical support from disability inclusion specialists to build their knowledge and capabilities in disability inclusion, and support the development of disability-inclusive strategies.

Organizations of persons with disabilities (OPDs) are civil society organizations led and run by persons with disabilities and / or their caregivers, which advocate for disability rights and inclusion, and / or provide services for their members. Active participation of OPDs and persons with disabilities is a central principle of disability inclusion, and underpins all the practices referenced in this guide.

Scoring guidance

- To score 'yes', if the two conditions are fulfilled:
 1. At least one board member must have experience with the provider’s target clients through his/her current work, recent (less than 5 years) previous experiences, studies and advice as verified by her/his profile.
 2. S/he must be a pro-active board member with no operational functions at the provider.
- To score 'partially', if only one of the above two conditions is fulfilled.
- To score 'no', if none of the two conditions is fulfilled.

Sources of information

- Board composition and board members curriculum vitae (CV)
- Attendance and participation of the experienced board members (with the target clients) at the board meetings as reflected by the board minutes
- Interviews with Board members

Evidence to provide

Share in few key words the experience of the Board members related to the target clients of the provider. If the board has a board composition policy or targets related to board member experience, share that as well.

2.A.1.4 The board includes members whose nationality/ethnicity is representative of the provider’s target clients.

 **Indicator in SPI5 Full | DI Focus**

The board’s full understanding of the socio-economic, cultural, religious and other characteristics of the targeted client segments is a prerequisite for its social performance responsibilities in ensuring that client-centric products/services and their distribution channels are offered and do create positive client benefits. This understanding is best ensured if there are at least two board members from the same nationality as the clients and preferably from the main ethnic groups served by the provider. One of the two board members could be a representative of the employees, if the provider has supported a staff association or company as additional shareholder. It is poor governance, if board members are only foreign shareholders with little knowledge of the clients’ livelihood conditions and their social and business environment.

 **Disability Inclusion Focus:**

DI Indicator: The board includes members who are representative of the provider’s target clients, including persons with disabilities, aligned to its social strategy. Alternatively, the provider may partner with OPDs to ensure appropriate representation of the perspectives of persons with disabilities.

Disability Inclusion – Info Box 2.A.1.4

The provider should implement proactive measures to ensure board selection is accessible for persons with disabilities, with reasonable accommodation and accessibility provided, budgeted for and delivered throughout the recruitment, onboarding and role delivery. FSPs that are committed to disability inclusion as a core part of their strategy should prioritize representation of persons with disabilities in the board membership.

Recognizing that it might not always be feasible for every group within the target client population to be represented on the board, providers may in this case prioritize building partnership with organizations of persons with disabilities (OPDs). Holding meaningful consultations with OPD partners helps to ensure the perspective of persons with disabilities are taken into account in board decision-making, though it does not constitute representation. BFFI’s Disability Inclusion Guide for FSPs and the resources for this indicator include guidance of building partnerships and holding consultations with OPDs.

The FSP can also reinforce commitment to disability inclusion by appointing a disability inclusion champion on the board, and ensuring at least one board member has direct professional experience working with persons with disabilities.

Scoring guidance

- Score ‘yes’, if the two conditions are fulfilled:
 1. At least two board members are from the same nationality as the clients, and
 2. They are pro-active board members bringing in the ‘client-centric lens’ into discussions and decision-making as verified by minutes of board minutes.
- Score ‘partially’, if the above two conditions are not fully fulfilled.
- Score ‘no’, if none of the two conditions is fulfilled.

Sources of information

- Board composition
- Board minutes to check attendance and participation of the ‘local’ board members at the board meetings
- Interviews with ‘local’ board members

Evidence to provide

Specify the number of ‘local’ board members. Explain their actual participation in board meetings.

2.A.2 The provider trains board members on their social performance management responsibilities.

Each board member must understand the provider’s social goals and the role the board should play in managing social performance. SEPM can seem like a lofty abstraction that board members don’t associate with their own day-to-day work. Effective boards need information on the concrete importance of SEPM, how it will benefit the different client segments and the provider, and what role they as leaders must play.

A board orientation to SEPM should include a discussion of SEPM’s importance and how it will benefit the provider and its target clients, a comprehensive look at the social strategy, as well as updates on local initiatives (e.g., regulation; national Codes of Conduct) and international initiatives such as the Universal Standards for Social and Environmental Performance Management and the board’s role in managing social performance to achieve the social goals.

Discuss the importance of SEPM and how it will benefit the institution

Explain the basics: SEPM is a management approach that puts clients at the center of all strategic and operational decisions. SEPM begins with a clear social strategy, which is then carried out by the board, management, and employees. Once they understand what SEPM is, convince them how valuable it is for the provider to serve satisfied and loyal clients. Discuss how stronger SEPM practices will help the FSP serve clients better, strengthen the institution’s financial performance, and help to solve operational challenges. Use language that your board will find appealing. For example, the terms “balanced performance management” and “responsible finance” may be more palatable for financially minded board members. For more tips on discussing SEPM with your board, check out [Suggested Talking Points on the Benefits of SPM](#) and [Does good client protection impact financial performance](#).

Discuss the Universal Standards and key industry SEPM initiatives

Boards don’t need to understand the details of national and international efforts to support strong SEPM practices and the SPI social audit tools as global measurement and reporting tool. But they should know that SEPM is a global initiative, that there are communities of practice dedicated to helping FSPs improve performance, and that impact investors are paying increasing attention. Key message: you aren’t acting alone!

Discuss the board’s role in SEPM

As a part of this orientation, discuss with your board members their specific responsibilities related to the social performance management to include:

- Ensuring that client focus is integrated into the strategic and business plans;

- Reviewing and discussing social performance reports and check for programs and action plans to facilitate the achievement of the social goals to ensure:
 - The provider is reaching its target client segments; and
 - All products and services and their distribution channels are appropriate to client's needs.
- Suggesting modifications to the products and services, operations, or social goals/targets, based on review of social performance information;
- Hold the CEO accountable for achieving the social goals and their targets;
- Make strategic decisions about growth, prices, and profits that balance social and financial performance;
- Reviewing Human Resources policies to evaluate social responsibility to employees;
- Ensuring your institution is in compliance with national/regional/ international regulation, including codes of conduct;
- Reviewing and updating the mission statement and social strategy (or “Theory of Change”), as necessary

Confirm that each board member agrees to uphold the responsibilities that your institution specifies by having them sign an agreement that details their social performance responsibilities. Essential Practice 6C1 provides further guidance on ensuring that investor board members are aligned with your institution’s social goals.

In addition to providing board orientation, consider pairing newer board members with existing ones (“mentors”). Ask the pair to meet one or more times to discuss your institution’s history, mission, social goals, and related topics. Board members should visit client businesses and branch offices within the first year after joining the board; understanding the institution’s field operations helps the institution’s social goals “come alive” to the board.

If you find that your board resists or deprioritizes its social performance responsibilities, consider using the terms “client-centered,” “responsible finance” and “balanced performance management” instead of “social performance.” You can also position it within the broader corporate ESG framework for financial service providers. Choose terms that appeal to the financial orientation of board members and describe the financial benefits of pursuing social goals. Often, the lack of interest in social performance is based in a misperception that SPM is a costly distraction from prudent oversight of the provider’s financial performance.

For example, the council helped formulate the NWTF's “80-50-30” social performance targets in the Philippines by (1) targeting 80% of new clients living below the poverty line at entry, (2) 50% of those clients showing a positive change in their poverty level after three years, and (3) 30% of those clients moving above the poverty line after five years.

Resources:

- [Suggested Talking Points on the Benefits of SPM](#)
- [NWTF Orients the Board on SPM](#)
- [Khushhali Bank Microfinance Ltd \(Pakistan\) provides board with SPM orientation and TOR](#)
- [Sèvis Finansye Fonkoze SPM Committee Charter](#)
- **[DI Focus]:** [CFI at Accion’s Framework for Disability Inclusion by Joshua Goldstein et al includes guidance for FSPs on building partnerships with OPDs \(pages 9-11\)](#)
- **[DI Focus]:** [CBM’s Guidelines for rights-based consultations with OPDs](#)

2.A.2.1 During new member orientation or subsequent training, the provider trains each board member on the following:

2.A.2.1.1 The provider's social goals.

2.A.2.1.2 The board's role in managing the provider's social performance.

2.A.2.1.3 The Universal Standard for Social and Environmental Performance Management

 **Indicator in SPI5 Entry | SPI5 Full | DI Focus**

In order to successfully support and safeguard the social strategy, board members need to understand what that strategy is and how they can help uphold it. New board members should be oriented to social performance and global trends in the area so they know they are part of a larger movement dedicated to socially responsible governance.

 **Disability Inclusion Focus:**

DI Indicator: Training for board members on social performance management responsibilities includes specific training on disability rights and inclusion related to the provider's social goals, including compliance with the UNCRPD and local legislation and regulation.

Disability Inclusion – Info Box 2.A.2.1

[The UN Convention on the Rights of Persons with Disabilities \(UNCRPD\)](#) is the cornerstone of the international disability rights framework, and shapes how disability rights are interpreted, implemented, monitored, and enforced across different international, regional and national instruments.

It articulates the rights of persons with disabilities to fully participate in all spheres of life on an equal basis with others, without discrimination, and defines universal principles that underpin disability inclusion, including accessibility, Universal Design, and reasonable accommodation. It recognizes persons with disabilities as rights-holders with legal capacity, and the right to make decisions about their own lives, including controlling their own financial affairs.

The UNCRPD advances a social and rights-based model of disability, defining disability as arising from the interaction between individuals' impairments, and socially created barriers, and recognizes responsibilities of both public and private sector actors to identify and remove social and environmental barriers to enable persons with disabilities to access their rights.

193 countries have ratified or acceded to the UNCRPD since its adoption in 2006, obligating them to adopt and enforce laws and policies to protect, promote and fulfil the rights of persons with disabilities. Most countries have implemented disability-related civil rights and anti-discrimination laws, reflecting a shift from welfare-based approaches toward equality through social and rights-based frameworks, aligned to the UNCRPD. In many cases, national laws on non-discrimination and equal access to employment, including provision of reasonable accommodation in the workplace, apply to both public and private sector organizations. In many cases, laws on accessibility of buildings, and increasingly laws on digital accessibility, apply to all organizations providing facilities and services to the public, including both public and private sector entities.

In addition, a number of central banks and regulators have implemented regulatory frameworks requiring FSPs to implement specific measures that facilitate persons with disabilities' access to their products and services (see resource list for this indicator for examples).

The BFFI Disability Inclusion Guide for FSPs includes further information on the core principles and concepts of disability and disability inclusion, the UNCRPD and regional and national legal and regulatory frameworks.

Scoring guidance

- Score 'yes', if SEPM training material are made available to board members and SEPM training sessions are regularly offered to new board members (in line with board rotation among existing shareholders or board representatives of new shareholders) and if both training material and sessions cover at least the social goals, the role of the board in SEPM and an introduction to the Universal Standards.
- Score 'partially', if SEPM orientation is only anecdotal, not systematically done for new members, informal or covers some topics but not others.
- Score 'no', if board members are only vaguely aware of the social goals and its role in SEPM and new board members receive no briefing at all.

Sources of information

- Board minutes
- Presentation used to train the board
- Interviews with board members
- Interviews with CEO/managing director

Evidence to provide

Give the date of the board minutes where information is found, or reference to examples cited during interviews with board members or CEO. Note the frequency of such training (e.g., annual or sporadic). Board turnover rates are often high and therefore annual refreshers on SEPM may be warranted in these cases.

Resources for indicator 2.A.2.1

- [NWTF Orients the Board on SPM](#)
- [Khushhali Bank Microfinance Ltd \(Pakistan\) provides board with SPM orientation and TOR](#)
- **[DI Focus]:** [This special report on Financial Inclusion for Persons with Disabilities by Alliance for Financial Inclusion \(AFI\) gives examples of actions by central banks and regulators to advance disability-inclusive financial services](#)

2.A.3 The board makes strategic decisions based on social and financial data.

Many boards view their role as primarily financial, and as such, they focus on corporate oversight and fiduciary responsibilities. However, this attitude creates a gap between the provider's purpose (benefiting clients) and the board's management priorities. The board should adopt a balanced approach to social and financial performance management by reviewing each decision in light of how it will affect clients. To achieve this balance, the board must:

- Have on-going access to social performance information;
- Use this information to make decisions; and
- Understand how social and financial performance can reinforce one another.

Provide the board with regular social performance reports which contain data on the provider's social goals. Ensure that these reports present information that is needed by the board to fulfil their SEPM responsibilities and they are presented in a meaningful way.

Report contents

Report content

Report social data that is important to the board by following its preferred reporting structure. This will promote buy-in and facilitate improved decision-making. The three key content areas with the following minimum contents should be covered:

1) Client Protection

- Internal audit report on the staff compliance with the Client Protection policy and the Code of Conduct
- The most recent external client protection assessment
- Analysis of client dissatisfaction including: client retention/feedback data or satisfaction surveys/exit survey data
- Analysis of the risk of client over-indebtedness
- Interest rates and whether they are responsible
- Reports on the state of systems and policies for data privacy and security, including any failures and breaches
- Reports on any fraud or corruption, including any extortion or bribery

2) Social Strategy

- Outreach to target clients
- Social outcomes indicators that measure progress toward social targets
- The most recent external social audit and/or social rating.

- Profit allocation and data/discussion on “responsible prices and profits” and the alignment of profit allocation with the social strategy

3) Employee working conditions

- Employee retention and satisfaction/effectiveness of HR policies disaggregated by gender, position, and location

Report structure

Consider a dashboard report that includes thresholds that trigger decision points around key indicators. In the report, provide a mix of short-term indicators (e.g., client retention by month; progress toward client outreach goals by quarter) and long-term indicators (e.g., change in client poverty levels over two years; results of annual employee satisfaction survey). Together with the board, decide which short-term indicators are relevant to their decision-making timeline and are sensitive enough to provide early warnings.

Think beyond quantitative information. Qualitative information adds richness to data by giving an insight into the reason behind trends (e.g., provide client exit rate numbers, bolstered by data such as narrative answers from focus groups with exiting clients). Segmented information is also a powerful tool for comparative analysis, allowing your board to understand performance variations between different groups/products/branches in relation to key issues (e.g., client exit or level of satisfaction segmented by gender, region, main products, or business type).

If these indicators are new to the board, work with them to learn how to understand and interpret social performance data. Start with a simple report that provides concrete information like client satisfaction data, client and employee retention rates, % female/male clients. Discuss the report and allow the board to discover how the information is useful for decision-making. Use the same report format for several meetings in a row so that members become accustomed to reading the report. Then, discuss with board members how to improve the SPM report to make it more useful for the board.

Report frequency

Report frequency

Provide an SEPM board report at least annually, and as frequently as is necessary to ensure the board has relevant and timely information needed for decision-making. SEPM should be on the agenda at each board meeting, regardless of how often data are provided to the board. Best to provide the board for each meeting with an integrated report with social performance alongside financial performance. Additionally, at least annually the board should review the social strategy - particularly the social goals and products/services - and make any changes based on the changing client and institutional priorities, if necessary.

Below are the minimum frequencies for each type of report:

Annual

- Internal audit report on the staff compliance with the Client Protection policy and the Code of Conduct
- Client risk of over-indebtedness
- Client dissatisfaction including dormancy, drop-out, exit surveys and complains
- Interest rates
- Data privacy and security, including any breaches or failures
- Fraud, corruption, extortion, bribery
- Client outcomes
- Profit allocation alignment with social strategy
- Employee turnover rate by gender, position, and location

Every 2 years

- Employee satisfaction surveys

Every 3 years

- External social audit or social rating

Highlight the risk management implications of SEPM

Many aspects of SEPM need to be integrated into your risk management strategy: a failure to deliver positive outcomes for clients will lead to client exit (if the products and services are not helpful, why would clients keep using them?); failure to protect clients will have similar negative impacts and will lead to reputational risks. Conversely, clients who use products and services that help their businesses thrive and improve their well-being are more likely to recommend the provider to their peers, remain clients in the long-term, and be able and willing to repay loans.

Ensure that board risk discussions include this client perspective. It may simply ask: “how does this decision affect clients?” before choosing a course of action. The board should decide on the best way to introduce this check. Each board agenda might include time dedicated to the “client check”. To make this practical for board use, segment client data according to characteristics that highlight clients who are most at risk. For example, segmenting exit clients by loan cycle may show that the majority of exit cases happen in the first and second cycles, which is highly costly for the provider, as the recruitment investment is not recovered. If you find this to be the case, providing additional data on those clients—such as demographic and business information as well as exit interview data can help the board make fully informed decisions about how to manage the risk of client exit.

For example, Fundación Génesis Empresarial (Guatemala) created a unique “traffic light” system for tracking their SEPM implementation efforts. The traffic light uses the colors green, yellow, and red to indicate the following:

- ✓ Green: the institution currently implements all of the Essential Practices for the standard, and this implementation is well documented and verifiable;
- ✓ Yellow: the institution has already begun planning for or piloting the implementation of the standard (e.g., a strategy exists but has not been implemented);
- ✓ Red: the institution has not yet considered how to implement the standard.

Resources:

- [Khushhali Bank Reports Using a Social Dashboard](#)
- [Aski uses a Social Dashboard for Board Reports](#)
- [Fundacion Génesis Empresarial Repots to Board on SPM Progress](#)
- [IDEPRO \(Bolivia\) takes corrective action and launches Pro-Cadenas](#)
- [Kashf Foundation SPM Dashboard](#)

2.A.3.2 The board uses the following data, provided by management, to monitor the provider’s social strategy (with the listed minimum frequency):

2.A.3.2.1 Outcomes data. Minimum frequency: annually.

2.A.3.2.2 The provider’s most recent social audit. Minimum frequency: every three years.

2.A.3.2.3 How profits are allocated, and whether profit allocation is aligned with the provider’s social strategy. Minimum frequency: annually.

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | DI Focus**
Detail 2.A.3.2.1: SPI5 Full

The board’s priorities should be consistent with the provider’s social strategy. The board should adopt a balanced approach to financial and social performance management to make strategic decisions.



Disability Inclusion Focus:

DI Indicator: The data used by the board to monitor the providers' social strategy should include applicable disability-related data, for instance:

- Outcomes data for clients with disabilities.
- Social audit data related to measures to prevent discrimination or exclusion of persons with disabilities and ensure accessibility.

Disability Inclusion – Info Box 2.A.3.2

The data that the board uses to monitor social performance should include disability-related data relating to these data categories, for example

2.A.3.2.1 Outcomes data: The provider reports on disability inclusion within its published social performance reporting (as referenced in indicator 1.B.3.2).

2.A.3.2.2 Social audit: The provider's social audit should cover assessment of measures to prevent discrimination or exclusion of persons with disabilities and ensure accessibility, as well as practices related to any specific social goals the provider has identified related to disability inclusion (as referenced in indicator 1.B.3.1).

Scoring guidance

- For each detail, score 'yes', if the board:
 1. is provided with regular and timely (at least 1 week prior to board meetings), updated, complete, and well-analyzed data allowing for monitoring effectively the social strategy and
 2. is taking the necessary efforts in studying the report(s) and data received and building its opinion during an informed discussion to take informed decisions.
- For each detail, score 'partially', if one of the above two conditions are not fully met (like the data submitted to the board is not regular, timely, updated, complete, and well-analyzed or the board does not take proper effort in monitoring the social strategy) or both conditions are not fully met.
- For each detail, score 'no', if the above two conditions are met very poorly or if the board is passive despite receiving well-analyzed data regularly and in-time.

Detail 2.A.3.2.1

- To score 'yes' requires, in addition to the above two conditions, that the board receives client outcomes information which is analyzed based on in-depth quantitative and qualitative outcome data.
- Score 'partially' or 'no', if the board is provided with mainly or just client output data and limited or no in-depth quantitative and qualitative outcomes data.

Detail 2.A.3.2.3

- To score 'yes' requires, in addition to the above two conditions, that the board has included how profits can be used to benefit clients or their local communities as part of its discussion of its last annual profit allocation.
- Score 'partially' or 'no', if the board has not discussed how profits can be used to benefit clients or their local communities when it decided on its last annual profit allocation.

Sources of information

- Board minutes, incl. the SEPM reports submitted to the Board
- Interviews with board members
- Interviews with CEO/managing director and Internal Audit manager

Evidence to provide

At least once a year, the board minutes should reflect discussions on the topics listed in the details, based on updates from management and reports. Once every three years for an external social audit or a social rating.

Field examples / Guidance for implementation

Decisions on dividend distribution, donations to the community, plans to reduce interest rates, etc. are examples of how the board can use profits to reach its social strategy.

Resources for indicator 2.A.3.2

- [Khushhali Bank Reports Using a Social Dashboard](#)
- [Fundacion Génesis Empresarial Reports to Board on SPM Progress](#)
- [ASKI Uses a Social Dashboard for Board Reports](#)

2.A.3.3 The board uses the following data, provided by management, to monitor decent working conditions for employees (with the listed minimum frequency):

2.A.3.3.1 Employee turnover rate, by gender. Minimum frequency: annually.

2.A.3.3.2 Analysis of employee satisfaction surveys. Minimum frequency: every two years.

Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | DI Focus

Employee turnover rate is an indication of employees' (dis)satisfaction. It is a potential proxy for decent work conditions. The provider should monitor turnover and understand the reasons for employee exit by analyzing employee exit surveys/interview responses. Analyzing turnover by gender can help identify conditions in the workplace that discriminate against women or create a difficult or hostile environment for them.

Monitoring employee satisfaction can also help ensure the smooth functioning of a team and sends a message that the top management values employee feedback.

Disability Inclusion Focus:

DI Indicator: The board uses the following data, provided by management, to monitor decent working conditions for employees (with the listed minimum frequency):

- Employee turnover rate, by gender and disability status. Minimum frequency: annually.
- Analysis of employee satisfaction surveys, disaggregated by gender and disability status. Minimum frequency: every two years.

Scoring guidance

- For each detail, score 'yes', if the board is provided for decision-making with
 1. At least annual staff turnover data and analysis, consistent, broken down by at least gender, and
 2. With at least every 2 years statistically representative staff satisfaction reports/analysis broken down by at least gender.
- For each detail, score 'partially', if the above two conditions are not fully met.
- For each detail, score 'no', if the above two conditions are largely not met.

Detail 2.A.3.3.1

- Score 'partially' or 'no', if the employee turnover rate has not been discussed in the last 12 months or the results were not analyzed by gender or were not shared with employees.

Detail 2.A.3.3.1

- Score ‘partially’ or ‘no’, if an employee satisfaction survey has been done in the last 2 years or the results were not analyzed by gender or were not shared with employees.

Sources of information

- Board minutes, incl. the staff turnover/ staff satisfaction reports submitted to the Board
- Staff turnover analysis, staff exit survey reports
- HR policy
- Employee satisfaction survey and report
- Employees interviews
- HR manager interview

Evidence to provide

Specify the employee turnover rate, and how employee exit is monitored and analyzed. Specify when the last employee satisfaction survey was conducted, and what kind of analysis was done on results.

Field examples / Guidance for implementation

The provider should conduct satisfaction surveys regularly, at least every two years, on at least a representative sample of employees (i.e., the survey should cover all types of employees and broken down by gender). The results should be disaggregated by gender to understand any discrepancies in perception and satisfaction between men and women, but also potentially between managers and employees, newcomers and older staff, permanent and interim staff, staff from HQ and staff from branches, etc. Analysis by position, gender, branch, etc. may help understand reasons for drop-outs and specific actions to be taken (for remote branches and staff lacking information and motivation from HQ, or for women unable to manage their personal obligations with working hours, for example).

The results should be shared with the employees to ensure transparent communication and appropriation of the actions proposed and to give a weight to the level of satisfaction of staff.

When voluntary departures are due to better opportunities, the provider should define financial or non-financial incentives to maintain staff. Firing staff may indicate internal weaknesses or lack of respect and/or confidence between the provider and personnel. Departure upon the end of contract may indicate the provider does not offer employees stable contracts.

Standard 2B. Senior management is responsible for implementing the provider’s strategy for achieving its social goals.

Senior management should make all strategic and operational decisions with the goal of balancing the financial and social (and other) goals, like:

- Integrating social performance goals into strategic and operational planning; and
- Considering all decisions for their potential effects on clients and employees and monitoring these over time

This standard has 2 essential practices:

- Essential practice 2.B.1: The provider includes social goals in its operational plan and the CEO/Managing Director holds senior managers accountable for achieving social targets.

- Essential practice 2.B.2: Management makes strategic and operational decisions based on social and financial data.

2.B.1 The provider includes social goals in its operational plan and the CEO/Managing Director holds senior managers accountable for achieving social targets.

As described in standard 1A, the social strategy should include target clients, social goals and how to achieve them, social targets, and social indicators. Beyond this social strategy, all business plans, shareholder agreements, and new product proposals should be in line with the social goals. A practical way to achieve this alignment is to require a social performance review of all business plans/contracts/strategies/operational decisions before they are finalized. Senior management should discuss how any given plan or decision may:

- Affect clients;
- Affect employees;
- Impact the provider's ability to achieve its social targets, as well as its public reputation;
- Influence social performance related risks;
- Require the collection of additional social performance data; or
- Require adjustments to the stated social goals.

For example, if a provider were considering pursuing a more aggressive growth strategy, senior management and the board would need to consider not only the financial implications, but the effects on staff and clients. Will the strategy help achieve the provider's goal of increasing financial inclusion for unbanked people? (most likely). Will it place additional strain on busy staff? (yes, unless new staff are hired or other efficiencies introduced). Will clients experience aggressive sales due to new, higher case load targets for staff? (likely, unless mitigating measures are taken).

Compare performance to targets

A provider cannot truly know how it is performing against its social targets unless it measures and monitors its performance in a regular, objective, and deliberate way. Anecdotal evidence and impressions can be misleading and even grossly inaccurate. Therefore, managers should use social data to track progress on social targets on a regular basis. Such tracking will allow:

- Senior management to hold itself accountable to the social targets;
- Board members and/or investors to hold senior management accountable to the social targets, including holding the CEO/Director accountable to the social targets;
- Senior management to incentivize employees against social performance targets and reward those with good performance;
- Senior management and the board to investigate the reasons for poor results or unexpected results, and to respond, for example, by modifying products, services, and delivery channels;
- To demonstrate progress to external stakeholders, improving its credibility in the marketplace; and
- Employees to see how the provider is progressing (or not) toward its social targets, building awareness about what the provider wants to achieve.

Hold senior managers accountable for the institution's social goals

Senior managers should be particularly accountable to the social goals as they set the tone for other employees, and their level of commitment to the social goals will determine the provider's overall ability to achieve these goals.

The [Example of Social Targets for Senior Managers](#) table provides a list of senior management positions, along with examples of institutional goals for which they are responsible and example targets they should meet. Each senior manager should have such

a list of her/his responsibilities and social targets and regular performance reviews should examine her/his success in achieving the social targets.

2.B.1.1 The provider includes its social goals and targets in the business plan or operational plan.

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | DI Focus**

It is important to include the social goals and targets in the business or operational plan to ensure that they are integrated into strategic decisions, planning and operations.

 **Disability Inclusion Focus:**

DI Indicator: The provider embeds targets and actions to ensure inclusion of persons with disabilities within its business or operational plan, as a target segment and / or as sub-segments within target segments, aligned to its social goals and targets.

Scoring guidance

- Score ‘yes’, if all social goals and their corresponding targets are included in the business or annual operational plan. This requires that the scoring is ‘yes’ for 1.A.2.1 and 1.A.2.2, and at least ‘partially’ for the essential practices 1.A.1, 1B.1, and 1.B.2.
- Score ‘partially’, if only some social goals and their corresponding targets are included in the business or annual operational plan. This requires that the scoring is at least ‘partially’ for 1.A.2.1, 1.A.2.2, and the essential practices 1.A.1, 1B.1, and 1.B.2.
- Score ‘no’, if only one or none of the social goals and their corresponding targets are included in the business or annual operational plan. The score is also ‘no’, if the scoring is ‘no’ for 1.A.2.1, 1.A.2.2, and for the essential practices 1.A.1, 1B.1, and 1.B.2.

Sources of information

- Strategy/Business plan
- Annual Operational plans
- Interviews with CEO/managing director

Evidence to provide

Specify the sections of the business/operational plan that refer to the social goals and their targets. Give concrete examples.

2.B.2 Management makes strategic and operational decisions based on social and financial data.

Key field managers and staff should carry out a “social performance check” on all daily business decisions to complement the social performance review of the senior managers and the board with field-level experiences and realities. This “check” can be as simple as asking: “how does this decision affect clients?” before choosing a course of action. Discuss with managers how this check might play out in the normal course of daily business and how it might cause them to change current operations or planned activities.

Monitor Social Performance Risk

Risk management systems tend to focus on financial and operational risks (like fraud), but often ignore risks that are more closely related to serve clients effectively. Internal audit and risk management/internal control should integrate social performance criteria into their regular activities. In addition, external assessments of social performance risks are highly recommended, such as social ratings, external social audits, or client protection certification.

The table Monitor Social Performance Risk offers some ideas of common social performance risks.

Resources for 2.B.2

- [CRECER \(Bolivia\) addresses quality in response to lack of impact](#)
- [Microloan Foundation responds to missed outreach targets by addressing barriers](#)
- [KASHF Foundation Monitors Risk Using Client Interviews](#)
- [CASHPOR Identifies a Social and Financial Risk](#)
- [SPM Essentials Webinar #2: Practical ways to address gender-related risks at your organization](#)
- [Yannick Milev of Chamroeun interview](#)

2.B.2.1 Senior management analyzes the following data and assesses risks. Minimum frequency annually.

2.B.2.1.1 Analysis of client protection risks (over-indebtedness, unfair treatment, lack of transparency, privacy of client data, complaints, fraud, corruption and bribery)

2.B.2.1.2 Analysis of outcomes for clients and their households.

2.B.2.1.3 Analysis of decent work conditions (health and safety, compensation and benefits, working conditions)

 **Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | CP Commit | CP Full | DI Focus**
Detail 2.B.2.1.2: SPI5 Full

Social performance risks are an integral part of a complete risk management framework. Indeed, many social performance criteria can serve as warning signs of crisis, institutional and operational weaknesses. Risk assessment of client protection, client outcomes, and decent work conditions may be carried out internally by a dedicated manager or department (e.g. an annual client protection compliance audit), a specific committee or across different operational areas and/or externally by a client protection assessment, a social rating, or an external social audit.

**Disability Inclusion Focus:**

DI Indicator: Analysis of client protection risks and client outcomes should take into account specific vulnerabilities of clients with disabilities. Analysis of decent work conditions (health and safety, compensation and benefits, working conditions, accessibility and reasonable accommodations when required).

Disability Inclusion - Info Box. 2.B.2.1

Persons with disabilities experience social and economic exclusion as a result of inaccessible environments and information, and discrimination. Discrimination includes policies that treat persons with less favorably because of their disability (e.g. product eligibility criteria based on medical conditions or impairments); policies that apply to everyone but negatively impact persons with disabilities (e.g., mandating branch visits for certain transactions; recruitment and selection processes that are not accessible for candidates with disabilities); and denial of reasonable accommodation (e.g., not providing alternative information and communication formats).

Persons with disabilities may be at greater risk of negative effects from using financial products and services, for example, inaccessible information and communication barriers may hinder clients from making informed decisions about products and services, and persons with disabilities may be more vulnerable to fraud or financial abuse, particularly if they are dependent on others to use financial products.

Analysis of client protection risks should identify barriers to access for persons with disabilities, and take into account specific risks and vulnerabilities of clients with disabilities (see indicators related to Dimension 4).

Analysis of decent work conditions should include identification of accessibility barriers in the workplace and in recruitment and human resource management, including processes to provide reasonable accommodation to enable fair treatment and equal participation for employees with disabilities.

Scoring guidanceDetail 2.B.2.1.1:

- Score 'yes', if senior management analyses client protection risks systematically and regularly (client over-indebtedness at least every six months, other client protection risks at least annually) based on dedicated internal and/or external in-depth assessments of client protection risks.
- Score 'partially', if senior management analyses client protection risks, but either not systematically as it lacks in-depth assessment reports, or not regularly (client over-indebtedness just annually, other client protection risks not annually).
- Score 'no', if senior management does neither analyse client protection risks systematically nor regularly.

Detail 2.B.2.1.2

- Score 'yes', if senior management analyses negative and positive outcomes for clients and their households systematically and regularly (at least annually) based on dedicated internal and/or external in-depth client research.
- Score 'partially', if senior management analyses negative and positive outcomes for clients and their households, but either not systematically as it lacks in-depth client research, or not regularly (just once within two to three years).
- Score 'no', if senior management does neither analyse client outcomes systematically nor regularly.

Detail 2.B.2.1.3

- Score 'yes', if senior management analyses the decent work conditions systematically and regularly (at least annually) based on dedicated internal and/or external assessments, incl. a representative and updated employee satisfaction survey.
- Score 'partially', if senior management analyses the decent work conditions, but either not systematically as it lacks an in-depth assessment, or not regularly (just once within two to three years).
- Score 'no', if senior management does neither analyse the decent work conditions systematically nor regularly.

Sources of information

- Management reports, reports to board
- Interviews with CEO/managing director
- Interviews with SEPM champion / committee
- Interviews with internal audit and risk management/internal control

Evidence to provide

Specify how risks are assessed (frequency, by whom). Refer to management reports and/or give examples cited in interviews with senior management.

Field examples/ guidance for implementationFor 2.B.2.1.1

This includes:

- Rates of client product usage, by product. Minimum frequency: quarterly
- Interest rates and whether they are aligned with the provider's social goals. Minimum frequency: annually
- Mission drift and reputation risk – monitor number/levels of targeted clients (women, rural, youth, vulnerable households, etc.); market studies to assess provider's image in the market
- Incidents resulting in harm – monitor client complaints; analyze staff misconduct; abusive/aggressive collection practices
- Client exit or dissatisfaction – conduct satisfaction surveys, analyze reasons for client exit
- Incentives that can lead to negative behavior – review incentive schemes annually to check for unintentional, negative consequences (e.g., client recruitment incentives that lead employees to recruit clients who already have loans with multiple institutions)
- Lack of transparency – ensure audit interviews clients to assess their knowledge of terms and conditions

For 2.B.2.1.2

Analysis of outcomes integrates both positive and negative changes for clients and their households. Minimum frequency: annually

For 2.B.2.1.3

Analysis includes:

- Employee turnover rate, by gender and by position. Minimum frequency: every six months.
- Analysis of employee satisfaction surveys. Minimum frequency: every two years. Analysis of decent work conditions should include analysis of gender inequalities and discrimination.
- Gender inequalities/discrimination – analysis of gender breakdown of staff, remuneration discrepancies
- All analysis above must be disaggregated by gender, position and other relevant categories.

Resources for indicator 2.B.2.1

- [Monitor Social Performance Risk](#)
- [CRECER \(Bolivia\) addresses quality in response to lack of impact](#)
- [CASHPOR Identifies a Social and Financial Risk](#)

Dimension 3. Client-centered Products and Services

Client-centered design means thinking through how financial and non-financial services help target clients to better manage their budgets and grow their income-generating activities and businesses and, as a result, to improve their livelihoods and achieve their economic goals. Designing client centric products/services and distribution channels requires in-depth understanding about the financial needs and product use of different client groups vary and how client satisfaction and exit varies by client group and the reasons behind these. Products and services should be designed to reduce barriers to financial access as well as helping clients achieve financial goals like coping with risk and emergencies, investing in opportunities, smoothing income or creating a safety net.

This dimension has 2 standards:

- Standard 3.A The provider collects and analyzes data to understand clients' needs.
- Standard 3.B The provider's products, services, and channels benefit clients.

Resources for Dimension 3

- Using Client Feedback to Inform Product Design. This webinar focuses on dimension 3 of the Universal Standards, Client-centric Products and Services, and in particular on using client feedback to inform product design. Webinar Brief and Slide deck
- The [CGAP Customer Experience Toolkit](#) equips organizations to create empowering customer experiences and includes a Workbook as well.
- [The Business Case for Customer Centricity](#)

Standard 3A. The provider collects and analyzes data to understand clients' needs.

Understanding client needs is key to ensuring that products and services are actually beneficial to clients in progressing toward their business and family goals. The standards go a step beyond “do no harm” of client protection and also focus on understanding the needs and preferences of different types of clients by conducting client satisfaction surveys, examining reasons for client exits, using that information to adjust products and services or develop new ones.

This standard has 3 essential practices:

- Essential Practice 3.A.1: The provider conducts market research and pilot testing.
- Essential Practice 3.A.2: The provider uses data to identify patterns of financial behavior by client segment.
- Essential Practice 3.A.3: Collect client feedback on their experiences using products and services.

Resources for Standard 3A

- [Microfund for Women Uses Mixed Research Methods to Evaluate Microinsurance Product](#)
- [Friendship Bridge Segments Clients to Create Personas](#)
- [SPM Essentials Webinar #1: Use what you have. Discovering client insights in your existing data.](#)
- [SPM Essentials series #2 : Practical ways to address gender-related risks at your organization Webinar](#)
- [SPM Essentials Webinar #3 Using Client Feedback to Inform Product Design](#)

3.A.1 The provider conducts market research and pilot testing.

Conduct client-centric market research

In addition to data collected to understand whether the social goals are met, market research on the client groups or segments is required to gain a deeper understanding of their needs, preferences, goals and any obstacles and transaction costs to using financial products/services and their distribution channels.

Traditionally, market research starts with a provider's products and services (current or potential) and investigates whether clients like or dislike the different features of these. However, client-centric market research starts with the client, not the product. This means first understanding the lives of the target clients, and then designing or modifying products to satisfy their needs and priorities and help them achieve their goals. This type of market research requires to investigate multiple facets of target clients' lives to understand the holistic picture of the challenges and opportunities the target clients face throughout their lifecycle (beyond purely financial aspects).

For example, in order to understand the needs and preferences of clients living in rural areas, financial information such as agricultural business types, monthly profit generated from these businesses, variations in seasonal income flows, and client demand for various financial services is required. In addition, the following questions require answers to understand their “non-financial” priorities: What are their goals for their families? What are their most significant vulnerabilities? What is their social status and how does that affect their ability and willingness to engage with service providers? For users of digital payment services, understanding is important of their comfort level with a mobile interface, the types of transactions they prefer to do digitally as opposed to face-to-face, and which user errors might affect the safety of the mobile product.

The provider can use multiple sources for client data, including client and field staff interviews, focus groups, surveys, field observations of target client behavior, participatory rapid appraisal, and data mining of the management information system (MIS) which is discussed in greater depth as part of essential practice 3A.2. [The Market Research Techniques Table](#) provides a comparison of the uses of various types of market research techniques.

Market research should include non-client members of the target client segments, and it should seek to identify whether the design of the products/services and their distribution channels unintentionally prevents certain people from accessing them

Field examples and Resources

- [Market Research Techniques Table](#)

3.A.1.1 Before introducing new products, services, or delivery channels, the provider conducts market research that includes gathering the following data about its target clients:

3.A.1.1.1 Analysis of market share, market saturation, and potential market

3.A.1.1.2 Client profile data, including gender, age, location (urban/rural), and poverty/income level

3.A.1.1.3 Data on clients' needs, goals, and any obstacles to using financial services

Indicator in ALINUS | SPI5 Entry | SPI5 Full | DI Focus

Products and services are still often standardized, based on what the sector knows how to do rather than what clients need. Providing high-quality, well-adapted services requires first understanding the financial lives and behaviors of target clients through market research,

and then designing the product. Market research is the study of clients and non-clients to identify financial needs, preferences, behaviors and barriers to accessing services.

**Disability Inclusion Focus:**

DI Indicator: Before introducing new products, services, or delivery channels, the provider conducts market research that includes gathering the following data about its target clients:

- Analysis of market share, market saturation, and potential market
- Client profile data, including gender, age, disability status, location (urban/rural), and poverty/income level
- Data on clients' needs, goals, and any obstacles to using financial services
- Accessibility analysis of the new products, services, or delivery channels

In addition, the provider includes persons with different socioeconomic and demographic characteristics, including persons with different types of impairments (physical, mental, intellectual or sensory impairments), in the design and pilot testing of new products or significant product changes, and seeks feedback on both appropriateness and accessibility.

Disability Inclusion - Info Box 3.A.1.1

Inclusive design processes aim to ensure that products, services, and channels are both accessible and appropriate for all users, including persons with disabilities. Apply inclusive design approaches when developing new products, services, and delivery channels, and when making significant amendments or upgrades. Key inclusive design components are:

- using disability-disaggregated data to inform the design process;
- implementing inclusive research methodologies;
- enabling active participation of persons with disabilities in all stages;
- applying Universal Design principles to ensure usability by a diverse range of users.

Collaborate with organization of persons with disabilities (OPDs) at all stages when designing and conducting market research, pilot studies, and client feedback and outcome surveys, to ensure processes are accessible and inclusive, and enable the full participation of persons with disabilities. In sample populations for research include both women and men with disabilities, and persons with different types of impairments. In surveys, include questions for all respondents on the accessibility of products, services, and channels, and whether they can be accessed and used independently and safely.

Develop inclusive protocols for data collection from persons with disabilities and ensure staff conducting research are trained to follow these protocols, and in communication with persons with different types of impairments. (see indicator 1.B.1.1).

Collect data on disability status from market research participants to identify specific needs and barriers faced by clients with disabilities, and identify ways to serve them better. It is also important to disaggregate and analyze data by multiple factors, including gender, age and disability, to consider intersectionality. Analysis by type of functional impairments, where possible, provides greater granularity on specific needs or exclusions, particularly where the provider identifies persons with disability as a target client group (see indicator 1.B.1.3).

During the design, user testing and pilot testing phase, the provider should carry out consultations with organizations of persons with disabilities (OPDs) and include persons with different types of impairments, such as physical, sensory (visual and hearing), cognitive, and psychosocial impairments, to ensure diverse perspectives are reflected and to effectively assess both the appropriateness and accessibility of the products. Accessibility analysis of new or upgraded products, services, and delivery channels should be a requirement regardless of the results of the market research.

Universal Design is defined in the UN Convention on the Rights of Persons with Disabilities (UNCRPD) as: “the design of products, environments, programs, and services to be usable by all people, to the greatest extent possible, without the need for adaptation or specialized design, while recognizing that assistive devices may still be required for some individuals”. It defines seven principles, to maximize accessibility in use, which can be incorporated in design and testing protocols. The BFFI Disability Inclusion Guide for FSPs contains further information and resources on Universal Design.

See resources for this indicator for information about Universal Design principles, and guidance and examples of applying inclusive design processes.

Scoring guidanceDetail 3.A.1.1.1:

- Score 'yes', if the provider is analyzing thoroughly the potential market for new products/services by assessing the current market share and expected competition in all locations/regions where it intends to introduce the new products/services.
- Score 'partially', if the provider is analyzing only rudimentarily the potential market for new products/services by relying on its last annual operational planning exercise without additional primary and secondary data collection, incl. the analysis of competitors.
- Score 'no', if the provider is not carrying out potential market analysis for new products/services by just relying on informal discussions with branch managers and staff.

Detail 3.A.1.1.2:

- Score 'yes', if the provider is designing new products/services based on in-depth client segmentation research (covering clients and non-clients) which differentiates client profile data according gender, age groups, location (urban/rural), income(poverty) level, etc.
- Score 'partially', if the provider is designing new products/services based on limited and ad hoc client segmentation research (by excluding non-clients) by breaking down client profile data by gender or location only.
- Score 'no', if the provider does not base its design of new product products/services on client segmentation research.

Detail 3.A.1.1.3:

- Score 'yes', if the provider is designing new products/services based on in-depth research (covering clients and non-clients) on client needs and preferences for financial and non-financial products, client lifecycle goals, and obstacles in using financial services.
- Score 'partially', if the provider is designing new products/services based on limited client research (by excluding non-clients) like ad hoc client surveys and/or on client needs and preferences for financial services only.
- Score 'no', if the provider does not base its design of new product products/services on client research.

Sources of information

- Market and client research reports
- Product term sheets or product prototype descriptions
- Interviews with marketing/ product development
- Interviews with operations

Evidence to provide

- Specify the most recent market and client research done (and refer to related reports, if available) and provide a summary of its results.
- Market research should include an analysis of context to understand market saturation and potential market.
- Data on clients' needs/obstacles can refer to limits on digital capabilities for example

Field examples / Guidance for implementation

Analysis of the context may include:

- Market research to identify client demand (see below)
- Sector analyses done by the professional association/country network or other actors (consultancy companies, supervisory authorities, multilateral and bilateral development organizations)
- Analysis of the number of financial service providers in the areas where there are branches
- Use of the MIMOSA Index for saturation analyses by country
- Analyses on the capacity of the credit bureau

Regardless of the product or delivery channel, market research should examine:

- Analysis of market share, market situation, and potential market
- Characteristics of target clients or client segments (client profile data, including gender, age, location (urban/rural), poverty/income level, business type, formal literacy level);
- Behaviors of target clients or client segments that affect their economic situation (e.g., savings habits);
- The day-to-day and life-cycle financial needs of target clients or client segments (e.g., home improvements, school fees);
- The economic and social opportunities and constraints faced by the target clients;
- Barriers that target clients face to accessing the products/services (e.g., distance from branch offices, language barriers, lack of financial education, behavioral/psychological barriers such as only focusing on short-term needs);
- Risks and common emergencies that target clients or client segments face (e.g., lack of health insurance, vulnerability to natural disasters);
- The extent to which current products and services meet these above needs; and
- How products/services could better address the above opportunities and constraints.

Resources for indicator 3.A.1.1

- [Market Research Techniques](#)
- [Microfund For Women Uses Mixed Research Methods to Evaluate Microinsurance Product](#)
- [Friendship Bridge Segments Clients to Create Personas](#)
- **[DI Focus]:** [Centre for Excellence in Universal Design ‘The 7 Principles’](#)
- **[DI Focus]:** [Asian Development Bank \(ADB\), ‘Implementing Inclusive Design Principles in Banking Organizations’: Provides guidelines for FSPs on applying participatory design processes, with case studies and examples](#)
- **[DI Focus]:** [Australian Banking Association ‘Accessibility and Inclusion Principles for Banking Services’: Section 4 covers Inclusive Design](#)
- **[DI Focus]:** [Institute of Development Studies’ Guidelines on participatory research](#)

3.A.2 The provider uses data to identify patterns of financial behavior by client segment.

Analyze product usage

Product **uptake** refers to clients buying the provider’s products and services, signing up for a service (e.g., opting into SMS savings reminders), or entering into contract (e.g., opening a savings account). Product usage is different—it refers to actual transactions or interactions between the client and the products/services. The distinction is important, because many providers measure product success by uptake alone, measuring for example, the number of clients who purchase optional insurance or the number of savings accounts opened. Though uptake is an important measure of product suitability, product usage is a better indicator of how valuable products are to clients.

Monitor whether and how clients are using the products and services that they have purchased or signed up for—especially savings, insurance, and additional services designed to assist them in managing their finances. Transactional data on product usage can give important insights into financial behavior and uncover unmet needs or opportunities and barriers. Low usage should prompt to investigate the reasons that clients are not using the products over time. Transactional data should be analyzed by demographic and socioeconomic segment as it is unlikely that all client segments are using products in the same way.

Segment client data

Client segmentation can help divide a heterogeneous market into several smaller, more homogenous markets based on one or more meaningful characteristics. Providers should segment client data for all products, not just credit. Segmentation acknowledges that even among the “low income” population segment, peoples’ wants, needs, and behaviors are nuanced. The Segmentation Variables Table is a menu of possible segmentation variables to use with existing and potential clients.

Resources for 3.A.2

- [Segmentation Variables Table](#)
- [SPM Essentials Webinar #1: Use what you have. Discovering client insights in your existing data.](#)
- [SPM Essentials Webinar #2 : Practical ways to address gender-related risks at your organization Webinar](#)

3.A.2.1 The provider analyzes transactional data (PAR, average loan size, loan repayments, savings deposits and withdrawals) by demographic and socioeconomic segments of its clients.

 **Indicator in SPI5 Entry | SPI5 Full | DI Focus**

Segmenting and analyzing transactional data (uptake, amounts, repayment issues, etc.) by client characteristics give insight into the specific needs and behaviors of different client types and allows for more client-centric products or specific support.

**Disability Inclusion Focus:**

DI Indicator: The provider analyzes transactional data (PAR, average loan size, loan repayments, savings deposits and withdrawals by demographic and socioeconomic segments of its clients, including gender, age and disability status.

Scoring guidance

- Score ‘yes’ if the provider is analyzing several transactional data across all different products and by client segments with demographic and socioeconomic characteristics like gender, age groups, location, income/poverty level, formal literacy level, sector, etc.
- Score ‘partially’ if the provider is analyzing transactional data for one product type only or with only one basic client segmentation like gender or location.
- Score ‘no’ if the provider is not analyzing transactional data by client segments of different demographic or socioeconomic characteristics.

Sources of information

- Interviews with marketing/ product development
- Interviews with operations
- Any relevant analytical report used for product development
- Transaction reports: Reports broken down by client segments on PAR, average loan size, loan repayments, deposits and withdrawal, claims ratios, etc.

Evidence to provide

Specify the characteristics used to segment the transactional data (age, education, gender, employment status, etc.).

Field examples / Guidance for implementation

Transactional data is generated from the clients transacting like loans requested, approved, loan amounts, repayments, savings account openings, savings account withdrawals/deposits, savings balances, etc.

It is useful to integrate the data collected to prepare the transaction: all type of information from clients, captured in MIS, that allows for analysis of repayment and allows for the transaction to take place. Transactional data are collected on a regular basis, based on tracking of any transaction, and sometimes directly from clients. Data on capacity to repay for example, tend to be reliable because the provider uses them to analyze clients' repayment capacity. Data collected during a loan application process can also be quite detailed in terms of sources and amount of income for the client and its household.

Resources for indicator 3.A.2.1

- [Insights from Transactional Data](#)

3.A.2.2 The provider analyzes product use (types and frequency) by demographic and socioeconomic segments of its clients.

Indicator in SPI5 Entry | SPI5 Full | CP Full | DI Focus

Understanding which types of clients (men, women, urban, rural, by sector, by age groups, etc.) use different products provides insight into clients' needs and preferences. Beyond product access, it is important to understand how clients actually used it.



Disability Inclusion Focus:

DI Indicator: The provider analyzes product and service use (types and frequency) by persons with disabilities within its client base.

Scoring guidance

- Score 'yes' if the provider:
 1. analyses the usage of all its products and
 2. doing this by main client segmentation, like gender, location, age groups, formal literacy level, income/poverty level, and sector.
- Score 'partially' if the provider meets only partially the above two conditions, like analyzing usage of loan products only or by very rudimentary client segmentation.
- Score 'no' if the provider is analyzing the usage of loan products occasionally, but without any client segmentation.

Sources of information

- Interviews with marketing/ product development
- Interviews with operations
- Any relevant analytical report used for product development or in marketing

Evidence to provide

Refer to reports that analyze product usage by client characteristic and how these reports have been used to understand clients' needs and preferences as well as actual use of products.

Field examples / Guidance for implementation

Example:

- Providers are often communicating on the percentage of women clients, but direct interviews with these women borrowers, for example, may show that the loans are actually used by their husband, father, brother, or any other member of the family.

In this case, access and usage differ and the needs of the women clients may not be served.

- Segmenting savings data (e.g., deposit amount and frequency) by several relevant client characteristics (e.g., age groups, employment status, and gender) could provide valuable information on how savings habits vary among client segments. Combined with interviews with each of those segments, findings maybe that young people prefer to save for specific goals (e.g., education, car purchase) and would respond well to goal-oriented savings products, salaried employees want an easier way to deposit their paychecks, men benefit from savings reminder SMS messages, and women business owners need to be able to check their account balances from their mobile phones.

3.A.3 Collect client feedback on their experiences using products and services.

The provider collects client feedback on their experiences using the products and services and delivery channels. The purpose of collecting feedback is to investigate whether clients use and value the financial products and services as expected and whether they face challenges accessing or using them.

Understanding client satisfaction

Collecting client satisfaction data is one specific type of market research. Providers should use one or more methods for collecting satisfaction data, such as a formal client satisfaction survey, client focus group discussions, or meetings between clients and employees to discuss client satisfaction (with the results shared with managers). It can be collected on an ongoing basis or at least every other year. Selecting a representative client sample is important to reduce bias. Client satisfaction is different from client complaints. Both types of data are important. They can be complementary—for example, if mining complaint data to better understand an area of low client satisfaction.

Client satisfaction data investigate the provider’s ability to meet client needs, such as: reducing risks and coping with common emergencies, investing in economic opportunities, and addressing anticipated household needs. Client feedback should address the following:

- Who is the actual user of the product, and what is the end use of services (e.g., business working capital, consumption smoothing, lump sums for asset building and life events);
- Overall satisfaction with the client experience and value of the products;
- Satisfaction with the convenience, safety, and reliability of distribution channels to access the services;
- Satisfaction with the timeliness, ease of procedures, conditions, and guarantees to obtain the services;

Client satisfaction surveys also allow to determine whether products are used as expected. If there is a gap between how products are designed to be used, and how they are actually used, then there is at risk of client exit, repayment problems, and/or not meeting the social goals.

Track client retention/exit

Client dormancy, cancellation, and exit are also good indicators of product appropriateness. Track client retention on a regular basis (at least annually) and by different segments (at least: client characteristics, products, branches/areas). Choose a retention formula, and use it consistently over time. Information to calculate client retention rates are usually available in the MIS if the MIS has a unique client identification system that allows to distinguish between exit clients and clients who are simply resting between loans (and who eventually re-join), as well as clients who have graduated to other institutions that offer larger loans. These important distinctions can affect retention rates significantly.

It is important to calculate client retention rates regularly with reporting to the board and senior management. A high exit rate across branches and certain client segments can be evidence of a product design failure. Segmenting the data by branch, and even by loan officer, helps management focus their attention more precisely on problem areas. In addition to monitoring the rate for potential client and portfolio problems, the board and senior management should determine a level of client retention that they consider “unacceptable”: a level that prompts further action (e.g., interviews with clients to inquire about the problem; placing particular branches/managers on probation; offering emergency loans after a natural disaster).

Understanding client exit and dormancy

Client survey questions should provide management with information to understand the reasons behind client exit and take corrective action. Sample client exit survey questions and examples of how exit data can be used to make operational and product adjustments are available. Some providers choose to conduct exit surveys on a regular basis. Others have found that exit survey responses tend to be similar over time, so they conduct exit surveys on an annual basis and when they wish to investigate specific problem areas (e.g., low client attendance at group meetings). Finally, look for ways to augment survey data with other client information including portfolio and demographic information from your institution’s MIS and additional market research gathered from focus groups, client interviews, and other methods. Exit data alone may not be sufficient to make conclusive decisions, but combining exit survey findings with other information provides a more complete picture of the client experience.

Field examples and guidance

- [Example Exit Survey Questions](#)
- [Using Exit Data to Inform Product Design and Improve Operations](#)
- [Ujjivan Collects Satisfaction Data Face-To-Face](#)
- [Deconstructing Drop-Out Uncovering the reasons behind attrition among village-banking microfinance clients](#)
- [Al Majmoua Customer Satisfaction Survey](#)
- [Al Majmoua Exit Survey](#)

3.A.3.1 The provider conducts client satisfaction surveys. Minimum frequency: every other year.

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | CP Commit | CP Full – Progress CP | DI Focus**

Regular client feedback is essential for making sure products meet client needs. Complaints reports are not sufficient. Satisfaction surveys or other systematic ways of collecting feedback provide insight into how products are actually used, perceived and appreciated by clients. These insights serve to design appropriate products. Examples of other systematic means of gathering feedback include client focus group discussions, or meetings between clients and employees to discuss client satisfaction.

If the survey focuses on specific products, the sample may be focused only on the users of these products. For general satisfaction surveys, a representative sample should be used.



Disability Inclusion Focus:

DI Indicator: The provider conducts client satisfaction surveys with clients with disabilities using accessible channels. Minimum frequency: every other year.

Disability Inclusion - Info Box. 3.A.3.1

The provider's client satisfaction surveys should include clients with disabilities within the sample population. Ensure data collection methods are accessible for clients with disabilities, and that staff carrying out surveys receive training on communication with persons with different types of impairments. with disabilities.

In the survey, collect data on disability status from clients on a voluntary and confidential basis. Carry out disability-disaggregated data analysis of responses to identify specific insights on how clients with disabilities use and perceive products and services, as well as barriers or unmet needs, to identify ways to better serve their needs. Carry out disaggregated data analysis by gender, age and disability to identify intersectional factors. Analyze data by types of functional impairments, where possible, to identify factors that impact particular groups (see indicator 1.B.1.3).

Surveys should include questions for all respondents on accessibility of products, services and delivery channels, and the extent to which clients can use products and services independently and safely.

Scoring guidance

- Score 'yes' if the provider:
 1. has conducted a general client satisfaction survey in the past 24 months
 2. based on a representative sample of clients.
- Score 'partially' if one of the above two conditions are not met. For instance, the provider has conducted a client satisfaction survey in the past 24 months, but it was not based on a representative client sample.
- Score 'no' if both above conditions are not met.

Sources of information

- Client satisfaction survey methodology, questionnaires, and reports on the findings
- Interviews with marketing/ product development
- Interviews with operations
- Interviews with clients and field staff

Evidence to provide

Specify the date of the most recent client satisfaction survey. If relevant, describe other forms of client feedback and its regularity. Specify the sample size of the most recent satisfaction survey. Provide a summary of the results.

Field examples / Guidance for implementation

In case of high risk areas (risks of over-indebtedness, higher levels of client complaints, etc.), client surveys may need to be conducted annually.

Resources for indicator 3.A.3.1

- [Ujivan Collects Client Satisfaction Data Face-to-Face](#)
- [Definition of a representative sample](#)
- [Selecting a Sample Size](#)
- [CGAP's Customer Experience Workbook](#) offers a sample customer satisfaction survey that guides the FSP through important factors to consider when conducting client satisfaction surveys, and it provides example questions about customers' experiences at service locations.
- Al Majmoua uses [client satisfaction](#) and [client exit](#) surveys to understand the client experience and make adjustments to products and services. This case study examines the technical aspects of the surveys, including sampling, training staff on survey use, and creating the questionnaires.

- ASKI Philippines gathers client feedback on product features, non-financial services that complement microfinance, customer service, and how ASKI compares with key competitors.
- [Encuesta de satisfacción de la socias de Pro Mujer Argentina](#)
- [Encuesta de satisfacción de clientes : Movimiento Manuela Ramos CrediMujer](#)

3.A.3.2 *The provider conducts interviews with dormant and/or exiting clients to look for evidence of product design failures.*

 **Indicator in ALINUS | SPI Entry | SPI5 Full | CP Full | DI Focus**

Client drop-outs/dormancy represent lost investment for a provider and thus come at a cost. A high incidence of exits or inactive clients can indicate dissatisfaction, although it is natural for a certain percentage of clients to leave a provider when they no longer need services, when they move, or obtain access to a formal institution offering different services. Providers need to have an approximate idea of how many clients are leaving (or inactive) and why: are they dissatisfied or has financial access worsened their socio-economic situation? Or is it simply that they do not have an immediate financial service need, but may eventually come back?



Disability Inclusion Focus:

DI Indicator: The provider conducts interviews with dormant and/or exiting clients with disabilities to look for evidence of product design failures. Interview location, format and content should be accessible for persons with disabilities.

[See indicator 3.A.3.1 for more information]

Scoring guidance

- Score ‘yes’ if:
 1. the provider is conducting client drop-out or exit surveys and calculating client retention rates regularly as an established practice to identify product design failures and
 2. has used the results for corrective action to improve its current products/services and their distribution channels and to design new products/services more client-centric.
- Score ‘partially’ if the provider is conducting client drop-out or exit surveys and calculating client retention rates regularly to identify product design failures, but has not used the results to improve its products/services and their distribution channels.
- Score ‘no’ if the provider is not conducting client drop-out or exit surveys to identify product design failures.

Sources of information

- Client drop-out survey methodology, questionnaires, and reports on the findings
- Client complaint reports
- Client satisfaction and / or exit survey methodology, questionnaires, and reports on the findings
- Interviews with marketing/ product development
- Interviews with operations
- Reports on interviews with exiting or dormant clients

Evidence to provide

- Reports on client exit interviews: Specify how dormancy/drop-outs data is collected, and with what frequency it is analyzed.

- Provide an example of how this information has been used to inform product design, operations and/or customer service.

Resources for indicator 3.A.3.2

- The Smart Campaign tool [Collecting and Using Client Exit Data](#) provides detailed guidance on creating and using an exit survey instrument.
- The SPTF's [Learning from Exit Clients discusses how to collect and use exiting client data.](#)

3.A.3.3 *The provider investigates whether stresses at the household level make it more difficult for clients to use its products and services.*

 **Indicator in SPI5 Full | DI Focus**

Sometimes, there are factors at the household level that limit clients' or potential clients' ability to use products and services. This is particularly true of women who may face opposition from their spouse to set up their own bank account or borrow. Women may also face time constraints from balancing their caregiving and income earning roles that limit their participation in certain products.

Financial stress can also place constraints on women's time and mobility. The COVID-19 pandemic placed stress on households in several ways from closing off sources of income to limiting mobility to health crises. Providers should investigate these possible constraints and stresses in their client surveys and include this lens in their analysis.

 **Disability Inclusion Focus:**

DI Indicator: The provider investigates whether particular stresses for households which include members with disabilities make it more difficult for persons with disabilities and / or their families / support persons to use its products and services.

Disability Inclusion - Info Box:3.A.3.3

Households which include members with disabilities often face greater financial stress as a result of both lower and irregular income, and higher living costs.

Persons with disabilities face systemic exclusion from education and employment, and are more likely to turn to informal or self-employment for livelihood opportunities, often resulting in lower and less stable income. Women with disabilities in particular are often expected to perform unpaid care and domestic work in the home, reducing opportunities for economic participation. Similarly, economic opportunities for caregivers of persons with disabilities are restricted due to unpaid care work, with social norms dictating that mothers or other female household members are the primary caregivers

Furthermore, many persons with disabilities incur additional expenses related to assistive devices, healthcare, medication, personal assistance, transportation, and accessible housing or technology. These costs are rarely fully covered by social protection schemes, even where these exist.

Scoring guidance

- Score 'yes' if the provider:
 1. includes questions in client interviews and surveys about factors in the household context that may affect product usage and

2. use this information to review its products/services and their distribution channels.
- Score 'partially' if the provider includes questions in client interviews and surveys about factors in the household context that may affect product usage, but does not use this information to review its products/services and their distribution channels .
 - Score 'no' if the provider includes questions in client interviews and surveys about factors in the household context that may affect product usage.

Sources of information

- Interview with marketing / product development
- Interview with operations
- Interview with field staff
- Client interviews and survey methodology, questionnaires and reports on the findings

Evidence to provide

Specify the type of study conducted, the main findings regarding customer stress, and the measures envisaged.

Resources for indicator 3.A.3.3

- [COVID-19 Client Interview Tool Data Insights and Recommendations for Funders, FSPs, and Regulators](#)
- [Caso de toma de decisiones impulsada por los datos del COVID-19 en Perú COOPAC MF Prisma](#)
- [RICHES Toolkit, Phase 1: Social Performance Management Guide](#)
- [RICHES Toolkit, Phase 1: Risk Assessments - Evaluating Your Organization's Risks of Harmful Work for Children and Adults](#)
- [SPM Essentials Webinar #8: Barriers, Bias and Banking Webinar](#)

Standard 3B. The provider's products, services, and channels benefit clients.

Collecting client feedback and data on client outcomes should serve the purpose of offering suitable and client-centric products and services through appropriate channels that create client benefits. Standard 3B focuses on using client data (market research, client transactional and usage data, client satisfaction, complaints and exit surveys, and outcomes) to make decisions regarding the design and improvement of products and services to benefit clients.

This standard has 5 essential practices:

- Essential Practice 3.B.1: The provider uses insights from client data to design products, services, and delivery channels.
- Essential Practice 3.B.2 The provider removes barriers that prevent access to financial products and services.
- Essential Practice 3.B.3: The provider's products, services, and channels protect clients from harm.
- Essential Practice 3.B.4: The provider's products and services help clients reduce their vulnerability to shock and smooth consumption.
- Essential Practice 3.B.5: The provider's products and services help clients achieve their goals.

Resources for Standard 3B

- [SPM Essentials#3: Using Client Feedback to Inform Product Design](#)
- [Understanding and Measuring Women's Economic Empowerment](#)

3.B.1 The provider uses insights from client data to design products, services, and delivery channels.

As discussed in the guidance for Standard 3A, providers should base product/service/distribution channel decisions on market and client research. The example below demonstrates a distribution channel decision that was based on data collected through client surveys and MIS analysis.

Delivery Channel Choice based on Client Needs: An Example

Segmented client data show:

- Clients living in the east? live within 2 km of their local branch office, and clients in the west? live within 10 km.
- Clients in the west spend three times more on transportation to branches than clients in the east.
- Over 85% of clients living in both the east and west own mobile phones.
- Clients in both regions prefer the convenience of mobile banking.

Distribution channel decision based on client needs:

The provider decides to pilot mobile banking, as a majority of its clients has expressed demand for it. It begins with five branches located in the west, as these clients live further from their local branch offices and spend more money on transportation to the branches. Koperasi Mitra Dhuafa (KOMIDA) in Indonesia offers us another example of how an organization can turn client survey data into actionable insights that inform product innovation. Many other factors are key, like technological opportunities and business models (incl. potential partnerships with Mobile Network Operators - MNOs), relative size of investment for the FSP, regulation, level of digital literacy of clients, etc.

To complement or deepen their understanding of client needs and behaviors, some providers use the Human Centered Design (HCD) process to turn client insights into suitable and beneficial products, services and distribution channels. In addition to offering a suite of products and services designed to fit clients' financial lives, it is essential that the employees understand product suitability by being trained in how to match clients with the right products/services. A provider can have perfectly designed products, but in order for clients to benefit from them, staff must be able to assist clients in choosing the appropriate products and options.

Field Examples/Implementation Guidance:

- [Komida Uses Data-Driven Product Design](#)
- [Human-Centered Design](#)
- [Human Centered Design Toolkit - Product design & development methodology to reflect on new products](#)
- [Design Toolkit--Design for Mobile Money Smartphone App for Financial Inclusion in Pakistan](#)
- [Estudio de Caso Mujeres Unidas Adaptación de productos y servicios por zonas](#)

3.B.1.1 The provider designs new products, services (financial and non-financial), and delivery channels using insights from market and pilot studies, client feedback, and client outcomes data.

Indicator in SPI5 Entry | SPI5 Full | CP Full – Advanced CP | DI Focus

Clients are the best source of information - gathered through market research, satisfaction surveys, client focus group discussions, complaints and any other client feedback system - to design client-centric products/services and their distribution channels.

**Disability Inclusion Focus:**

DI Indicator: The provider designs new products, services (financial and non-financial), and delivery channels using insights from market and pilot studies, including disability-inclusive research, client feedback mechanisms, and client outcomes data, including for clients with disabilities. The provider also dedicates resources (funds and employee time) to ensure accessibility and continuous improvement of these products, services, and delivery channels.

Disability Inclusion - Info Box. 3.B.1.1

The provider should collaborate with organizations of persons with disabilities (OPDs) to ensure market and pilot studies, client feedback and outcome collection are accessible and include persons with disabilities (as noted in indicator 3.A.1.1).

Integrate accessibility into the product design from the outset, as it is significantly more cost-effective to do so from the beginning, and include accessibility testing in the design of all new products, services and channels, and upgrades to existing products, services and channels (see indicator 3.A.1.1)

Carry out accessibility audits or assessments of existing channels, both physical (branches and ATMs), and digital (websites, online and mobile banking apps, social media), to identify barriers to access for persons with disabilities, and develop a plan to fix issues (see indicator 3.B.2.2). Seek feedback on accessibility from organizations of persons with disabilities (OPDs) and clients with disabilities to make ongoing improvements to accessibility.

For more information about physical and digital accessibility and accessibility audits, see the BFFI Disability Inclusion Guide for FSPs.

Scoring guidance

- Score 'yes' if the provider designs new products, services and distribution channels based systematically on representative client feedback gathered through different client feedback systems, like market and pilot studies, client satisfaction, client outcomes, complaints, etc.
- Score 'partially' if the provider designs new products, services and distribution channels which is not based systematically on representative client feedback. It may use pre-product-launch information (market research, pilot studies) or post-product-launch (client satisfaction surveys, outcomes data) or informal client feedback only.
- Score 'no' if the provider designs new products, services and their distribution channels without guidance from representative client feedback.

Sources of information

- Product term sheets
- Interviews with marketing/ product development
- Interviews with operations
- Interview with customer service
- Product development policy/manual (if the organization has one)
- Product suitability policy (if the organization has one)

Evidence to provide

- Show how the management uses results of client feedback to improve products/services and their distribution channels.
- Show how measures are discussed, implemented, and monitored, and records of these actions exist. The provider should evaluate the clients' ability to interact effectively with the technologies it uses to provide services and information.

- Provide one or more specific examples of how client and market data has been used to inform product or service design.

Resources for indicator 3.B.1.1

- [Komida Uses Data-Driven Product Design](#)

3.B.1.2 The provider modifies its existing products and services in response to clients' needs, feedback, and outcomes.

 **Indicator in SPI5 Entry | SPI5 Full | CP Full | DI Focus**

As for new product design, clients are your best source of information to understand any failures or unsuitable features in your product.

**Disability Inclusion Focus:**

DI Indicator: The provider modifies its existing products and services in response to the needs, feedback, and outcomes of persons with different types of impairments, where required. (e.g., specific requirements of persons with disabilities for emergency loans, insurances; financing assistive device etc.) The provider also dedicates resources (funds and employee time) to ongoing improvements in accessibility of products, services, and delivery channels.

Disability Inclusion - Info Box. 3.B.1.2

Seek feedback on accessibility from organizations of persons with disabilities (OPDs) and clients with disabilities to make ongoing improvements to products, services and channels.

Carry out accessibility audits or assessments of existing channels, both physical (branches and ATMs), and digital (websites, online and mobile banking apps, social media), to identify barriers to access for persons with disabilities, and develop a plan to fix issues. For more information and resources on physical and digital accessibility and accessibility audits, see indicator 3.B.2.2, and the BFFI Disability Inclusion Guide for FSPs.

Scoring guidance

- Score 'yes' if the provider:
 1. is modifying existing products/services and their distribution channels based systematically on representative client feedback gathered through different client feedback systems, like market and pilot studies, client satisfaction, client outcomes, complaints, etc. and
 2. at least one concrete and documented example exists.
- Score 'partially' if the provider is modifying existing products, services and their distribution channels which is not based systematically on representative client feedback. It may use not-representative and informal client feedback only.
- Score 'no' if the provider is modifying existing products, services and their distribution channels without guidance from representative client feedback.

Sources of information

- Product fact sheets
- Interviews with marketing/ product development
- Interviews with operations

- Interview with customer service

Evidence to provide

- Provide one or more specific examples of how client feedback has been used to modify a product or a service or its corresponding distribution channel.

Resources for indicator 3.B.1.2

- [VisionFund Uganda Reduces the Barriers to Financial Inclusion Through Product Term Changes](#)
- [Association Base Fandima Develops a Flexible Group Lending Methodology](#)

3.B.2 The provider removes barriers that prevent access to financial products and services.

Product Suitability and Features

Product suitability is one of the most important ways to protect clients' interests and assist them to make economic progress. Unsuitable products and delivery channels create barriers that prevent access.

Barriers to access are factors that prevent target clients from using products and services. In addition to understanding how current clients and former clients use products and services, the provider should identify why non-clients from your target group do not use products and services.

Examples of such barriers include product features that do not match client income flows, distribution channels that are not convenient or affordable for clients, product terms that are too complicated for target clients to understand, and collateral or fee requirements that are set too high. Barriers can also include clients' own behaviors, such as an over-focus on short-term needs, leading to reluctance to save or purchase insurance.

In addition to the products features, products/services should consider the financial capability of target clients, as this has significant implications for product design. Financial capability refers to a client's capacity to act in his/her own financial best interest and to select and access financial services that suit his/her needs. Financial capability is based on a client's literacy, attitudes, skills and consumer behavior. It is important to understand the target clients' financial capability and how it affects their use of financial services.

The following are examples of how a client's financial capability influences product uptake and access:

- For group-based financial products, poorer people are often excluded by group members who believe them to be less reliable and trustworthy, or poorer people may self-exclude based on negative self-perception.
- Many clients do not want to use distribution channels that allow family members to see or access their savings.
- Some clients are more likely to save if they have set a savings goal, even if it is non-binding.
- A client might refuse insurance because a premium expenditure is a certain and near-term expense, while the claim benefit is uncertain and distant.

Field Examples/Implementation Guidance

- [VisionFund Uganda Reduces the Barriers to Financial Inclusion Through Product Term Changes](#)
- [Association Base Fandima Develops a Flexible Group Lending Methodology](#)
- [Génesis Locates Point of Sale Devices in Client Businesses](#)

3.B.2.2 *The provider offers delivery channels that reduce barriers to access for clients.*

3.B.2.2.1 *The provider offers clients multiple delivery channels.*

3.B.2.2.2 *The provider uses technologies that are appropriate to the digital literacy of the target segments.*

Indicator in SPI5 Entry | SPI5 Full | DI Focus

Barriers to access can be cultural, religious, and/or socio-economic, such as: language, distance from the provider's service points, client transaction costs to visit the provider's next service point, movement radius of women due to religious, caretaking, and security reasons, gender composition of the provider's field staff, literacy requirements, technology skills or device requirements, etc. Proposing multiple distribution channels and ensuring adaptation to limited digital literacy can help in reaching excluded populations.

Important is to minimize client transaction costs in applying for, and using products and services in terms of transportation costs to and from the next service point, the number of visits required, the convenience of the timing and average time spent for these visits, and the total time spent to apply for a given product/service and to transact. This is best fulfilled, if the next service point is within 2 km of the clients' residence with minimum visits required as most transactions and information exchanges are digitalized.

Disability Inclusion Focus:

DI Indicator: The provider offers delivery channels (physical and digital) that are accessible for persons with different types of impairments (physical, mental, intellectual or sensory impairments).

Disability Inclusion - Info Box: 3.B.2.2

Persons with disabilities encounter multiple barriers to accessing financial services, including inaccessible physical and digital delivery channels; lack of affordable, accessible transport to reach delivery channels; lack of information in accessible formats; products and services not appropriate to their needs; inflexible or discriminatory policies; and FSP staff who are not trained to serve clients with disabilities. These are reinforced by attitudinal barriers arising from negative stereotypes of persons with disabilities as less reliable clients.

Examples of actions to reduce access barriers include:

- Providing multiple, accessible delivery channels, including channels that bring delivery of products and services close to persons with disabilities' communities and homes (e.g. accessible digital channels, agent networks, door-step banking);
- Conducting accessibility audits of physical and digital channels together with persons with diverse disabilities, to identify barriers and propose solutions;
- Partnering with organizations of persons with disabilities (OPDs) to enable participation of persons with disabilities, including women with disabilities, in the design of delivery channels, to validate relevance of location and opening times to user habits.
- Providing training to client-facing staff to address negative attitudes and support them to serve clients with disabilities.

Physical accessibility: means identifying and addressing barriers in physical channels (e.g., branches and ATMs) so that persons with disabilities can easily approach, enter, and move around the facility, and use functions within it to achieve their intended purpose. Improving physical accessibility benefits persons with impaired mobility, wheelchair users, and persons with sensory impairments, as well as other clients such as older persons, pregnant women and parents with strollers. Examples include:

- Entry ramps, and handrails on stairs
- Dedicated parking for persons with disabilities
- Accessible toilets
- Tactile strips on walkways to guide persons with visual impairment
- Removing obstacles and hazards from walkways and corridors

Digital accessibility: providing digital financial services is often the most effective way to overcome barriers of distance and inaccessibility related to physical delivery channels. However digital channels can create access barriers, in particular for persons with sensory or intellectual impairments, if they do not meet accessibility guidelines.

Improving accessibility of digital interfaces also benefits users such as older persons, and persons with low levels of literacy or digital skills.

The **Web Content Accessibility Guidelines (WCAG)** provide an internationally recognized standard for digital accessibility. It provides 13 guidelines organized around four key principles for accessible digital content:

- Perceivable - Information can be perceived by different users and presented in different ways; e.g., text alternatives for images, captions for audio, etc.
- Operable - Functionality works for all users and modes of interaction; e.g., keyboard-only navigation, speech input, etc.
- Understandable - Information and functionality can be understood by all users; e.g. consistent navigation and labelling of controls, simple language, etc.
- Robust - Content works across different platforms and assistive devices e.g., compatibility with screen readers used by persons with visual impairments.

The BFFI Disability Inclusion Guide for FSPs contains further information about the multiple barriers faced by persons with disabilities to access financial services, guidance and resources to support FSPs to improve accessibility of their physical and digital delivery channels, and more information about the WCAG.

See also the resources listed for this indicator.

Scoring guidance

Detail 3.B.2.2.1:

- Score 'yes' if the provider is offering several distribution channels for all main products that are adapted to the different client segments by requiring low client transaction costs.
- Score 'partially' if the provider is offering only few distribution channels that are not well adapted to the different client segments with little consideration given to client transaction costs. For instance, digital loan repayments are offered via one partner bank, but most clients do not have an account with this partner bank and branches of this bank are far from the clients.
- Score 'no' if the provider is not offering borrowers to repay their loans and/or make deposits via at least one digital channel and/or does not have service points within 2 km of the clients' residences.

Detail 3.B.2.2.2:

- Score 'yes' if the provider is regularly monitoring and ensuring that all its target clients (incl. clients with low literacy levels and of higher age brackets) are using effectively its digital distribution channels by offering them hands-on staff counseling and digital literacy trainings, as required.
- Score 'partially' if the provider is monitoring only occasionally whether all its target clients are using effectively its digital distribution channels and/or does not provide effective client training in digital literacy.
- Score 'no' if the provider does not monitor whether all its target clients are using effectively its digital distribution channels and/or does not offer any client training in digital literacy.

Sources of information

- Observations in at least two branches, incl. a rural branch or service point
- Interview with operations
- Interview with customer service / marketing
- Client interviews

Evidence to provide

Describe the distribution channels and how they are adapted to the target clients. Calculation of the client transaction costs for applying and transacting for the main products/services.

Field examples / Guidance for implementation

Distribution channels should be affordable, convenient, and reliable for all target client segments (e.g., mobile banking, smart cards/prepaid cards, points of sale, ATMs, or agents for remote areas if necessary). They should be adapted to overcome cultural, religious, and/or socio-economic barriers such as language, literacy levels, gender roles, etc. Fundación Genesis Empresarial provides [an example of delivery channel innovation and adaptation to reduce barriers for its clients](#).

Resources for indicator 3.B.2.2

- **[DI Focus]:** [Sightsavers' research in Kenya identifies barriers to accessing financial services experienced by persons with disabilities in Kenya, and recommended strategies for FSPs to mitigate these](#)
- **[DI Focus]:** [World Blind Union and CBM, 'Accessibility GO! A Guide to Action, Delivering on 7 accessibility commitments': Practical guidance for a whole-of-organisation approach towards accessibility and inclusion](#)
- **[DI Focus]:** [Asian Development Bank \(ADB\) Physical Accessibility Audit Toolkit for Existing Bank Branches and Offices](#)
- **[DI Focus]:** [Light for the World \(LFTW\) 'Resource book on disability inclusion': includes an example of a non-technical physical accessibility assessment form, and guidance \(pages 47-50\)](#)
- **[DI Focus]:** [The Web Content Accessibility Guidelines \(WCAG\), developed by the World Wide Web Consortium \(W3C\): the WC3 website providing comprehensive information, guidance, resources and training materials on the WCAG](#)
- **[DI Focus]:** [W3C: Easy checks for web accessibility which can be carried out by non-technical users](#)
- **[DI Focus]:** [W3C: Tips for designing, writing, and developing accessible web content](#)

3.B.3 The provider's products, services, and channels protect clients from harm.

Providers should take care to ensure that their products, services and distribution channels protect clients from harm. Some of the key areas to review to ensure they are aligned with best practices for client protection include:

- Repayment schedules
- Collateral and guarantor requirements
- Currency risk
- Social risks
- Voluntary insurance
- Monitoring of agent networks and digital channels

Repayment schedules

Repayment schedules should match the cash flows of target clients and their type of business. If repayment schedules are not aligned with the clients' business cash flow and returns, the clients may be unable to pay on time, and suffer harm as a result of penalties, negative credit bureau reporting, and they may even fall into over-indebtedness. This does not only concern agricultural loans. Flexible repayment schedules are required for all clients to account for any kind of seasonality of income that may happen in any business or household.

Guarantee/collateral requirements:

A policy based on local norms should describe acceptable and unacceptable pledges of collateral and provide clear guidelines for how collateral is registered and valued. Such policy should not accept collateral items that would create severe hardship or affect the client's earning ability or deprive the clients from essential needs. The collateral value should be based on a verifiable market price/resale value, verified by a manager or credit committee. The collateral value should not be excessive as regards to the loan amount. If clients have no asset to offer as collateral, alternative ways to guarantee their loans are required like guarantor, pledge on vehicle, etc.

Currency Risk

Managing foreign exchange (“FX”) rate risk is a complex task, but it is important to protect clients from FX risk to the extent possible. Currency mismatch occurs when the provider holds loan assets denominated in the local currency, but has hard currency debt financing on its balance sheet. In this scenario, providers may pass on currency risk by lending in hard currency to their customers or by indexing their lending interest rates to a given foreign exchange rate. However, because borrowers face higher than expected repayment amounts if the local currency is devalued and could suffer harm, providers should consider carefully other options to mitigate this risk before passing it on to clients.

The most direct way to protect clients from FX risk is to lend to them in local currency to the greatest extent possible. Protecting the provider against FX risk is also essential to safeguarding clients. If the provider borrows funds in hard currency, it develop closely monitor and assesses the FX exposure, supplemented by currency hedging without involving clients. The key ratio to monitor is the Foreign Exchange Risk (FER) Ratio, which calculates exposure to currency fluctuations using assets and liabilities, according to the following formula:

$$(\text{Total Hard-currency Assets} - \text{Total Hard-currency Liabilities}) / \text{Total Net Assets}$$

A higher ratio reflects a higher proportion of hard-currency assets relative to hard-currency liabilities, and therefore less vulnerability to currency fluctuations. The provider should set a target range for its FER ratio and then closely monitor its balance sheet to gauge its risk exposure. It can reduce FX risks by:

- Maintaining a hard-currency deposit account (including setting a minimum hard-currency cash reserve threshold relative to hard-currency liabilities).
- Borrowing in local instead of hard currency whenever possible, even if local rates are somewhat higher, including drawing on a local line of credit for short-term needs.
- Engaging in “back-to-back borrowing,” in which the provider proceeds from a hard-currency loan into a hard currency account at a local bank, which then serves as collateral for a local currency loan.

If the provider passes the FX risk on to clients by lending in hard currency, it must inform clients of the risk using cost scenarios that help them understand how much more they will pay if the local currency is devalued. Friendship Bridge in Guatemala offers an [example of how to manage FX risk responsibly while minimizing risks to clients](#).

Social Risks

Some types of client businesses (such as the production and sale of alcohol, the operation of nightclubs, etc.) carry high social risks for the community. Lending to these types of businesses requires additional due diligence to mitigate risk to the clients and their community. Social risks include child labor, forced labor, gender-based violence, etc. Depending on the provider's portfolio breakdown by sector, social (and environmental risks) can be checked from [IFC E&S risks by Industry sector](#).

Voluntary Insurance

Voluntary insurance are all insurance products that the provider do not take out as group policies that are bundled with loan or savings products. Voluntary insurance products tend to be rather expensive and thus offer little client value. As clients usually do not have the

tools, data, or skills to assess the value of the insurance products, it is the provider's responsibility to ensure that all insurance products offer client value. Details about how to assess the value of insurance can be found [here](#).

Monitor Agents and Networks

While agent banking help reaching more clients and delivering new services, the provider gives up some control when using agents versus own staff. This phenomenon is heightened when using agents in conjunction with digital financial services. Many client are not only new to both formal finance and technology, they also live precarious financial lives that allow little room for error. The provider must monitor (typically by Internal Audit/internal control) and mitigate the following risks associated with agents and digital channels:

- Inability to transact due to network downtime;
- Insufficient agent liquidity or float, which also affects clients' ability to transact;
- Transaction mistakes that are difficult or impossible to correct;
- Agent fraud that targets clients (e.g., charging clients extra fees);
- Loss of client data privacy or security;
- Insufficient recourse mechanisms available at the agent; and
- Confusing user interfaces (e.g., mobile banking menus).

As agents and agent managers frequently underreport problems, the provider should collect client feedback on agents and networks as part of ongoing client satisfaction monitoring.

Solutions to agent/network problems will depend on the capacity and the availability of cost-effective solutions. In some markets, for example, there is not an easy or low-cost fix for network downtime. A starting point for preventing problems is to make sure that agents are sufficiently trained in client-facing issues. Though the provider has no direct control over external agents who are managed by a third party, it is responsible for verifying that the third party trains their own representatives on at least the following topics:

- Fair and responsible treatment of clients. The training is aligned with the provider's Code of Conduct and spells out unacceptable behavior.
- The provider's debt collections practices and loan recovery procedures.
- Not using aggressive sales techniques and to respect clients' right to refuse products.
- Loan analysis and the credit approval process.
- How the complaints mechanism works, the role of complaints staff, how to appropriately manage complaints until they are resolved, and how to refer them to the appropriate person for investigation and resolution.
- Policies and processes related to privacy of client data.

Resources for 3.B.3

- [Friendship Bridge Manages Foreign Exchange Risk](#)
- [Fraud in Mobile Financial Services Protecting Consumers, Providers, and the System](#)

3.B.3.3 The provider accepts alternative forms of collateral from clients whose gender or age creates barriers to access in the local context.

Indicator in SPI5 Full | DI Focus

Alternative forms of collateral may be using a guarantor or pledging a vehicle or any other asset that are taking into account the specific barriers of target groups such as women or young people.

Disability Inclusion Focus:

DI Indicator: The provider accepts alternative forms of collateral from clients whose gender, disability status or age creates barriers to access in the local context.

Disability Inclusion - Info Box. 3.B.3.3

Persons with disabilities are less likely to own assets for collateral, such as land or property. Women with disabilities may also experience legal or cultural barriers to property ownership on the basis of their gender as well as their disability, and young persons with disabilities face additional age-related barriers to asset ownership and collateral access.

Accepting alternative forms of collateral helps to overcome barriers to access for persons with disabilities. Mechanisms that support collateral-free lending include co-borrower or guarantor arrangements with clients, and third-party guarantee schemes through partners such as NGOs or social investors. In some countries, government-backed guarantees or incentives support lending to vulnerable groups, including persons with disabilities.

For example, BRAC Myanmar provides a micro-finance loan for persons with disabilities which allows them to appoint a co-borrower as an alternative to collateral (see resources for this indicator)

Scoring guidance

- Score 'yes' if the provider is using alternative forms of collateral for women, young, etc. to remove their specific barriers to access loans or not taking any guarantee or collateral.
- Score 'partially' if the provider is using collateral that is removing only partially the specific barriers of women, youth, etc. to access loans.
- Score 'no' if the provider is using collateral with no consideration given to remove any specific barrier of women, youth, etc. to access loans.

Sources of information

- Product factsheets and brochures
- Credit Policy & Operational manual
- Interviews with operations
- Interviews with loan officers
- Interviews with legal department
- Client interviews, incl. focus groups (optional)

Evidence to provide

Identify whether there are specific client segments like women and youth that could be constrained by the collateral requirements in accessing loans. Explain whether and how the types of collateral that the provider requires are an alternative that does not create a barrier to access for women, young, etc.

Resources for indicator 3.B.3.3

- **[DI Focus]:** [Designing holistic solutions for people with disabilities: Lessons from BRAC Myanmar](#)

3.B.3.7 If the provider uses agents, it monitors agent liquidity and whether agents respect client protection practices and has mechanisms to address problems as needed.

 **Indicator in SPI5 Full | CP Full | DI Focus**

There are many different types of agents. The main distinction is whether they are working exclusively for the provider (e.g., local people supporting branch staff in serving clients in their own communities on a commission basis like receiving a monthly percentage of the

loan interest paid by the borrowers in the local community concerned) or as independent agents for other providers as well (e.g., individual service providers or licensed mobile money providers). Many agents offer cash-in and cash-out services to the clients of the provider, but there are also agents who just collect loan repayments for the branch staff or do not handle cash at all. The provider needs to monitor agent liquidity (i.e., whether clients are able to access funds at all times) only for its agents with cash-out functions. The provider must monitor compliance of all agents with its own client protection practices which is easier with exclusive agents compared to independent agents.



Disability Inclusion Focus:

DI Indicator: If the provider uses agents, it should have procedures to ensure agents comply with its client protection policies, including specific client protection measures related to clients with disabilities, and that services provided by agents are accessible for clients with disabilities.

Scoring guidance

- Score ‘N/A’ if the provider does not use any type of agents.
- Score “yes” if the provider:
 1. is monitoring regularly (at least annually) that all its agents are complying with its own client protection practices, incl. easy access to a client complaints mechanism, and
 2. is addressing problems as needed.

In the case that the provider has agents with cash-out functions, it:

1. is monitoring agent liquidity regularly (at least monthly on a sample basis) to ensure sufficient liquidity at all times for its clients, and
 2. is addressing problems as needed.
- Score ‘partially’ if the provider does not comply fully with one of the two above-mentioned conditions to ensure that all agents comply with its client protection practices, but complies fully with both conditions related to the agents with cash-out function or vice versa.
 - Score ‘no’ if the provider does not meet both of the two above-mentioned conditions for monitoring the compliance of all agents with its client protection practices even if it monitors agent liquidity.

3.B.4 The provider's products and services help clients reduce their vulnerability to shock and smooth consumption.

Reducing Client Risks

Clients need a diverse and flexible set of products/services to reduce risks and cope with emergencies. The provider may offer some products and services like insurance, mobile money transfer, and non-financial services indirectly through partners. Example of products/services which help clients to reduce risks and cope with emergencies include:

- Loans to cope with emergencies and reduce risks, including, but not limited to emergency loans;
- Rescheduling or restructuring of loans, when appropriate;
- Savings to cope with emergencies and reduce risks, including products that allow clients to withdraw money rapidly and without complicated procedures;
- Insurance, including, but not limited to coverage for credit-life, life, health, assets (e.g., home), and agriculture;
- Payments/remittances services that allow clients to quickly receive funds from other people when needed;
- Training services to strengthen clients’ capacities to prevent risks (e.g., health education), or to strengthen their capacities to cope with risks (e.g. women’s empowerment, or business skills);

- Funds or reserves earmarked in case of natural disasters, such as an emergency fund against which clients can borrow at zero interest; and
- Group risk transfer coverage for all clients against natural disasters and for all farmers against input losses through drought and flood. Group policy covers of the provider may be feasible and affordable if a substantive number of clients are covered (e.g. by insuring its agricultural loan portfolio against adverse weather events). Another option for the provider is to help clients linking to partly or fully subsidized national agricultural insurance and/or social protection programs.

Resources for 3.B.4

- [Microfund for Women \(Jordan\) Insurance Products](#)
- [MUSOMA Uses Savings to Help Clients Reduce Risk and Manage Anticipated Needs](#)
- [Microfund for Women's Caregiver Experience Lessons from Jordan on Health Microinsurance](#)
- [Designing Financial Services to Respond to Household Shocks](#)

3.B.4.1 The provider offers products and services for basic needs, such as housing, energy, and education.

 **Indicator in SPI5 Entry | SPI5 Full | DI Focus**

Providers should support clients and their household members in getting access to basic needs to ensure the minimum required quality of their living standards.

 **Disability Inclusion Focus:**

DI Indicator: The provider offers products and service for basic needs, such as housing, energy, and education, that are:

- Accessible and available to persons with disabilities on an equal basis with others;
- Do not exclude or discriminate against persons with disabilities; and

- Are responsive to their needs.

Disability Inclusion - Info Box:3.B.4.1

The provider's products and services should not have eligibility criteria that directly or indirectly discriminate against or exclude persons with disabilities. Criteria that exclude persons from holding products or services on the basis of their disability or a medical diagnosis, or requires them to appoint a third party to access or use their accounts on their behalf, constitute direct discrimination.

Apply inclusive design processes to ensure the needs of persons with disabilities within the target client base are taken into account when designing or upgrading products and services, and address barriers to access and usage by providing flexible options for access and servicing (see indicator 3.A.1.1, and resources for this indicator).

Providers focused on serving clients with disabilities may offer products and services for basic needs that are specific to clients with disabilities. These may include loans to purchase assistive devices (such as wheelchairs or mobility aids) and assistive technology (such as screen readers), or loans for modifications to improve the accessibility of their home, or to purchase accessible housing.

For example [Parabank](#), a Brazilian fintech focusing on the financial inclusion of persons with disabilities and their family members. offers digital checking account and payments options accessible in multiple formats, as well as loans for assistive devices.

Scoring Guidance

- Score 'yes' either if the provider (1) offers several targeted, specially designed products and services to help clients in meeting their basic needs (such as housing, energy, health, and education) or (2) demonstrates that its products and services are flexible enough to meet clients' basic needs.
- Score 'partially' if the provider does not meet fully both above-mentioned conditions. For instance, it may offer just one specially designed product/service to help clients in meeting their basic needs or its existing products/services have limited flexibility for clients to meet their basic needs.
- Score 'no' if the provider does not meet both above-mentioned conditions. The provider does not offer a single product/service that helps clients meeting their basic needs and the existing products/services are too inflexible and their use too restrictive to help clients in meeting their basic needs.

Source of information

- Product factsheets and brochures
- Client interviews

Evidence to provide

- Product manuals and marketing materials should include products and product terms that allow clients to meet basic needs.
- The general loan or savings account products should not have use restrictions and have flexible enough terms that clients can use them to meet their basic needs.

Resources for indicator 3.B.4.1:

- **[DI Focus]:** [Asian Development Bank \(ADB\), 'Implementing Inclusive Design Principles in Banking Organizations': Provides guidelines for FSPs on applying participatory design processes, with case studies and examples](#)

3.B.4.2 The provider offers products and services that help clients maintain stable levels of expenditure despite income fluctuation or emergencies. Select all that apply:

3.B.4.2.1 Emergency loans

3.B.4.2.2 Savings with an easy withdrawal process

3.B.4.2.3 Voluntary insurance

3.B.4.2.4 Non-financial services

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | DI Focus**

Detail 3.B.4.2.2: Option “Savings”

Detail 3.B.4.2.3: Option “Insurance”

Detail 3.B.4.2.4: SPI5 Full

Reducing vulnerability calls for financial and non-financial services that allow clients to cope with risks and emergencies. Understanding clients’ situations through market research makes it possible to design products that allow clients to manage risks and cope with emergencies.

The insurance claims process should not put an undue burden on the client to follow up and inquire about the claims progress, resubmit the paperwork, or travel in person to request or provide information. Clients have preferably more than one channel for submitting or following up on a claim.



Disability Inclusion Focus:

DI Indicator: The provider offers products and services that help persons with disability maintain stable levels of expenditure despite income fluctuation or emergencies, that are:

- Accessible and available to persons with disabilities on an equal basis with others;
- Do not exclude or discriminate against persons with disabilities; and
- Are responsive to their needs.

Disability Inclusion - Info Box 3.B.4.2

The provider's products and services should not have eligibility criteria that directly or indirectly discriminate against or exclude persons with disabilities. Direct discrimination includes criteria that exclude persons from holding products or services, or requires them to appoint a third party in order to access or use their accounts, on the basis of their disability or a medical diagnosis.

Persons with disabilities are more exposed to financial shocks and emergencies, as a result of both income fluctuations and unexpected expenses. As a result of exclusion from formal employment, they are more likely to have lower and irregular income. They are also at higher risk of health shocks, and are more vulnerable in disaster or emergency situations. Furthermore, many persons with disabilities incur additional expenses related to assistive devices, healthcare, medication, personal assistance, transportation, and accessible housing or technology.

As a result, they may have greater needs for products and services that help them to manage fluctuating cash flows and financial emergencies. For example, BRAC Myanmar offers a voucher facility for persons with disabilities which they can apply to postpone one loan repayment whenever they are facing any emergency issue. Offering basic savings accounts with no or low minimum deposits and multiple access channels; loans with flexible repayment schedules; accessible money-management tools; and inclusive financial literacy and capability trainings (see indicator 3.B.5.1) helps to overcome access barriers, and support persons with disabilities to manage their cashflow.

Insurance is an important mechanism to manage financial risks and emergencies; however, persons from disabilities may be denied access to insurance products or face affordability barriers as a result of their disability. For example, higher premiums on health insurance for people with preexisting conditions can disproportionately affect those with disabilities, as well as perceptions that persons with disabilities are of higher 'risk'. Inaccessible and complex policy documents and claims processes also create barriers.

To expand access, under-writing should be based on individual assessment rather than specified conditions, with plain-language policies and simplified, assisted claims processes. Legislation such as USA's Affordable Care Act, which prevents insurers from deny coverage or charging higher premiums due to pre-existing conditions, has been instrumental in terms of guaranteeing health insurance and non-discrimination on the basis of disability.

Scoring guidanceDetail 3.B.4.2.1:

- Score 'yes' if the provider offers an emergency loan product at free or concessional interest rate to all clients who suffer from different types of an emergency, incl. an unexpected loss of income.
- Score 'partially' if the provider offers an emergency loan product to some client segments only and to a specific type of an emergency only (e.g. a health emergency).
- Score 'no' if the provider does not offer any emergency loan product.

Detail 3.B.4.2.2:

- Score 'N/A' if the provider does not offer any deposit/savings services regardless whether or not it has regulatory approval to offer deposit/savings services.
- Score 'yes' if the provider offers deposit/savings services with an easy and very fast unconditional withdrawal process.
- Score 'partially' if the provider allows clients to withdraw their savings easier and faster in the case of an emergency.
- Score 'no' if the provider does not offer deposit/savings services with an easy and fast withdrawal process in the case of an emergency.

Detail 3.B.4.2.3:

- Score ‘N/A’ if the provider does not facilitate/offer any voluntary insurance products regardless whether the provider is offering compulsory group insurance cover to selected client segments.
- Score ‘yes’ if the provider facilitates/offers one or more voluntary insurance products of high client value that helps clients to better cope with emergencies, such as an affordable hospital cash insurance or voluntary top-ups of group life insurance covers to cover the spouse additionally.
- Score ‘partially’ if the provider facilitates/offers one or more voluntary insurance products of medium client value that do help clients to cope slightly better with emergencies.
- Score ‘no’ if the provider facilitates/offers one or more voluntary insurance products of very low client value that do not help clients to better cope with emergencies. For instance, they carry many exclusions, come with cumbersome claims procedures or are not affordable for the clients.

Detail 3.B.4.2.4:

- Score ‘yes’ if the provider offers several client-centric non-financial services (directly or indirectly via partnerships) that help clients to better cope with emergencies or help prevent them, like health diagnostic checks, training in preventive health, training in financial literacy and business management, etc.
- Score ‘partially’ if the provider offers at least one non-financial service (directly or indirectly via partnerships) that helps clients to better cope with emergencies or help prevent them.
- Score ‘no’ if the provider does not offer any non-financial service that helps clients to better cope with emergencies or help prevent them.

Sources of information

- Credit Policy & Operational manual(s)
- Other Product Policy & Operational manual(s) for deposit and insurance products
- Client satisfaction surveys
- Market research reports
- Interviews with operations manager
- Interviews with marketing/ product development manager
- Client interviews, incl. focus groups (optional)

Evidence to provide

- Savings must be voluntary and withdrawals easily accessible.
- Emergency loans may be labelled as such, or may be “regular” loans that can be given over a short term (less than 3 months), a very fast turnaround time, and that do not require a specific purpose, to allow clients to quickly address unforeseeable circumstances.
- Types of voluntary insurance include: credit life, life, home owners’, agriculture, health, workplace, etc.

Resources for indicator 3.B.4.2

- [MUSOMA Uses Savings to Help Clients Reduce Risk and Manage Anticipated Needs](#)
- [Insurance Product Based on Client Needs](#)
- [Microfund for Women \(Jordan\) Insurance Products](#)

3.B.5 The provider's products and services help clients achieve their goals.

Products and Services That Help Clients Achieve Their Goals

Providers should consider how products and services create benefits for clients, including the ability to invest in economic opportunities and address anticipated household needs at each life cycle stage. These products can include:

- Business loans, such as start-up business capital, working capital, lines of credit, and alternative forms of collateral to facilitate productive loans (e.g., leasing machinery for a business);
- Loans for specific life cycle events such as weddings, funerals, education, and home improvements;
- Savings products that address life cycle needs such as youth savings, educational savings, housing savings, wedding savings, funeral savings, and pension savings;
- Education savings plan to finance the future education of children combined with a life insurance cover for the parents (the insurance will make the remaining deposits in the case of the death of one or both parents); and
- Loans combined with a savings component for specific life cycle events (e.g. upfront savings of 20 or 30% with the remaining amount as house improvement loan.

This [example](#) demonstrates a product decision based on the provider’s analysis of client needs that helps clients to address anticipated household needs.

3.B.5.1 The provider offers training to clients in areas where they have skill gaps that prevent them from achieving their goals.

Indicator in SPI5 Full | DI Focus

A wide range of well-adapted trainings and business development services can help clients be prepared to seize economic opportunities, anticipate household needs, and achieve their economic and social goals.

Disability Inclusion Focus:

DI Indicator: The provider offers training to clients in areas where they have skill gaps that prevent them from achieving their goals, using training modalities, format, content and delivery that are accessible to and inclusive of persons with disabilities.

Staff carrying out training to clients are trained in accessibility, inclusion and communication with clients with different types of impairments.

Disability Inclusion - Info Box 3.B.5.1

Training and capacity building are important enablers of financial inclusion for persons with disabilities, who often have little confidence in interacting with financial service providers, low levels of financial and digital literacy, and other skills gaps due to exclusion from formal education. Despite this, they are often excluded from trainings, or are unable to participate fully, due to accessibility and communication barriers, negative attitudes of trainers or other group members, or self-exclusion as a result of low self-confidence.

The provider should partner with organizations of persons with disabilities (OPDs) to enable outreach to persons with disabilities, and ensure persons with disabilities and their caregivers or support persons are included and welcomed in training activities, and in community awareness-raising activities and events. Provide training to trainers and facilitators on communication with persons with different impairments.

Training modalities (including schedule, duration, and location) and content should be aligned with the needs of the target client segments, and accessible to persons with disabilities within these. Include a line in the training budget for accessibility measures, ask all participants about their accessibility needs during registration. Provide accommodations for individuals participants as needed, for instance by facilitating the attendance of support persons, providing materials in accessible formats, such as easy-read or braille, or providing sign-language interpretation.

See resources for this section for information and examples. Further information and resources on inclusive trainings is provided in the BFFI Disability Inclusion Guide for FSPs.

Scoring guidance

- Score 'yes' if the provider is offering (directly or indirectly via partnerships) client-centric training to the majority of its clients for them to overcome skill gaps that prevent them from achieving their goals.
- Score 'partially' if the provider is offering (directly or indirectly via partnerships) client-centric training to less than 20% of its clients for them to overcome skill gaps that prevent them from achieving their goals.
- Score 'no', if the provider is not offering any training to its clients for them to overcome skill gaps that prevent them from achieving their family goals.

Sources of information

- Training manuals
- Product/training program description
- Interviews with operations manager, branch managers
- Client interviews, incl. focus groups (optional)

Evidence to provide

Specify the training plan of the provider, how the training is delivered (in class-room or digitally), and the number of clients who have access to these trainings.

Resources for indicator 3.B.5.1

- **[DI Focus]:** [Chamroeun Microfinance plc and NGO Good Return collaborated to deliver Good Return's Consumer Awareness and Financial Empowerment \(CAFE\) coaching program to persons with disabilities in Cambodia, in partnership with OPDs \(see case study on page 5 of this manual\)](#)
- **[DI Focus]:** [Opportunity International's 'Inclusive Finance: Accessible Training & Meeting' cheat sheet](#) provides summary guidance for accessible in-person or virtual trainings and meetings

3.B.5.2 The provider offers products/services that enable clients to invest in economic opportunities such as business loans for start-up, working capital, and investment.

 **Indicator in SPI5 Entry | SPI5 Full | DI Focus**

A wide range of well-adapted products can translate into a wide range of possibilities for clients to seize economic opportunities.

 **Disability Inclusion Focus:**

DI Indicator: The provider offers products/services such as business loans for start-up, working capital, and investment. that enable clients to invest in economic opportunities, that are:

- Accessible and available to persons with disabilities on an equal basis with others;
- Do not exclude or discriminate against persons with disabilities; and
- Are responsive to their needs.

Disability Inclusion - Info Box 3.B.5.2

The provider's products and services should not have eligibility criteria that directly or indirectly discriminate against or exclude persons with disabilities. Direct discrimination includes criteria that exclude persons from holding products or services, or requires them to appoint a third party in order to access or use their accounts, on the basis of their disability or a medical diagnosis.

Persons with disabilities face barriers to accessing formal employment, and are more likely to turn to self-employment or entrepreneurship for income generation. However, they face barriers to accessing business loans and other financial products to enable them to invest in and grow their businesses. These include affordability barriers, lack of collateral, lack of ID documents or proof of income, inflexible payment schedules, and complex and inaccessible product documents, and staff bias, as well as low levels of financial literacy.

Providers can develop holistic product and service offerings to address these barriers and support persons with disabilities to achieve sustainable livelihoods. For example, Chamroeun Microfinance plc in Cambodia partnered with NGO Good Return and four organizations of persons with disabilities (OPDs) to provide an accessible financial literacy program and access to a small business loan for persons with disabilities, with a nominated co-borrower as an alternative to collateral, a discounted on interest rate for the first loan cycle as an entry point, and accessible servicing options including collecting repayment at the clients' home. BRAC Myanmar offers a micro-finance loan for persons with disabilities alongside life-skills and financial training and entrepreneurship support; this allows them to use a family-member ID if they don't possess one, access collateral-free credit by appointing a co-borrower, and use a voucher facility to postpone one loan repayment if they face an emergency issue.

In both cases, the providers found clients with disabilities had repayment rates as good or better than clients without disabilities. Providing training on disability inclusion for client-facing staff is important to counter negative stereotypes and misconceptions of persons with disabilities as more 'risky' clients, and equip them to communicate product terms and conditions effectively to clients with disabilities.

Scoring guidance

- Score 'yes' if the providers is offering a wide range of financial products with flexible terms and size that enable clients to invest effectively in economic opportunities, such as business loans for investment, working capital, and investment.
- Score 'partially' if the provider is offering one or two business loan products that do account for less than 50% of the gross loan portfolio. For instance, the provider is offering working capital loans only or additionally just short-term investment loans of up to two years.
- Score 'no' if the provider is not offering client-centric business loans.

Sources of information

- Credit Policy & Operational manual(s)
- Product description
- Interviews with operations manager, branch managers
- Client interviews, incl. focus groups (optional)

Evidence to provide

Specify the product's purpose and terms that allow it to fit with productive/economic opportunity needs.

Field Examples/implementation guidance

Providing wide range of business loans may mean making higher-risk loans for the provider in investing in innovative sectors, value chains or start-up.

Short-term loans with monthly repayment are poorly suited to many productive activities. Providers are better positioned to serve artisan and agricultural sectors, for example, by adapting terms, conditions and loan amounts to the specificities of these sectors.

The provider can also offer loans to entrepreneurs, linked with non-financial services for financial literacy, business skills, and market access. Examples of other products include: home improvement loans or housing loans, fixed-term deposits, leasing options, pension services, loans for agriculture, enterprise skills development, business development services, SME loans, checking accounts, etc.

Resources for Indicator 3.B.5.2

- **[DI Focus]:** [Designing holistic solutions for people with disabilities: Lessons from BRAC Myanmar](#)
- **[DI Focus]:** [Chamroeun Microfinance plc and NGO Good Return partnered to provide accessible financial capability coaching and a tailored microloan to empower persons with disabilities in Cambodia to generate income through entrepreneurship \(see case study on page 5 of this manual\)](#)
- **[DI Focus]:** [Grameen Foundation USA and the National Union of Disabled Persons of Uganda \(NUDIPU\): multisectoral assessment of opportunities to advance economic empowerment of adults and youth with disabilities in Uganda through entrepreneurship and increased access to finance](#)

3.B.5.3 The provider offers products/services for major life events such as weddings, maternity care/child birth, housing, higher education, and funerals.

 **Indicator in SPI5 Entry | SPI5 Full | DI Focus**

A wide range of well-adapted products and services can translate into a wide range of possibilities for clients to address anticipated household needs at each life cycle stage.

**Disability Inclusion Focus:**

DI Indicator: The provider offers products/services for major life events such as weddings, maternity care/child birth, housing, higher education, and funerals, that are:

- Accessible and available to persons with disabilities on an equal basis with others;
- Do not exclude or discriminate against persons with disabilities; and
- Are responsive to their needs.

Disability Inclusion - Info Box 3.B.5.3

The provider's products and services should not have eligibility criteria that directly or indirectly discriminate against or exclude persons with disabilities. Direct discrimination includes criteria that exclude persons from holding products or services, or requires them to appoint a third party in order to access or use their accounts, on the basis of their disability or a medical diagnosis.

Scoring guidance

- Score 'yes' if the provider offers a wide range of well-adapted savings, loan, insurance or combined products/services that help clients to finance effectively major life cycle events, like weddings, child birth, housing, children's education, and funerals.
- Score 'partially' if the provider offers only one or two products/services that help clients to finance major life cycle events.
- Score 'no' if the provider does not offer a single product/service that helps clients to finance major life cycle events.

Sources of information

- Loan Policy & Operational manual(s)
- Savings Policy & operational manual(s)
- Insurance policy & Operational manual(s)
- Product fact sheets and brochures
- Interviews with operations manager, branch managers
- Client interviews, incl. focus groups (optional)

Evidence to provide

Specify the purpose and terms of all products/services that help clients to finance major life cycle events.

Resources for indicator 3.B.5.3

- [Komida Uses Data-Driven Product Design](#)

Dimension 4. Client Protection

Client protection is the minimum standard for all responsible financial service providers. The standards in this dimension ensure that the financial institution has the practices and systems in place to prevent harm to their clients, while those clients access and utilize their financial and non-financial services. Institutions that seek to create benefits in their clients' lives must first ensure that they do no harm, and it's their responsibility to prevent causing any harm to their clients.

Important note: the Client Protection (CP) Standards that are used for CP assessments and Certifications are not limited to this Dimension and are composed of Essential Practices and Indicators across other dimensions of the Universal Standards as well. Please refer to the Client Protection Standards Manual to see a full list.

Dimension 4 includes five standards:

- Standard 4A: The provider does not overindebt clients.
- Standard 4B: The provider gives clients clear and timely information to support client decision making.
- Standard 4C: The provider enforces fair and respectful treatment of clients.
- Standard 4D: The provider secures client data and informs clients about their data rights.
- Standard 4E: The provider receives and resolves client complaints.

Standard 4A. The provider does not overindebt clients.

Providers are responsible to take adequate care in all phases of their credit process to determine each client's repayment capacity and provide credit within this capacity, such that clients can repay without risk of becoming over-indebted. In addition, providers implement and monitor internal systems that support prevention of over-indebtedness and foster efforts to improve market-level credit risk management (such as credit information sharing/reporting).

This standard has 2 essential practices:

- Essential practice 4.A.1: The provider makes loan decisions based on a client's repayment capacity.
- Essential practice 4.A.2: The provider monitors the market and responds to heightened over-indebtedness risk.

4.A.1 The provider makes loan decisions based on a client's repayment capacity.

Providers should have policies, especially for field staff, that define each step in the loan analysis and credit approval process and help prevent client over-indebtedness. Loan collateral/guarantees (cash deposits, assets, joint liability, co-signers, or salaries) should not substitute for good repayment capacity analysis. Make sure that field staff not only know the procedures but understand why over-indebtedness is dangerous for clients and the institution as well as bad for their own portfolios. For more information about the causes of over-indebtedness and the consequences for clients, you can read the field example below on Musoma and/or these market level studies:

- [Over-indebtedness of Microborrowers in Ghana](#)
- [Drivers of Over-Indebtedness of Microfinance Borrowers in Cambodia: An In-depth Investigation of Saturated Area](#)
- [Musoma Investigates and Addresses Causes of Over-Indebtedness](#)

Resources for essential practice 4.A.1

- [Avoidance of Over-indebtedness: Guidelines for Financial and Non-financial Evaluation](#)
- [Smart Lending: Guidelines for Client Protection in the Group Loan Process](#)
- Tool for integrating client protection into the [Group Loan Process](#)
- [Préstamo SMART : Protección al cliente en el proceso de crédito grupal - Una guía general para incorporar las prácticas de protección al cliente al proceso de crédito en grupo para instituciones de microfinanzas](#)
- [SMART Lending : Protección al cliente en el proceso de crédito individual - Una Guía para Incorporar las Prácticas de Protección al Cliente al Proceso de Crédito Individual para Instituciones de Microfinanzas](#)
- [Evitar el sobreendeudamiento directrices para la evaluación financiera](#)

Implementation for essential practice 4.A.1**Loan approval**

- Define the maximum percentage of a borrower’s disposable income that can be applied to debt service, including debt from your institution. Establish a maximum debt threshold (no more than 70% - where the percentage is calculated as a portion of the client’s monthly disposable income, e.g., installment/household surplus. The remaining amount (minimum 30%) is there to allow a safety net for the client in case of emergency expenses, or to account for approximation or errors in the cash-flow analysis, or for a potential unexpected drop of income. Use conservative criteria when the information collected from the client is less reliable than usual, the client is new to the provider, market saturation is high, the provider is experiencing system-wide delinquency, and in other situations where the client may be more vulnerable to over-indebtedness. Loan officers should not recommend a loan amount that exceeds the maximum debt threshold for the client. The amount recommended for the client should be based on the cash flow of the client’s household and business income, which was constructed during the repayment capacity analysis.
- The benchmark used for the household surplus ratio generally increases for renewal loans, depending on the number of loans the client has with the provider, their other outstanding debts, and the client’s repayment history. For example, you may determine the threshold such that for the first loan this ratio must not exceed 50 percent, for the second loan 60 percent, and for all subsequent loans, 70 percent of the client’s monthly disposable income.

Cash flow analysis

- The cash flow analysis should take into account business and household income/expenses and liabilities from all sources, including informal ones such as a loan from a neighbor. Include all household members in the debt assessment (e.g., a spouse’s loans outstanding), and count indirect debt as well (e.g., guarantees made for another person’s loan).
- In the credit policy, the provider should list the specific sources of income that can count toward the client’s total household income. For example, remittances may be a volatile income source in some cases (e.g., a relative living abroad has an informal job and sends variable amounts on an occasional basis)—in which case they should not count as income—or they might be relatively stable (e.g., a husband has steady employment and sends regular payments)—in which case it is likely safe to count the remittances as income. Provide your loan officers with explicit guidance on different income sources and scenarios and guidance on how to account for them in the repayment capacity analysis.

Pre-payment

- Enforce prudent limits for renewal in the case of early repayment. Require a “cooling off period”—a short break of one month—between loans, to inhibit clients from using borrowed money in order pay loans early and also take on a larger loan. Such behavior increases the risk of over-indebtedness and gives the impression that the client’s

credit history is good, when in fact s/he is borrowing to pay off loans rather than paying off the loans with the income generated from a productive activity

4.A.1.1 *The provider has a policy and documented process for loan approvals.*

4.A.1.1.1 *The percentage of a borrower's disposable income that can be applied to debt service may not be higher than 70%, including debt from the provider and other lenders.*

4.A.1.1.2 *Loan approval decisions are made by at least two people, one of whom does not interact directly with the client.*

4.A.1.1.3 *If a credit bureau exists, the provider reports client data to credit bureaus and uses credit reports in the approval process for loans.*

4.A.1.1.4 *If the provider offers group loans, either the provider or fellow group members conduct due diligence for each group member.*

Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | CP Commit | CP Full | DI Focus

Detail 4.A.1.1.1: Progress CP

Detail 4.A.1.1.2: Entry CP

Detail 4.A.1.1.3: Entry CP

Detail 4.A.1.1.4: SPI5 Entry | SPI5 Full | CP Full

The details listed here indicate the minimum elements that constitute an appropriate loan approval policy. This policy will likely be in the Credit Manual. The documented process will likely be the forms that loan officers fill out to conduct the research and analysis necessary for the client underwriting process. Any updates or reinforcements of the main policy document may be released as circulars, or memos, and should be reflected in training materials. These documents need to be updated regularly as key reference materials within the provider.



Disability Inclusion Focus:

DI Indicator: The providers loan approval policies prohibit discrimination against persons with disabilities, and do not include requirements or eligibility criteria that directly or indirectly discriminate against or exclude persons with disabilities.

Disability Inclusion - Info Box 4.A.1.1

The provider's loan approval process should not have eligibility criteria that exclude persons from holding products or services, or requires them to appoint a third party in order to access or use their accounts, on the basis of their disability or a medical diagnosis. Disability should not be used as a factor in assessing creditworthiness for loan approvals.

Credit decisions should be based on the individual's financial circumstances, using cashflow analysis that includes informal sources of income, and disability benefits. The provider's loan approval processes should take into account higher costs faced by persons with disabilities and their households and businesses (extra cost of disability) e.g. for accessibility and other adaptation measures, required support services, mobility, transportation etc. (see indicator 3.A.3.3).

For 4.A.1.1.1

The percentage of disposable income that can be applied to debt service is usually calculated as: [installment amount] / [net monthly cash surplus] – the remaining amount (thus 30% minimum) is there to allow a safety net for the client in case of emergency expenses, or potential unexpected drop of income / seasonal income, but also to account for approximation or errors in the cash-flow analysis.

For 4.A.1.1.2

Loan decisions can't be made by the loan officer alone. Since the loan officer collects the data and has the closest relationship with the client, there should be at least one other person (a senior loan officer, the head of credit, or the branch manager) involved in validating the client data collected by the loan officer and verifying that the capacity analysis calculations adhere to policy.

For 4.A.1.1.3

If there is a functioning credit bureau in the country, it is absolutely critical for the provider to consult the database for every single loan, and to report on every single client.

For 4.A.1.1.4

Relying on group solidarity to disburse a group loan is not sufficient; the same care should be taken for group loans as individual loans of the same size to ensure that all group members have the capacity to repay their loan. However, the depth of the capacity analysis correlates positively with the loan amount e.g. financial projections are required for a certain loan amount whereas smaller loans can be appraised with a less detailed process, based on historical cash flow data (at least the last 12 months).

Scoring guidance

For each detail, a 'yes' score requires (1) a written loan policy with a documented loan approval process compatible with 4.A.1.1, (2) full comprehension of the credit approval policy by the relevant staff, and (3) auditor verified compliance with the credit approval policy for a sample of loans approved for current clients.

Detail 4.A.1.1.1

- Score 'yes', if the above three conditions are met fully with a written loan policy that comprises 1) an explicit ceiling (in percentage) of the client's monthly disposable income that can be used for debt service (the installment amount) which 2) is based on the client's household and business cash flow.
- Score 'partially', if the above three conditions are not met fully. For instance, the written loan policy does not mention a ceiling for the client's monthly disposable income that can be used for debt service or limited staff comprehension of the loan policy or the sample loan approvals reviewed do not comply fully with the loan policy.
- Score 'no', if 1) one of the above three conditions are not met at all– or 2) all three conditions are met only partially.

Detail 4.A.1.1.2

- Score 'yes', if the above three conditions are met fully with a written loan policy that comprises at least a 'four-eye' loan approval process 2) in the case of an automated loan approval process, an effective control mechanism of the entered data and the data used for the loan approval is in place.
- Score 'partially', if the above three conditions are not met fully. For instance, the written loan policy does not mention an at least 'four-eye' loan approval or no effective data control mechanism in the case of an automated loan approval process or the sample loan approvals does not comply fully with the loan policy.
- Score 'no', if 1) one of the above three conditions is not met at all or 2) all three conditions are met only partially.

Detail 4.A.1.1.3

- Score 'N/A', if there is no functioning credit bureau.
- Score 'yes', if, in the case of a functioning credit bureau, the above three conditions are met fully with a written loan policy that requires (1) the consistent use of credit bureau data for each loan approval and (2) the regular reporting on its borrowers' loans and payments to the credit bureau.
- Score 'partially', if the above three conditions are not met fully. For instance, the loan policy does not mention the use of credit bureau data for each loan approval, or the credit staff does not fully understand the importance of using consistently credit

bureau data or the sample loan approvals does not comply fully with the loan policy. Score also ‘partially’ in a case of a not-well functioning credit bureau - even if the three above conditions are fully met, as it will not be useful to prevent the risk of over-indebtedness (e.g.: if the credit bureau database is updated only once in a while and does not reflect the exact current outstanding loans a client may have).

- Score ‘no’, if the provider does not use credit bureau data for loan approval and/or does not report to it in the case of a functioning credit bureau. If there are several entities providing credit reports, the auditor should assess whether the one(s) the provider is using cover(s) the adequate market and risks.

Detail 4.A.1.1.4

- Score ‘N/A’, if the provider does not offer group loans.
- Score ‘yes’, if the above three conditions are met fully with a written loan policy that requires a loan due diligence for each group borrower for loan approval to be carried out by either the provider or a fellow group borrower. Such individual repayment capacity analysis can be less formal and detailed than for individual borrowers.
- Score ‘partially’, if the above three conditions are not met fully. For instance, the loan policy does not mention the use of a loan due diligence for each borrower or the credit staff or the fellow group borrowers do not fully understand how to analyze the loan repayment capacity of a single group borrower or the sample loan approvals do not comply fully with the loan policy.
- Score ‘no’, if neither the provider nor a fellow group borrower is analyzing the loan repayment capacity of each group borrower for loan approval.

Sources of information

- Loan Policy & Procedures manual(s), loan approval process
- Loan process documents, client repayment capacity evaluation forms
- Training materials, circulars, handouts etc.
- Interviews with credit staff at various levels of the organization such as loan officer, branch manager, regional manager, Head of Credit/Operations etc. (verifying whether the credit policy is understood and that they are staff incentives to follow it)
- Branch/field observations - attending client loan evaluation visits and Credit Committees to see the content of discussions
- Credit bureau process and its data accurateness.

Evidence to provide

- Specify the percentage of client’s disposable monthly income that can be used for debt service and cite the document name and page/chapter number where this information can be found.
- Describe the loan approval process, how credit bureau information is included there and how relevant it is to the analysis and explain the Credit Committee composition and process.
- Explain how the staff understand and apply the policies and procedures for loan approval.

Resources for indicator 4.A.1.1

- [Income generating and survival skills tool \(NWTF, Philippines\)](#)
- [Smart Lending: Guidelines for Client Protection in the Group Loan Process](#)

4.A.1.4 If the loan approval analysis is done through an algorithm, the provider reviews how well the algorithm functions. Minimum frequency: annually.

4.A.1.4.1 The provider reviews the effectiveness of the algorithm for predicting client repayment.

4.A.1.4.2 The provider checks its algorithms for bias against Protected Categories and corrects it as needed.

Detail 4.A.1.4.1: Advanced CP

Using algorithms to facilitate repayment capacity analysis for loan approval increases dramatically the risk of client over-indebtedness. This is mainly due to the fact that most algorithms are designed to evaluate the probability that the client will repay, not the actual capacity of the client to repay. Any responsible provider using an algorithm in place of a cash flow analysis and loan officer-based repayment capacity analysis must ensure that the designers of the algorithm understand the provider's mission and target clients prior to designing the algorithm. The provider should test the algorithm on a sample of existing loan files to understand if the results of the algorithm are consistent with their previous repayment capacity analysis and how the two approaches differ and whether or not those differences are consistent with its mission and social goals.

The details provide further guidance:

- After a period of no more than 12 months, the provider conducts a review of the effectiveness of the algorithm at accurately predicting which clients will be willing/able to repay their loans. It is important to conduct this review either in a pilot-test or promptly upon deploying a new algorithm or new criteria to reduce the risk of clients suffering from significant debt stress. If the provider is switching from a cash flow-based repayment capacity analysis to an algorithm, it should also make sure to define specific monitoring indicators and red-flags to have early warnings of potential debt stress among its clients.
- Since the algorithms used in credit decision-making usually use data mining and analysis of big data sets to develop predictions for each client, there is a higher risk of unintentional bias in this process. The algorithms use criteria such as number of contacts in the candidate's phone, or number of social media accounts and interactions as predictors of likelihood of repayment. For example, if a gender divide exists in a certain country in terms of smart phone ownership and smart phone ownership is one of the criteria used in the algorithm, the algorithm may contribute to widening the gender gap in terms of access to credit.
- The International Labor Organization (ILO) defines Protected Categories as those characteristics of a person that cannot be used to discriminate against them for employment purposes, which include ethnicity, gender, age, disability, political affiliation, sexual orientation, caste, and religion.
- The provider should consider how the algorithm's recommendations for credit approval and amount vary based on the gender and ethnicity of the candidates to see whether the biases of the algorithm's designers or the selection of certain data inputs creates a risk of discrimination. If this type of bias is identified, the provider must work with the designers of the algorithm to reduce the amount and effects of bias in the algorithm over time.



Disability Inclusion Focus:

DI Indicator: The provider's development processes and reviews of its algorithms include mitigation of bias against persons with different types of impairments.

Disability Inclusion - Info Box 4.A.1.4

Loan decisioning processes, both manual and automated, can include biases that lead to exclusion of persons with disabilities.

In manual processes, this may occur due to staff bias (including negative stereotypes of persons with disabilities as more ‘risky’ clients or unable to run a business), and over-reliance on documentation such as employment records, which has disproportionate impact on persons with disabilities due to higher rates of informal and self-employment. Measures to mitigate bias include training credit officers on disability inclusion and unconscious bias, loan approval decisions being reviewed by a second person, and documenting decisions for transparency.

Automated processes and algorithms may lead to bias against persons with disability due to historical data sets that reflect past exclusion and discrimination (e.g. higher decline rates) or under-represent persons with disabilities, or use of variables to indicate risk that apply disproportionately to persons with disabilities (e.g. gaps in employment, income volatility). To mitigate bias, ensure data sets for training AI algorithms include diverse groups including persons with disabilities, review models for disability-related bias, test model outcomes for bias against persons with disabilities, increase transparency about how algorithms work, and provide accessible channels for clients to request a manual review of decisions.

For further information on identifying and mitigating bias against persons with disabilities in loan approval processes, see BFFI’s Disability Inclusion Guide for FSPs.

Scoring guidance

- Score ‘N/A’, if the provider does not use an algorithm for the loan approval analysis.

Detail 4.A.1.4.1

- Score ‘yes’, if the provider has conducted a review of how the algorithm works both (1) prior to launching and (2) regularly during its period of usage, and at least once in the last 12 months.
- Score ‘partially’, if the provider meets one of the two above requirements only.
- Score ‘no’, if the provider fails to meet both above requirements.

Detail 4.A.1.4.2

- Score ‘yes’, if the provider (1) evaluates its loan decision-making algorithm for bias against vulnerable clients, such as indigenous, rural or female etc., (2) adjusts the algorithm with the designer, if any biases were detected, and (3) reviews the algorithm for bias whenever the algorithm is redesigned/modified in a significant way.
- Score ‘partially’, if the provider meets only one or two of the above three requirements.
- Score ‘no’, if the provider fails to meet any of the above three requirements.

Sources of information

- Interview with the Head of Credit.
- Interview with the Head of IT and other personnel who were responsible for the design and roll out of the algorithm.
- If the provider hired an external firm to design the algorithm, the TOR - and execution reports - for that work could be useful to review to know what parameters the firm was given for the design of the algorithm and whether any social considerations were taken into account e.g., avoiding bias in the algorithm due to type of data used etc.
- Any reports on the review of the algorithm’s effectiveness.

Evidence to provide

- Describe how the algorithm was developed, tested, and reviewed.
- Provide the date of the last review, how often it is carried out, a description of the type of review that was conducted and by whom, and the outcome of the review.

Resources for indicator 4.A.1.4

- [Responsible Digital Transformation - the Case of Hermandad de Honduras—English](#)
- [Responsible Digital Transformation - the Case of Hermandad de Honduras--Spanish](#)

Standard 4B. The provider gives clients clear and timely information to support client decision making.

Providers communicate clear, sufficient, and timely information in a manner and language that clients can understand, so that clients can make informed decisions. The need for transparent information on pricing, terms, and conditions of products is highlighted. The provider must ensure that clients understand the information disclosed.

Resources for Standard 4B

- [MFO Crystal Loan Agreement for Small Business Clients](#)
- [Contrato de Préstamo para los clientes de negocio - JSC MFO Crystal, Georgia](#)

This standard has 2 essential practices:

- Essential practice 4.B.1: The provider is transparent about product terms, conditions, and pricing.
- Essential practice 4.B.2: The provider communicates with clients at appropriate times and through appropriate channels.

4.B.1 The provider is transparent about product terms, conditions, and pricing.

Transparency on product information is vital for client understanding. When clients understand the products, they are buying and using, they are more likely to use them successfully. Client success is a major determinant for the health of the loan portfolio. Furthermore, client understanding helps build confidence and trust. The following transparency practices are recommended:

- Product contracts should be in simple language without illegal clauses and not in fine print. If technical language is required by law, ensure that the Key Facts Documents are written in simple language.
- For loans with a group guarantee or a guarantor, clearly define member and/or guarantor obligations, and communicate these to group members and guarantors in a way they can understand.
- If the loan has a variable rate and/or is denominated in a currency different from the main currency of the client's source of income (e.g., the client earns income in pesos and the loan is in USD), clearly explain pricing and cost scenarios to the client, including a pessimistic scenario in which exchange rates change and the loan is not worth as much money.
- For clients using payment services, make sure that the documentation that lists all fees, terms, taxes, and cancellation conditions is provided at your agents' locations where they facilitate payments. Such services include money transfers, bill payments, airtime top-up, and deposit withdrawal.


Resources for 4.B.1

- [CREZCAMOS Colombia: Providing transparent information to clients](#)

- [Paquete de bienvenida Crezcamos](#)

4.B.1.1 The provider gives a Key Facts Summary Document to borrowers. The document contains the following information:

- i. Total loan amount.
- ii. Pricing, including all fees.
- iii. Total cost of credit: all principal, interest, and fees plus cash collateral.
- iv. Disbursement date and loan term.
- v. Repayment schedule with principal and interest amounts, number, and due dates of all repayment installments.
- vi. All deductions from principal disbursement (e.g.: first installment, commissions, fees, cash collateral, taxes), if applicable.
- vii. How cash collateral / mandatory savings can be used in case of default, if applicable.
- viii. Moratorium interest rates, terms, and conditions, if applicable.

 **Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | CP Commit | CP Full – Entry CP | DI Focus**

The contract should always come with a one to two-page summary of the most important information, called the Key Facts Document, to summarize in an easy to find and easy to understand format the main information pertaining to the client’s loan. The Key Facts Document should be written in the local language and use simple forms of expression to convey the most important aspects of the loan in a way that clients with low levels of both literacy and financial literacy can understand and refer to in the future. Loan passbooks which are common in group lending usually serve as Key Facts Documents.

 **Disability Inclusion Focus:**

DI Indicator: The provider gives a Key Facts Summary Document to borrowers in accessible and alternative formats for clients with different types of impairments (e.g., Easy-read, large print, braille, audio formats).

Disability Inclusion - Info Box 4.B.1.1

Providers should ensure they provide clear and transparent information on products and services to all clients, including those with disabilities. The information in the Key Facts Summary Document should be available in accessible formats and channels for clients with disabilities, and communicated in ways they can understand.

For further information on accessible information and communication formats, see indicator 4.B.1.4.

Scoring guidance

- Score ‘yes’, if all borrowers receive a fully complete Key Facts Document per type of loan that contains the eight above listed information.
- Score ‘partially’, if the Key Facts Document is missing one or two of the eight above listed information for any type of loan.
- Score ‘no’, if not all borrowers receive a Key Facts Document and/or the Key Facts Document is missing three or more of the eight above listed information for any type of loan.

Sources of information

- Loan contract(s), Key Fact Document(s), client welcome kit(s), in template form and a random sample of Key Fact Documents filled out for specific clients.
- Branch/field Observations: Observe/listen to loan application and loan disbursement meetings in at least two branches and review any welcome kit materials that may be provided to clients in the moment of loan application and loan disbursement to see how this information is conveyed orally to clients who may not be literate or who will benefit from an oral reinforcement of the information contained in the Key Facts Document.
- Interviews with loan officers and clients.

Evidence to provide

- Reference to the Key Facts document of each loan type/product
- Determination by the auditor about whether the Key Facts Document contains all the needed information (listed in the indicator) and/or what information is missing.

Resources for indicator 4.B.1.1

- [Key Facts Document Worksheet and Example](#)
- [Key Facts Documents for Loan Clients](#)
- [Better Designed Disclosure Simplified Key Fact Sheets from Peru and Mexico](#)
- [Divulgación mejor diseñada hojas de datos clave simplificadas de Perú y México](#)

4.B.1.4 The provider communicates product information in a way that supports informed decision making by clients.

4.B.1.4.1 The provider publishes basic product information, including pricing, at branch or agent locations, or digitally as applicable.

4.B.1.4.2 The provider communicates APR/EIR (or MPR if the majority of loans are under 3 months) in the Key Facts Summary and/or the loan contract.

4.B.1.4.3 The provider's communications are in simple local language; oral information is used for less literate clients.

4.B.1.4.4 The provider's marketing materials do not deceive or mislead clients.

 **Indicator in SPI5 Entry | SPI5 Full | CP Full | DI Focus****Detail 4.B.1.4.1: Progress CP****Detail 4.B.1.4.2: Advanced CP****Detail 4.B.1.4.3: Entry CP****Detail 4.B.1.4.4: Progress CP**

The provider must give sufficient clear information at the right time to facilitate informed decision-making. Field staff should be trained (refer to 5.C.2.2.3) to discuss terms and conditions with clients on several occasions during the product sales and application process. Staff should know how to evaluate client understanding, for example, using a set of conversational questions that can indicate to the staff whether clients understand the information that has been shared with them and are able to apply it as they use their financial products.

**Disability Inclusion Focus:****DI Indicator:**

- The provider communicates product information in ways that are accessible for clients with different types of impairments (e.g., Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).
- Loan contracts, savings documentation, transaction information, and insurance-related information (including policy information at enrollment and during the claims process) are provided in accessible and alternative formats for clients with different types of impairments (e.g. easy-read, large print, braille, audio formats, accessible digital formats).

- Client-facing staff are trained in accessibility, inclusion and communication with clients with different types of impairments, to support informed decision making by clients with disabilities.

Disability Inclusion - Info Box 4.B.1.4

Providers should ensure they provide clear and transparent information on products and services to all clients, including those with disabilities. Key information should be available in accessible formats and channels for clients with disabilities, and communicated in ways they can understand.

Print and electronic documents can be made more accessible by following document accessibility standards for color contrast, fonts, layout and screen reader compatibility. Alternative information and communication formats include:

- Large print: designed for persons with visual impairments,
- Easy read: uses simple words, short sentences and clear design formats, often combined with pictures or icons.
- Picture books: used to show steps in a process or transaction.
- Braille: a tactile written language system used by persons with visual impairments.
- Sign languages: languages that use signs and gestures which have evolved in Deaf communities.
- Audio formats, accompanied by written transcripts.
- Video formats, including on-screen captions, sign language interpretation, and written transcripts provided

Use plain language wherever possible to produce key product documents, and apply document accessibility standards as standard. Create versions of these documents in accessible and alternative formats, such as large print, Easy read and braille for clients with disabilities. Providing accommodations where necessary to meet the needs of individuals, such as reading product information to clients with visual impairments. Where possible, train selected staff in sign-language, or partner with external organizations to provide access to sign language interpreters.

Digital formats and channels are often the most practical solution to provide access to information by persons with different types of impairments, as long as they follow accessibility standards. Websites, online banking and mobile banking apps can enable user-customization of screen displays, use of screen readers by persons with visual impairments, and access to alternative document formats, videos with captions, and audio formats. The Web Content Accessibility Guidelines (WCAG) provide international standards for accessibility of digital content, including embedded documents for downloading. See indicator 3.B.2.2 for more information about digital accessibility and the WCAG, and linked resources.

Train all client-facing staff on disability inclusion, and operating procedures for accessible servicing and communications and providing reasonable accommodation. Training should equip staff to ask clients about their communication needs, provide information in accessible formats, and communicate key information respectfully and effectively to persons with different types of impairments. This should include practical training on adapting communications to meet client needs and support them to make informed decisions, for example allowing more time for meetings or holding more than one meeting to give the client time to process information. The providers' policies should allow for a support person to facilitate communication with clients with disabilities, if requested by the client, otherwise communication should be provided directly to client.

See resources for this indicator related to accessible information and communications. The BFFI Disability Inclusion Guide for FSPs provides more information and detailed resources on accessible information and communication formats, including digital accessibility, and guidance on disability etiquette and inclusive and respectful language for communications with persons with disabilities.

Detail 4.B.1.4.1

The provider should make the main characteristics of its products (e.g., term, minimum and maximum amount, price, product purpose, terms etc.) of its products available to the public so that potential clients can make informed decisions about whether or not to buy the product. Prices should be published in the public domain (e.g., branch poster, website, agent's shop etc.).

The clients must receive the information before they sign the contract and have as much time as desired to review the information prior to signing the contract. Ideally, the client decides when to approach the provider to proceed with the process of committing to a product after having had enough time of at least 24 hours to review the information and consult with any trusted advisor(s).

Other forms of communication include radio and television advertisements, SMS messages, in App notifications, product descriptions, and illustrative examples of calculation on the provider's website or mobile App, if applicable. This information should be published in all the places where clients go to receive information about the products on offer, for example if the FSP has branches, agents, and an App it should offer this information in all of those places. If the FSP does not have one or more of those venues for its clients e.g., fintechs that only have digital operations, then the provider should offer the information through the channel it uses to communicate with its clients, such as the App. For example, the information on the provider's website is not a client facing channel, if only 5% of the country's population has access to the internet. Likewise, if the App contains very clear and detailed information but it is not a sufficient disclosure, if only 3% of the clients have downloaded it.

Detail 4.B.1.4.2

For loans, information should be disclosed using either APR or EIR. For example, it is not sufficient if the brochure indicates a loan price of 2% per month without listing the APR. In addition to quoting the interest rate in APR or EIR, it is useful for clients to see the interest rate in the form most often used in your market (e.g., flat rates in MENA, CAT in Mexico, TCEA in Peru, TEAC in Bolivia, etc.). Pricing data must be regularly updated in all public communication channels and materials.

Detail 4.B.1.4.3

If the country is very linguistically diverse (e.g., India, Guatemala, Kenya), the provider should address linguistic diversity in a pro-client way such as by hiring loan officers that speak the local languages of the clients and can explain the official documents in those languages. The provider may also offer recordings of an explanation of the loan terms or Key Facts Document in various local languages and post those recordings in places accessible to the clients e.g., on TV screens in the branches or through the provider's App etc. Sometimes, local written languages may be complex, compared to the usual way it is spoken. The internal audit team should ensure with its loan officers or with some clients that the way the contract is written is simple, even in local language.

The provider should have clear and specified procedures for treating low educated clients or clients with difficulties to understand (e.g. migrants) and employees should receive a training on how to communicate contract terms and conditions with all client segments. It should use the simplest language possible to convey the product information to the clients by considering their low levels of literacy and financial literacy. Clients should always have an option to receive oral product explanations in case they are illiterate, such as a hotline, a customer representative at the branch, their loan officer, or a video recording.

Detail 4.B.1.4.4

The information made available to the public should be useful for client decision-making. Advertisements should not be misleading, but accurately present product terms and conditions.

Scoring guidanceDetail 4.B.1.4.1

- Score 'yes', if the provider offers basic product information that is (1) clear and sufficient (covering all aspects listed in 4.B.1.1 and 4.B.1.2), accurate, and up-to-date, and (2) delivered through multiple channels (at branch and agent locations and/or digitally) to support informed decision-making by clients before they sign contracts.
- Score 'partially', if the first requirement is not fully met or only one communication channel is used. For instance, product information is insufficient not covering all aspects in 4.B.1.1 and 4.B.1.2 or product information is not clear or product information is not updated regularly.
- Score 'no', if the first requirement is largely not met (e.g. product information is neither sufficient nor accurate or clear) or product information is contradictory on different communication channels.

Detail 4.B.1.4.2

- Score 'yes', if the provider discloses clearly either APR or EIR in its Key Facts Document and/or the loan contract for all loan products.
- Score 'partially', if APR or EIR is not disclosed for all loan products in the contract or Key Facts Document.
- Score 'no', if APR or EIR is not disclosed in any loan contract or Key Facts Document.

Detail 4.B.1.4.3

- Score 'yes', if the provider has integrated in its communication (1) simple language for all communication, contracts, and Key Facts Documents, (2) local languages, when applicable, and (3) oral language, when required.
- Score 'partially', if the second or third requirement is missing or the three requirements are only partly met. For instance, contracts and/or Key Facts Documents are in complex language difficult to understand for clients.
- Score 'no', if the first requirement is largely missed.

Detail 4.B.1.4.4

- Score 'yes', if none of the marketing materials has proven to be misleading or deceptive for clients.
- Score 'partially', if few marketing materials can be found to confuse clients.
- Score 'no', if some marketing materials can be found to deceive or mislead clients.

Sources of information

- Branch/field observations: observe/listen loan disbursement meetings; review any welcome kit materials that may be provided to clients in the moment of disbursement; visit agents or POS, if applicable. Additionally, listen to how branch staff and loan officers talk to clients and answer their questions to ensure that the oral communications also meet these criteria.
- Interviews with field staff on how most clients receive their product information and check all the places to verify that in fact it is publicly available, in an appropriate language, and sufficiently complete and up-to-date to be useful.
- Interview with random sample of clients.
- All publicly available product descriptions: brochures, flyers, banners in the branches, website of the provider, accounts on social media.
- Review of product application form, contract, the main product brochures, the Key Facts Document, the mobile app, the website, etc.
- The procedures for treating illiterate clients and the training that employees receive in this regard.
- Training materials (refer to 5.C.2.2.3) that describe how field staff should disclose product information to clients, any policy on transparency that may be included in the credit manual or another manual, potentially a documented process for communicating pertinent information to clients.
- If the provider uses digital communication channels (e.g. website or App), request information on what percentage of the clients have access to those digital channels.

Evidence to provide

- What type of information is provided and when is it provided, and if the information provided meets the criteria of being clear, sufficient, accurate and timely.
- Demonstration that price information is publicly available and accessible to clients, and up-to-date.
- Description of which pricing information is included and in which documents.
- A description of the channels of communication that the clients can use to receive an oral explanation about the products on offer.

Resources for indicator 4.B.1.4.

- Uganda regulatory Key Facts document
- Egyptian regulatory Key Facts document
- [Key Facts Document Workshop and Example](#)
- **[DI Focus]:** [EU Bridging the Gap: Inclusive and accessible communication guidelines includes practical tips for communicating with persons with different types of impairments, and producing information in accessible formats](#)
- **[DI Focus]:** [UN Disability-Inclusive Communications Guidelines includes guidance and checklists for accessible information in physical and digital formats](#)
- **[DI Focus]:** [Light for the World \(LFTW\) Resource book on disability inclusion: Includes guidance and tips on communicating with persons with different types of impairments and creating accessible documents and online content \(pages 52-64\)](#)

4.B.1.5 If the provider uses agents, it verifies that they provide to clients sufficient documentation of their fees, terms of service, and cancellation conditions.

 **Indicator in SPI5 Full | CP Full – Advanced CP | DI Focus**

When agents are the only representatives of the provider to interact with the clients, and especially if the agents conduct sales for the provider's products, the agents must provide the clients with the same level of product information and transparency they would receive from the provider itself. Customer Service or Internal Audit should have a process to monitor periodically the quality of the services provided by its agents.

**Disability Inclusion Focus:**

DI Indicator: If the provider uses agents, it verifies that agents provide sufficient documentation in accessible and alternative formats for clients with different types of impairments (e.g., Easy-read, large print, braille, audio formats, accessible digital formats).

[See indicator 4.B.1.4 For more information on accessible and alternative information formats]

Scoring guidance

- Score 'N/A', if the provider does not use any agents.
- Score 'yes', if the provider (1) has a documentation shared with the agents to inform clients that is sufficient, clear, complete, and offered at the right time and (2) internal audit or customer services monitors regularly the agents' compliance with this practice.
- Score is 'partially', if the provider is not meeting one of the two requirements or is meeting both requirements only partly. For instance, monitoring of the agents is irregular or ad hoc.
- Score 'no', if both requirements are not or hardly met.

Sources of information

- Any policy documents or contracts that govern the relationship between the provider and its agents and describes the transparency practices and information sharing expectations that the provider has with regards to how the agents interact with its clients.
- Agent monitoring process by the provider.
- Field observations of agents' interactions with clients.
- Interviews with monitoring staff that visit agents and ensure they are complying with the provider's expectations.

Evidence to provide

- Reference the sections of the contracts or policy that describe the provider's expectations regarding the agents' disclosure of information to the clients.
- Describe the system of monitoring that the provider has in place to ensure compliance with good practice among its agents.

4.B.2 The provider communicates with clients at appropriate times and through appropriate channels.

Providers may provide full and complete product information to clients, but communicate it in a way that is difficult for clients to understand (e.g., complex legal wording, disclosing information in writing to illiterate clients). The way sales and product staff explain things to clients makes all the difference in whether clients can absorb the information and use it to make important decisions about their finances.

Clients should have time to review product information, to compare options, and to ask questions before making a decision. In order to do so, they need relevant product information at least 24 hours prior to signing a contract, opening an account, or making a payment. In practice, this means providing product documentation that clients can take home and review before the sale and prior to signing. The client must also have an opportunity to decline the product without being made to feel that they are already expected to sign the contract. The provider must inform clients before making changes to the terms and conditions specified in their contracts: for example, if the interest rate paid on savings changes or before their insurance policy expires, so that they are aware and have the opportunity to renew the policy and prevent a gap in coverage.

Furthermore, the provider must put in place a system for providing clients with accurate account information on demand. For some providers, an on-demand mechanism is delivered through online and/or mobile banking, which gives clients anytime access to their account information. Low-tech options include answering customer inquiries over the phone and in-person. Field and branch staff should have immediate access to up-to-date account information whenever they are interacting with the client. They should provide clients receipts—paper or digital (based on client capability and context) for all transactions. For loans with a group guarantee or a guarantor and group savings accounts, they should provide each member in the group or guarantor with total balance of the account at least quarterly.


Resources for essential practice 4.B.2

- [Svasti Transparent collections practices training document](#)

4.B.2.1 *The provider gives clients the opportunity to review the terms and conditions of products.*

4.B.2.1.1 *The provider offers a channel for clients to ask questions and receive additional information prior to signing contracts.*

4.B.2.1.2 *The provider gives clients notice and the opportunity to opt out before automatically renewing a voluntary product.*

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | CP Commit | CP Full | DI Focus**
Detail 4.B.2.1.1: Entry CP
Detail 4.B.2.1.2: SPI5 Full | CP Full | Advanced CP

Clients need time to review product information, to compare options, and to ask questions so that they can make informed decisions. Clients should receive product documentation that they can take home to review and consult with a trusted person (e.g., spouse) before signing the contract. Twenty-four hours is a good rule of thumb for providing the client sufficient time to review the terms and conditions and ask clarifying questions before signing a contract. The provider should not pressure clients to commit to a product in less than 24 hours. Clients may choose to make quick decisions if they feel well informed. Additionally, the clients should not be made to feel guilty or ashamed if they change their mind or choose not to commit to the product.

To make informed decisions, clients need:

- Sufficient time so they are not rushed
- Channels and means to ask questions
- Simple language they can understand

The channel for clients to ask questions can be a phone line to speak with the staff or a digital channel (such as a chatbot). The provider should offer multiple channels for clients to choose from: a website form, in-App messaging, a customer service representative at the branch, and a hotline or call center. The provider might offer leaflets or online Q&A information to cover most of the expected questions from clients, but this does not replace the clients right to ask direct questions to staff.

In case of product renewal, the provider should deliver advance notification, and give the opportunity to opt-out. A process should describe the period used for advance notification, the channels used, what is the timeframe given to the client to opt-out. Ideally the client should receive this notice at least two weeks before the renewal would take effect (and a remainder a week before), so that they can make a considered decision about whether or not to renew.

**Disability Inclusion Focus:**

DI Indicator: The provider offers multiple channels for clients to ask questions or receive additional information prior to signing contract, including channels accessible to persons with different types of impairments (physical, mental, intellectual or sensory impairments).

Disability Inclusion - Info Box. 4.B.2.1

The provider should offer a range of channels that are accessible to clients with different types of impairments to ask questions or seek information (e.g. accessible digital financial services, real-time text and voice communication via live chat, and telephone help-lines, as well as in-person interactions). Where possible, these should provide flexible processes that enable communication in different formats based on client choice.

Providers should take steps to improve the physical accessibility of branches (see indicator 3.B.2.2) to enable clients to ask questions or seek information in person from staff. Providing dedicated service counters, and specialized staff who are trained in different communication methods such as sign language, facilitates two way communication. Visits by field staff, mobile banking units, village banking models, door-step banking, and agent networks overcome bring services closer to clients, providing opportunities for persons with disabilities who face barriers to accessing branches to ask questions of receive information from staff.

Telephony channels, including phone lines at branches, call centres, and telephone banking, enable clients to ask questions and seek information regardless of location. However, they present barriers for clients with hearing and speech impairments or psychosocial disabilities, due to issues such as audio-only interfaces, complex interactive voice response (IVR) systems, and reliance on voice-recognition systems. These barriers can be mitigated to some extent by building flexibility into systems and processes, and enabling clients to choose options for different communication methods where possible. In some countries, services are available which enable persons with hearing impairments to use telephony systems by communicating via third party service intermediaries using text (Text-based relay services) or sign language (Video relay services).

Digital financial services can provide an effective way for clients to access information (e.g. from websites, online banking and mobile apps) and ask questions through live chat, as long as the interfaces are designed according to accessibility standards (see indicator 3.B.2.2)

All client-facing staff, including call-center agents, should receive training on communicating with persons with different types of impairments, and providing information in accessible formats e.g. Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital formats (see indicator 4.B.1.4).

Providers' policies should allow for a support person to facilitate communication with clients with disabilities, if requested by the client. Providers should ensure that communication is provided directly to clients with disabilities and not via their support persons, unless requested by the client.

See resources for this indicator related to inclusive service delivery. BFFI's Disability Inclusion Guide for FSPs provides more information and detailed resources on accessible information and communication formats, including digital accessibility, and guidance on disability etiquette and inclusive and respectful language for communications with persons with disabilities.

Scoring guidanceDetail 4.B.2.1.1

- Score 'yes', if the provider offers to all clients (1) all the contractual documentation upfront they are going to sign, (2) the explanations of the product terms and conditions in simple language that clients need for informed decisions (as related to previous indicators on transparency), (3) at least 24h to review the product/service offer, and (4) at least one channel for questions (the more channels the better).
- Score 'partially', if the provider does not meet fully the above four requirements. For instance, clients do not receive the complete contractual documentation upfront or the explanations of the product terms and conditions are in complicated language difficult to understand for by some clients or clients are given less than 24 hours to review the product/service offer.
- Score 'no', if product terms and conditions are not understood by many clients or clients are not given any time to review the product/service offer or clients have no channel to access for questions.

Detail 4.B.2.1.2

- Score 'N/A', if the provider does not renew any voluntary product (deposits, insurance, debit cards, etc.) automatically.
- Score 'yes', if (1) there is clear evidence that clients have an opportunity to opt-out and (2) clients receive notice at least 2 weeks before.
- Score 'partially', if one of the two requirements are not met.
- Score 'no', if both requirements are not met.

Sources of information

- Transparency checklist, any checklist that field staff use to ensure they fully inform clients.
- Leaflets or contracts or Key Facts Documents or other materials given to the clients to explain the product they are considering.
- Branch/field observations:
 - Attend the process from sales to signing, to determine if the client has sufficient time and clear complete materials to review before signing.
 - Verify that clients are given the necessary time and information to understand and consider their options before they sign the contract.
 - Verify that they know how to get their questions answered before they signed the contracts, and they knew the channels that they could have used to ask question.
- Renewal policy and procedure for each voluntary product.

Evidence to provide

- Description of what type of documents are shared with clients.
- Description of the communication channels used by clients to ask questions.
- In the case of automatic renewals, relevant documentation (policies and procedures) and how the provider ensures client information and opportunity to opt-out.
- Summary of relevant results from the random sample interviews with branch/field staff and clients.

Resources for indicator 4.B.2.1

- **[DI Focus]:** [Asian Development Bank \(ADB\), 'Implementing Inclusive Design Principles in Banking Organizations': Includes case studies and examples of inclusive servicing models for persons with different types of impairments](#)
- **[DI Focus]:** [Sightsavers' Research report from a study in Kenya includes findings on key barriers to accessing financial services experienced by persons with different types of impairments, and recommendations for servicing adaptations to mitigate these](#)

4.B.2.2 The provider gives clients a completed, signed copy of the contract and makes the contract accessible anytime in an online account or in physical form.

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | CP Commit | CP Full – Entry CP | DI Focus**

As soon as a contract for a financial product is finalized, the client should be provided with a copy of the fully executed contract. This contract can be a physical or digital copy (depending on the context and the client's preference), but it must be complete, with no blank space and signed by both the provider and the client.

In the case of digital loans, the provider saves the Key Facts Document and the loan agreement in a client account that the client can easily access anytime. This may be on a client's device or in hard copy, but internet links alone are not sufficient.

 **Disability Inclusion Focus:**

DI Indicator:

- The provider offers alternative mechanisms for registering client consent to a contract for clients who are unable to provide a signature.
- The provider makes a completed, signed copy of the contract available to clients with disabilities in accessible channels and formats (including online or physical documents).

Disability Inclusion - Info Box 4.B.2.2

Policies and procedures that require signing a physical document for account opening or transaction authorization create barriers for persons with disabilities who cannot provide a written signature, or have difficulty providing a consistent signature, for instance due to physical impairments, impaired motor skills, or visual impairments.

You should provide a range of secure options for client identification, transaction verification and authorization in both physical and online settings, as persons with different and / or multiple types of impairments will require different solutions.

For in-person processes, alternatives to signature include thumbprint, providing a stamp for clients with disabilities, allowing consent to be provided verbally or by sign-language, recorded on video, or enabling electronic signature or verification methods e.g. through accessible portable devices.

Accessible digital financial services offer greater flexibility through electronic account opening, log-in and transaction authorization processes. Ensure secure log-in can be completed through at least one alternative to biometric authentication, provide a range of authentication processes such as through SMS, voice recognition and biometrics, ensure electronic signature can be completed using accessible controls (e.g. using keyboard only input and screen readers), and provide alternatives to visual captchas. See indicator 3.B.2.2 for more information on digital accessibility.

BFFI's Disability Inclusion Guide for FSPs provides more information on alternative identification, verification and authentication mechanisms for accessibility to persons with different types of impairments.

Scoring guidance

- Score 'yes' upon verification that (1) clients actually receive or know how to access their final complete contracts with no blank fields and signed by both parties and (2) in terms of being available at any time, the contracts can be given in physical form or it can be provided in digital form and stored in the clients' accounts online, which clients could access through the mobile App, if this access is simple and understood by the client.
- Score 'partially', if the provider meets only one of the two requirements.
- Score 'no', if the provider does not meet both requirements.

Sources of information

- Transparency checklist, any checklist that field staff use to ensure they provide everything to clients.
- All documents provided to clients.
- Financial product policy & procedure manuals.
- Interviews with concerned staff' (trainers and loan officers).
- Interviews with clients (to verify if they received their complete contracts).
- Review of random sample client contracts.

Evidence to provide


Results from the document checks and from the interviews with clients and staff.

4.B.2.3 The provider gives clients clear and accurate account balance information in the following ways:

4.B.2.3.1 Providing access to their up-to-date loan or savings balance upon request.

4.B.2.3.2 Sending automatic messages to clients whenever there is an automatic deduction from the client account.

4.B.2.3.3 Providing receipts, on paper or electronically, for every transaction

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | CP Commit | CP Full | DI Focus**
Detail 4.B.2.3.1: SPI5 Entry | SPI5 Full | CP Full – Progress CP
Detail 4.B.2.3.2: SPI5 Entry | SPI5 Full | CP Full – Advanced CP
Detail 4.B.2.3.3: ALINUS | SPI5 Entry | SPI5 Full | CP Commit | CP Full – Entry CP

Clients have the right to understand their financial position in real time so they can best plan their financial transactions. The three details describe the ways in which the provider needs to share information with its clients or make it available to them upon request in either physical or digital form, depending on the provider's capabilities and the clients' preferences and capacities. All these elements should be provided with no additional fee for clients. If the provider considers it to be costly, then it should be integrated in the overall pricing strategy of products.

Clients should know the channels and means through which they can access their accounts balances / details. The main determinants here are:

1. **Accessibility:** the provider should offer multiple channels through which clients can receive information so clients can pick one that is convenient and accessible for them.
2. **Accuracy:** Up-to-date and accurate account information.
3. **Timely information:** clients should be notified about any transaction on their accounts, especially in the event of automatic deductions so they can plan their other transactions accordingly.
4. **Documentation:** providing clients with confirmations of transactions, whether through paper or electronic receipts is necessary.

**Disability Inclusion Focus:**

DI Indicator: The provider gives clients with disabilities clear and accurate balance information in accessible channels and formats (including online or physical documents and messages).

[See indicators 4.B.1.2 and 4.B.1.4 for more information about accessible channels and information formats]

Scoring guidance

This applies to both loans and savings products, and includes also payment services for 4.B.2.3.3.

Detail 4.B.2.3.1

- Score ‘yes’, if the provider has an effective system in place that offers all clients access to their up-to-date loan and savings balances upon request via multiple channels.
- Score ‘partially’, if the provider’s system to offer access to up-to-date loan and savings balances is not functioning very well or if client can access one channel only.
- Score ‘no’, if the provider has no system in place to provide up-to-date loan and savings balances.

Detail 4.B.2.3.2

- Score ‘N/A’, if the provider does not make automatic deductions from client accounts.
- Score ‘yes’, if the provider sends automatic messages to all clients whose accounts were deducted automatically.
- Score ‘partially’, if not all clients receive automatic messages about automatic deductions from their loan and savings accounts.
- Score ‘no’, if the provider does not send automatic messages to clients upon automatic deductions from their loan and savings accounts.

Detail 4.B.2.3.3

- Score ‘yes’, if the provider offers all clients receipts - on paper or digitally - for every transaction.
- Score ‘partially’, if the provider offers receipts not for all types of transactions or not to all clients.
- Score ‘no’, if the provider does not offer receipts for the transactions of clients.

Sources of information

- Accounts management policy & procedures.
- Branch/field observations and interviews with clients and branch/field staff to verify that this happens in practice.
- Review of the mobile App, if applicable.

Evidence to provide

- Description of how the provider communicates up-to-date account balance information with clients.
- Description of the information available to clients and when the information is available by which channel.
- Results from the interviews with clients and branch/field staff.

Resources for indicator 4.B.2.3

- [Gatsby Microfinance LTD. Provides Transparent Loan Information](#)

4.B.2.4 *If loan repayments are automatically debited from a client account, the provider sends clients a loan repayment reminder at least one day before loan repayments are due.*

 **Indicator in SPI5 Full | CP Full – Entry CP | DI Focus**

The repayment reminder is important so that the client can plan his transactions accordingly.

If the provider uses a third party to send SMSs to clients, the time frame for reminders and notifications should take that into account in case it delays delivery of the messages. The provider is required to verify the efficiency and the accuracy of the systems it uses to ensure that delivery of the notifications happens with enough lead time for the clients to take action and avoid any penalties. This also applies if the provider uses bank transfers based on agreements with clients and banks in which the clients have accounts.

 **Disability Inclusion Focus:**

DI Indicator: The provider gives clients with disabilities loan payment reminders in accessible channels and formats (including online or physical documents).

[See indicators 4.B.1.2 and 4.B.1.4 for more information about accessible channels and information formats]

Scoring guidance

- Score ‘N/A’, if the provider does not apply automatic deductions for loan repayments by debiting client accounts.
- Score ‘yes’, if the (1) provider and/or its agent notifies all the clients of each automatic debit transaction (2) not later than 24 hours before loan repayments are due.
- Score ‘partially’, if one of the two requirements are not met. For instance, not all clients receive a notification or client receive a notification within less than 24 hours of the automatic account debiting.
- Score ‘no’, if the provider does not notify clients about automatic deductions for loan repayments.

Sources of information

- Communication process /procedures (pay attention to the time frame conditions).
- Channels used to notify clients about upcoming payments and/or deductions on their accounts.
- Interviews with staff who handle payments, IT, and client reminders.
- Interviews with client whose accounts have been debited to ensure that they are notified at least 24 hours before the due date.
- Contracts with third parties, if applicable.

Evidence to provide

- Reference to the part of the contract that covers this point in case of third-party agreement.
- Results from observation, review of documents, and interviews with staff and clients.

Standard 4C. The provider enforces fair and respectful treatment of clients.

Providers and their agents must treat their clients fairly and respectfully. They will not discriminate. Providers will ensure adequate safeguards to detect and correct corruption as well as aggressive or abusive treatment by their employees and agents, particularly during the loan sales and debt collection processes.

Resources for standard 4C

- [Trato responsable a los clientes Ejerciendo la no discriminación](#)
- [Capacitación sobre Derechos y Responsabilidades del cliente](#)

This standard has 3 essential practices:

- Essential practice 4.C.1: The provider's code of conduct requires fair and respectful treatment of clients.
- Essential practice 4.C.2: The provider does not use aggressive sales techniques.
- Essential practice 4.C.3: The provider protects clients' rights to respectful treatment during the loan collection process.

4.C.1 The provider's code of conduct requires fair and respectful treatment of clients.

Code of Conduct

An institutional Code of Conduct (or Code of Ethics) helps employees practice fair and respectful treatment of clients by defining clear standards of professional conduct that they must uphold. It should spell out expected behavior as well as the sanctions for violations of the Code. A written Code does not guarantee ethical conduct, but it is a first step toward formalizing an ethical organizational culture.

The Code should apply to all board members, managers, staff, and third-party providers (e.g., agents, debt collectors), to ensure that clients are protected when interacting with anyone working on behalf of the provider. All should sign it to formalize their agreement to abide by the ethical expectations described in the Code and receive training on it

The provider needs to train its agents, if they are not yet trained well by the third-party providers concerned on comparable Codes.

Training on the Code should use “real life” examples that highlight situations in which compliance with the Code may be difficult (e.g., when dealing with disrespectful clients; when asked by another staff member to commit minor fraud). For example, Sahayata Micro Finance Pvt. Ltd (India) uses “Customers’ Rights and Responsibilities Illustrations”—a series of simple pictures and texts that demonstrate five client rights and five client responsibilities, allowing trainees to discuss each scenario. Trainees are asked to read the card and decide which customer right is supported or violated by the behavior described. The cards are used to stimulate discussion among small groups of trainees and to test understanding of ethical behavior.

Non-discrimination

Few providers have a complete non-discrimination policy that protects all the types of clients. Most do not expressly want to deny clients’ rights, but they are unaware of how institutional policies and staff behavior affect certain clients or they know they need to have a non-discrimination policy, but certain protected categories are sensitive given the region’s religion or cultural norms and therefore have been left out, e.g., homosexuality. Providers should put in place a non-discrimination policy to make clear the its expectations and to standardize behavior across all employees.

Discrimination is different from targeting clients for inclusion in a program (e.g., loans to women, savings accounts for youth). Targeting generally corrects an existing problem of exclusion, whereas discrimination involves treating a client or potential client differently and less favorably based on personal characteristics or affiliations. Terms and conditions for individuals should only differ based on: 1) risk-based analysis (e.g., rural farmers in frequently-flooded areas might be deemed too risky, or loans might be less expensive for repeat clients with stellar repayment histories); 2) target markets defined in the mission

statement (e.g., “our mission is to serve youth in urban areas”); or 3) accommodations based on special needs (e.g., a person with limited mobility repays monthly instead of weekly, given her difficulty getting to the branch). Such differentiation should be applied consistently and transparently.

Resources

- [Smart Campaign Compliance Criteria for Code of Conduct](#)
- [Outline For a Code of Conduct](#)

4.C.1.2 The provider's policies prohibit the following:

4.C.1.2.1 Corruption, theft, kickbacks, fraud

4.C.1.2.2 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 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.]

 **Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | CP Commit | CP Full | DI Focus**
All details: Entry CP

Only by having an explicit policy in place can the provider ensure adherence by staff to these expectations, dissemination during trainings, and eventually control by Internal Audit.

As a complement to setting ethical standards of behavior with clients, the provider should have a client non-discrimination policy that prohibits discrimination on the basis of “Protected Categories” as defined by the International Labour Organization which include in particular ethnicity, gender, age, disability, political affiliation, sexual orientation, caste, and religion. However, some of these categories are not protected by law in some countries. For example, “caste” is only applicable in South Asia and does not need to be included outside that region.

In particular, unacceptable behaviors such as client intimidation should be clearly listed in an official document, to set clear expectations from staff, to be able to communicate them to clients (see indicator 4.C.1.3), and for Operations to have a reference for control and for Internal Audit to audit compliance.

Disability Inclusion Focus:

DI Indicator:

- The provider's policies prohibit discrimination against persons with disabilities (including by denial of reasonable accommodations to access product and services).
- The provider provides information about the prohibited behaviors in its code of conduct in formats that are accessible for clients with different types of impairments (e.g. Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).
- Client-facing staff are trained in accessibility, inclusion and communication with clients with different types of impairments.

Disability Inclusion - Info Box 4.C.1.2

As an essential good practice, FSPs should establish a non-discrimination policy that applies to the board, leadership, and all staff, contractors, and agents, and covers all organizational activities. This may be implemented either as a stand-alone policy or as part of a wider diversity, equity, and inclusion (DEI) or gender equality, disability and social inclusion (GEDSI) policy.

The non-discrimination policy should prohibit:

- all forms of discrimination, both direct and indirect discrimination, on the basis of all protected categories, including disability
- discrimination against persons with disabilities by denial of reasonable accommodations.

Direct discrimination occurs where a person is treated less favorably explicitly because of their personal characteristics. This includes policies that restrict the right of persons with disabilities to access its products and services on an equal basis with others, for instance through:

- eligibility criteria with explicit exclusions based on types of impairments or medical conditions.
- requirements for persons with disabilities to appoint a third party as joint account-holder, or to make decisions or transactions on their behalf.

While such policies are often framed as client protection measures, they discriminate against persons with disabilities by denying their legal capacity and their right to control their own financial affairs, as articulated in the UN Convention on the Rights of Persons with Disabilities (UNCRPD).

Indirect discrimination occurs where a policy or rule is applied to all persons, but puts persons with a particular characteristic at a disadvantage. For example, mandating written signatures on contracts, which disproportionately excludes persons who cannot provide a signature due to physical impairments; and not providing reasonable accommodations to enable them to use alternative identification mechanisms.

The provider's Code of Conduct should provide clear definitions and examples of unacceptable behaviors, including discrimination, and prohibit any form of abuse or exploitation of clients or community members, including threats, intimidation, physical violence, and sexual exploitation, abuse and harassment (SEAH).

Information about unacceptable behaviors should be provided in formats that are accessible for clients with different types of impairments, and client-facing staff should be trained to communicate this information to clients with disabilities in ways they can understand [See indicator 4.B.1.4 for more information about accessible information and communication formats].

Scoring guidanceDetail 4.C.1.2.1

- Score ‘yes’, if (1) the provider has one or several written and clear policies (preferably approved by the board) that prohibit(s) corruption, theft, kickbacks, and fraud and outline(s) sanctions for each type and level of violation, (2) all employees are trained and aware of the policies, (3) compliance with the policies is checked and audited regularly, and (4) the sanctions are effectively enforced.
- Score ‘partially’, if the above four requirements are not fully met. For instance, the policies are rather vague without defining clearly the actions prohibited and the corresponding sanctions or the employees are not fully aware of the policies or Internal Audit does not carry out compliance audits or the sanctions are not consistently enforced.
- Score ‘no’, if the above four requirements are largely not met. For instance, lack of written policies and/or employees are largely not aware of it and/or compliance is not checked/audited and/or sanctions are not enforced.

Detail 4.C.1.2.2

- Score ‘yes’, if (1) the provider has one or several written and clear policies (preferably approved by the board) that prohibit(s) client intimidation (like listed in the above detail) and outline(s) sanctions for breaches, (2) all employees are trained and aware of the policies, (3) compliance with the policies is checked and audited regularly, and (4) the sanctions are effectively enforced.
- Score ‘partially’, if the above four requirements are not fully met. For instance, the policies are rather vague without defining clearly client intimidation and the corresponding sanctions or the employees are not fully aware of the policies or Internal Audit does not carry out compliance audits or the sanctions are not consistently enforced.
- Score ‘no’, if the above four requirements are largely not met. For instance, lack of written policies and/or employees are largely not aware of it and/or compliance is not checked/audited and/or sanctions are not enforced.

Detail 4.C.1.2.3

- Score ‘yes’, if the provider (1) has a written and clear Client Non-Discrimination policy that spells out all of the ‘Protected Categories’ (listed in the above detail), (2) has trained all employees on it, (3) controls and audits regularly compliance with this policy, (4) includes sanctions for breaches.
- Score ‘partially’, if the above four requirements are not fully met. For instance, the policy is rather vague without defining clearly the ‘Protected Categories’ or the employees are not fully aware of the policy or compliance with the policy is not controlled and audited regularly.
- Score ‘no’, if the above four requirements are largely not met. For instance, lack of a written policy and/or employees are largely not aware of it and/or compliance is not checked/audited.

Sources of information

- Code of Conduct, HR policy, Client Non-Discrimination policy, loan collections policy, etc.
- The document that contains the list of unacceptable behaviors in client relationship.
- Check with Human Resources to verify if staff sign a document acknowledging that they have read, understood and agree to abide by these policies.
- Employee files with confirmation that they have read and will abide by these policies.

Evidence to provide

- Description / list of the unacceptable (and acceptable) staff behaviors towards clients.
- The page number and name of the various documents where these lists are found.
- The sections of the Code of Conduct / Collections policy / Loan Policy manual that cover corruption, intimidation, and discrimination.

Resources for indicator 4.C.1.2

- [Aski Sanctions Code of Conduct Violations](#)
- [Examples of Discriminatory Policies and Staff Behaviors](#)

4.C.1.4 If the provider partners with third parties, it reviews the third party's code of conduct prior to signing a contract to check for commitment to fair and respectful treatment of clients.

 **Indicator in SPI5 Full | CP Full | DI Focus**

The goal of this indicator is to ensure that any external service providers are held to the same standards for fair and respectful treatment of clients as the provider. Third-party providers can be debt collectors, agent networks, MNOs, insurance companies, and other financial institutions such as commercial, development and microfinance banks, postal offices, etc.

Partnering with third parties or other service providers requires taking the necessary precautions to ensure that they share the provider's commitment to client protection. The provider is directly responsible for verifying that the partners apply all necessary practices in terms of fair and respectful treatment of clients: the third-party provider is required to have a Code of Conduct - or any similar document - that governs the business conduct towards clients or their adherence to the provider's Code of Conduct can be written into the contract that governs the relationship between the provider and the third-party provider.

This might require developing specific contractual terms for the partnership that cover client protection requirements. In some cases, providers can impose their own business conduct/behavior and make it an integral part of the agreements and make additional efforts to train the third-party's staff on expected behavior towards clients. The two key questions are: (1) what is the policy/procedure that is in place for acquiring partners and third-party providers? and (2) how do providers confirm that all necessary steps have been taken so that the third-party providers comply with client protection?

In addition, it is the provider's responsibility to monitor its external provider's behavior towards its clients, including handling client complaints related to the services and treatment they receive from the third-party providers (refer to 4.E.3.3). The provider should review the Code of Conduct of third parties for commitment to respectful treatment of clients before they sign a contract.

**Disability Inclusion Focus:**

DI Indicator: If the provider partners with third parties, it reviews the third party's code of conduct prior to signing a contract to check for commitment to fair and respectful treatment of clients, including clients with disabilities.

Scoring guidance

- Score 'N/A', if the provider does not use third-party providers in any of its processes.
- Score 'yes', if (1) the commitment to all expected rules for fair and respectful treatment of clients is part of the agreements between the provider and its third-party providers, (2) the staff of the third-party providers is well trained on how to treat clients fairly and respectfully, and (3) the provider monitors regularly the client treatment of its third-party providers.
- Score 'partially', if the above three requirements are not fully met. For instance, the agreements between the provider and its third-party providers do not cover all expected rules for fair and respectful treatment of clients or the staff of the third-party providers are not adequately trained on how to treat clients fairly and respectfully or the provider does not monitor regularly the client treatment of the staff of its third-party providers.
- Score 'no', if the agreements between the provider and its third-party providers fail to cover the expected rules for fair and respectful treatment of clients and/or the

staff of the third-party providers are not trained on how to treat clients fairly and respectfully and/or the provider does not monitor the client treatment of the staff of its third-party providers.

Sources of information

- All Contracts with third party providers.
- Procurement / partnerships policies and procedures.
- Interviews with managers of the relationships with the third-party providers.
- Interviews with clients in relations with third-party providers, if possible.

Evidence to provide

- All contracts between the financial provider and its third-party providers.
- If available, quotes from the third-party providers' Code of Conduct referring to fair treatment of clients.
- Results from interviews with client and staff of third-party providers, if possible.
- Results from internal monitoring systems.
- Results from client satisfaction and exit studies.

Resources for indicator 4.C.1.4

- [Tujjenge Displays a Customer Service Charter](#)
- [Aski Sanctions Code of Conduct Violations](#)
- [Examples of Discriminatory Policies and Staff Behaviors](#)

4.C.2 The provider does not use aggressive sales techniques.

Aggressive sales techniques can be particularly damaging for low-income clients and those with limited financial capability, as they may be more likely to buy products due to sales pressure rather than because the product is a good “fit.” Aggressive sales can mean larger outreach and bigger portfolio, but it can also lead to higher rates of default and lower customer satisfaction when client’s end up with products they don’t need and/or do not understand. In recruiting new clients, the provider must never resort to deceptive or aggressive practices because it will not lead to healthy growth in the medium or long term.

Examples of aggressive sales include:

- Putting pressure on a client to take a product she/he does not need/want like: calling every day, visiting the client’s home or business very frequently, following them in the street, etc.
- Telling clients that there is a time limit on a specific offer (“you must sign today, because the price will go up tomorrow”).
- Adding a side-product, bundled with a product the client has chosen, without informing the client (e.g.: adding an insurance without telling the client).
- Continuing to pursue a client who has clearly declined a product.
- Discouraging or preventing clients from consulting with a trusted person or from reading product information thoroughly (e.g.: the contract, etc.).
- Intimidating or threatening the client (“if you don’t purchase life insurance, you are going to look like you don’t care about your family”).

Providers should define aggressive sales and put in place safeguards to prevent it such as monitoring and auditing staff compliance with expected behaviors by interviewing clients to ensure they were treated in keeping with the provider’s values and policies. The provider needs to ensure that it sets reasonable growth targets and uses incentives schemes that do not trigger aggressive sales. Providers should conduct market studies before setting growth targets, hence, sales should be within the acceptable growth targets and any sales outside the pre-set threshold, causes the provider to investigate.

Standard 4D. The provider secures client data and informs clients about their data rights.

The privacy of individual client data is respected in accordance with the laws of individual jurisdictions as well as these international standards. Client data will only be used for the purposes specified at the time the information is collected from the client, or as permitted by law. Data security is a key component of confidentiality, especially in the digital age. The provider takes the necessary steps to ensure that client data is secure, including teaching staff and clients about the importance of data security and how to keep their information private.

This standard has 2 essential practices:

- Essential practice 4.D.1: The provider maintains the security and confidentiality of client data.
- Essential practice 4.D.2: The provider informs clients about data privacy and data rights.

4.D.1 The provider maintains the security and confidentiality of client data.

Providers have a responsibility to protect the privacy and confidentiality of the personal and financial information of their clients. Misuse of data such as client photographs, account numbers, and personal identification documents can have devastating effects on clients. If working with third-party providers that have access to client data—for example, insurance providers, payments agents, marketing firms—they should specify that they will maintain the security and confidentiality of client data. Monitor whether third-party contractors are honoring their commitment to data confidentiality, for example by inquiring about the security of their systems, interviewing clients about their experiences regarding data security (e.g., “Did the agent ask you to sign this privacy agreement?”), and testing the agent’s process through mystery shopping.

A process to safeguard data from misuse by former employees must be established like terminating the employee’s login credentials promptly at their departure, collecting all work equipment (laptop, building keys, etc.), wiping (erasing the information from) the employee’s personal devices (e.g., mobile phone) of company data, and other security precautions.

IT systems are also vulnerable to misuse calling for security measures to protect against unauthorized access to data—including passwords, access hierarchy, firewalls, and adequate software infrastructure. Change IT passwords periodically and structure access to data according to the position of the staff member accessing the data and their role. Additionally, back up IT systems daily, with at least one back-up stored securely off-site.

FUBODE (Bolivia) has a specific room assigned within each branch to store clients’ physical documents. Each of these rooms has smoke detectors, professional cameras, motion sensors, and fire-resistant filing cabinets to store clients’ physical documents. The room restricts access to only one staff member per branch. Additionally, the FSP invested an average of US \$3,500 per branch to install in each branch surveillance cameras and a panic button for each cashier as well as an alarm system monitored by a third-party central office.

Information systems should ensure the security and privacy of client data by (1) restricting employees from taking home client files or copies of the databases, (2) keeping records of the names of staff who request and/or are granted permission to access client files outside of normal conditions (e.g., after working hours), (3) keeping hard-copy client files in a secure place, with controlled access. For example, FinDev’s (Azerbaijan) policy on data security states: “Loan contracts and copies of all other official documents regarding the client’s loan

file are kept in iron cases in the room of finance manager. Other documents are kept in locked bookcases under supervision of respective loan officer.”

Plan for how to keep data safe in case of unplanned network downtime or emergency. A business continuity plan that covers several of the most likely scenarios—such as a security breach, network overload and slow down, or a natural disaster that shuts down power and connectivity—will help keep information safe during unexpected events when data could become vulnerable. Policies and procedures as well as IT systems such as firewalls and passwords help build the system necessary to ensure the safety of the clients’ data.

Finally, all product contracts should include a privacy clause that specifies how data will be used and protected. This clause should be included in plain language and prominently displayed in the contract—for example, not hidden in small print. It should also be included in the Key Facts Document. For savings products, it should be clear who has access to the client’s account; for credit products, clients should know whether their information will be shared with a credit bureau, or others, such as insurance companies or collections agents.

4.D.1.1 The provider has data security and confidentiality policies that cover the gathering, use, distribution, storage, and retention of client information.

 **Indicator in SPI5 Full | CP Full | DI Focus**

Regardless of national regulation, providers should have a written privacy policy and procedures that govern the gathering, cleaning, processing, use, distribution, and storage of client information. The policy should explain how the privacy and confidentiality of client data is ensured. It should specify the sanctions or penalties that will apply to any staff - also those who leave the organization - that violate the privacy policy—for example by misusing or misappropriating client data, leaking information, or exposing client data to third parties without client consent.

 **Disability Inclusion Focus:**

DI Indicator: The provider's policies should include measures that enable clients with different types of impairments to access its products and services, prioritizing independent access, while mitigating risks to the client and safeguarding the security of the client's data.

Disability Inclusion - Info Box 4.D.1.1

Some persons with disabilities, in particular those with visual impairments or intellectual and psychosocial disabilities, may be forced to rely on third parties to access or use their accounts due to inaccessible channels (e.g. ATMs and digital interfaces) or a lack of alternative and accessible authentication processes. This compromises their data security, increasing their exposure to fraud.

In some cases, providers' eligibility criteria exclude persons with disabilities from holding accounts, or require them to nominate a third party to access or use their accounts. Such policies, while often framed as client protection, are discriminatory, and do not recognize persons with disabilities' legal capacity and rights to manage their own financial affairs, as articulated by the UN Convention on the Rights of Persons with Disabilities (UNCRPD).

Instead, the provider should prioritize enabling clients with disabilities to open and access financial products and services independently and safely, without third party assistance wherever possible, recognizing their dignity, autonomy and capability, while taking measures to mitigate risks.

To enable clients with different types of impairments to access and use products and services autonomously, improve the accessibility of channels, user interfaces, information and communications, and provide alternative mechanisms for identification, authentication and verification (see indicator 4.B.2.2). Provide accessible training for clients with disabilities on measures they can take to keep their data and confidential account information secure.

The provider's policies should enable supported decision-making practices, which allow clients with disabilities to nominate a trusted support person to help them with decision-making, while making it clear that the client remains the primary decision-maker, recognizing their autonomy, will and preferences. Where a client with disabilities requests supported access, by requesting a named, trusted third-party to assist them to access their accounts (e.g., a family member, caregiver or support person), the provider's policies should include measures to accommodate this request, specifying clear safeguards against fraud and financial abuse. These arrangements are different from policies that force clients with disabilities to involve third parties in managing their finances, or impose substitute decision-making mechanisms, where a third party takes decisions in place of the client.

Provide products which are easy to understand and use for all clients including entry level savings and transaction accounts, and offer optional product features that help clients to manage their accounts, make more informed decisions, and reduce the risk of fraud or transaction errors. For example, SIBSTAR, a UK debit card and mobile application developed by Mastercard and the Alzheimer's Society, is designed to help persons with dementia to manage their day-to-day spending independently and safely, with optional limits on cash withdrawals or daily / monthly spending, real time transaction notifications, and the ability to invite a support person to help them manage their account on an app.

See resources for this indicator for examples and resources. BFFI's Disability Inclusion Guide for FSPs provides further information about equitable access to financial products and services for persons with disabilities and risk mitigation measures.

Scoring guidance

- Scores 'yes', if the provider (1) has a written complete privacy policy (or formal documents) on how to ensure the confidentiality, security, and accuracy of clients' personal, transactional, and financial information covering the gathering, use,

distribution, storage and retention of client information, (2) the staff understands well the privacy policy, and (3) the privacy policy is well enforced.

- Score ‘partially’, if the three requirements are not met fully. For instance, the written privacy policy is incomplete or the staff does not well understand it.
- Score ‘no’, if the provider has no written privacy policy (staff signing a confidentiality agreement upon hiring alone is no substitute!) and/or the staff is not aware of a privacy policy.

Sources of information

- Review of privacy policies and processes that may be all in one document, or spread out in different operational manuals.
- Interviews with IT department.
- Check with field officers.

Evidence to provide

Specify the documents and page numbers where the policy addresses each of the components mentioned in the scoring guidance. Complete with feedback from interviews and potential breach in data confidentiality.

Resources for indicator 4.D.1.1

- [SKS and Equitas examples](#)
- [SKS \(India\) Protects Client Data](#)
- **[DI Focus]:** [Project Nemo: ‘Safe Spending for Adults with a Learning Disability: A Call to Action for Financial Services’: Report on barriers to accessing financial services experienced by persons with learning disabilities in the UK, and recommended actions for FSPs to support safe and independent access](#)
- **[DI Focus]:** [Case study: SIBSTAR debit card and mobile app designed to enable safe and independent spending by persons with dementia \(Asian Development Bank \(ADB\) ‘Implementing Inclusive Design Principles in Banking Organizations’ page 20\)](#)

4.D.2 The provider informs clients about data privacy and data rights.

Providers should be careful stewards of clients’ personal and financial information to build trust with clients and a reputation as a responsible actor in the sector. Especially with the rise of digitalization, the protection of the security and confidentiality of client data becomes a much more extensive and intensive undertaking. Digital channels make control of the clients’ data more difficult because the provider can no longer rely on the safekeeping of the physical files to be enough to ensure its safety. In some markets this has been an issue for a decade while in other markets digitalization has only proliferated since the Covid-19 pandemic. However, no matter where the provider is in its journey toward digitalization, it is important to take staff and clients along on that journey by providing sufficient digital education so that both staff and clients have the necessary tools and knowledge to keep their personal and financial information safe.

Starting at the time of application, the provider should obtain client consent before sharing personal information with any external audience, including credit bureaus, family members, guarantors, insurance agents, collections companies, and marketing material (e.g., annual reports, website), or other public content. This encourages a relationship of trust and respect. For instance, the provider requires clients to name one beneficiary for their life insurance policy so as to safeguard the clients’ account from all other people who have not been named as the beneficiary.

When talking to clients, emphasize the clients’ own responsibilities for keeping data private, such as storing records in a secure location and not sharing personal identification numbers (PINs). Finamérica (Colombia) publishes a brochure for clients with tips for information security, including the following: avoiding bank employee impersonators, avoiding robbery,

keeping debit cards secure, protecting personal information, and how to contact the bank if a security problem is detected.

Resources for 4.D.2

- [Sample Consent Form for Sharing Client Data](#)
- [How Unauthorized Data Sharing Can Hurt Your Institution](#)

4.D.2.1 The provider explains to clients how it will use client data, with whom it will share the data, and how third parties will use the data. The provider receives clients' consent before using or sharing their data.

Indicator in ALINUS | SPI5 Entry | SPI5 Full | CP Commit | CP Full – Entry CP | DI Focus

This indicator measures whether the provider has sought an environment of informed consent with its clients on the collection, use, and sharing of the client's personal data. The sales process should include a clear explanation of how client data will be used or shared. If third parties such as the credit bureau, or an insurance company receive any piece of client information, clients need to be aware who will receive what information, and for what specific purpose these third parties use the data.

Examples of data sharing:

- Reporting client data to credit bureaus.
- Using client data for marketing, (client personal/individual data, stories and picture, quotes, satisfaction survey results....).
- Selling client data to third parties.
- Delegating collections of delinquent loans to specialized collection agency.
- Using client geo-location data.
- Using client personal data to inform loan decision (apps that look into your social networks, your contacts, your pictures...).



Disability Inclusion Focus:

DI Indicator: The provider explains to clients how it will use client data, with whom it will share the data, and how third parties will use the data, and receives clients' consent before using or sharing their data. This information is provided in ways that are accessible for clients with different types of impairments (e.g. easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels), ensuring understanding and informed consent.

- When requesting consent, the provider explains in simple, local language (written or oral) how client data will be used, and ensures accessibility for clients with different types of impairments.
- The provider trains clients on the importance of protecting their personal information (including Personal Identification Numbers (PINs), savings account balances, and information on repayment issues), ensuring that training is accessible and inclusive for clients with different types of impairments and provides appropriate adaptations where needed.
- The provider gives clients the right to withdraw their permission to use data and clearly explains any consequences of withdrawal, in accessible formats and with communication adapted for clients with different types of impairments.
- Client-facing staff are trained in accessible communication and interaction with clients with different types of impairments (physical, mental, intellectual, or sensory impairments), particularly in relation to data use, consent, and privacy.

Scoring guidance

- Score 'yes', if the provider has an effective process in place to clearly inform all clients about (1) how it will use their data and (2) with whom and for what purpose it will share their data (3) PRIOR to the client's signing of the contract/consent document and (4) monitor regularly the effectiveness of this process.
- Score 'partially', if the four requirements are not met fully. For instance, the provider provides this information in full, but AFTER the client signs the contract, or the provider only informs the client to consult the credit bureau without mentioning that her/his own loan information and status will be shared.
- Score 'no', if the provider fails to explain systematically to clients how and with whom it will use their data.

Sources of information

- A template contract and/or a sample client loan application.
- Listening to the sales pitch, contract signing, and disbursement to hear how staff address the issue of data privacy and consent.
- Client interviews to gage their understanding of the use and/or sharing of their data.

Evidence to provide

Note when the data sharing is explained, and how, and how well clients understand the use and sharing of their data.

Standard 4E. The provider receives and resolves client complaints.

Open lines of communication between the provider and its clients are essential to building trust, resolving issues, and improving products over time. Providers should have multiple channels by which their clients can reach them to report a complaint. However, it is vital that managers and staff recognize that clients call or write for a variety of reasons aside from complaints e.g., with questions, to request additional products, to make suggestions, to request assistance, etc. A Complaints Handling Mechanism constitutes various convenient and affordable channels of communication to connect the provider to its clients for the benefit of both the clients and the provider. Staff should not see it negatively as a convenient way for clients to complain about staff.

This standard has 3 essential practices:

- Essential practice 4.E.1: The provider has a complaints mechanism that is easily accessible to clients and adapted to their needs.
- Essential practice 4.E.2: The provider resolves complaints efficiently.
- Essential practice 4.E.3: The provider uses information from complaints to manage operations and improve product and service quality.

4.E.1 The provider has a complaints mechanism that is easily accessible to clients and adapted to their needs.

Providers must have a Complaints Handling Mechanism that allows clients to raise issues, make complaints, and ask questions. An effective mechanism allows for a timely response to clients, and it enables providers to address both individual and systematic problems. It empowers clients to deal with questions and problems, making it more likely that they will be informed, confident consumers. It also gives providers the opportunity to resolve questions and complaints before they interfere with client loyalty and retention. Many issues are fairly simple to resolve—for example, questions about insurance benefits or complaints about a non-responsive ATM—and are not worth losing clients. Responsiveness of the providers also makes it less likely that dissatisfied clients hurt their reputation in the market.

Whatever mechanism(s) chosen, providers must put in place a specific complaints policy that includes the following elements:

- Resolution procedures: Define how to manage and resolve complaints, including what types of complaints can be handled by the person receiving the complaint (loan officer, branch manager), and what types should be referred to designated complaints personnel or management.
- Reporting system: The system should ensure that employees register all complaints—for example, by using a numbered register or tracking in a database that allows to follow the case through to resolution, and to analyze complaints in aggregate.
- Communication with agents: If clients have complaints about a third-party provider or agent (e.g., external collections agency, insurance company, digital POS), clients should be able to complain directly to the third party OR to you. Ask the external provider for access to client complaints made by clients. Clients see third-party providers and agents as an extension of their providers, so it is important to know about client complaints against the third-party providers. If third-party providers will not share an aggregated monthly list of the complaints against them, then the providers should train their clients to complain about the agents directly to them.
- Defined timelines: quick responses to client complaints, ideally within 24 or 48 hours for most complaints and questions and within no more than a month of submission for serious/complicated cases. Resolution time should be based on the severity of the complaint. Many issues can be resolved on the same day they are raised. These issues include the “frequent questions/complaints” that all employees are authorized to handle. Others will require follow-up and investigation, such as accusations against an employee or problems using a product or service. Create a timeline for complaints resolution, including realistic but responsive timeframes for dealing with these different types of issues.

The Complaints Handling Mechanism refers to the process of recording a complaint in a database, recording the steps taken toward resolution, and documenting the final resolution. This process must facilitate analyzing the database of complaints to assist the provider in identifying trends and provider-wide issues. This process should be as automatic as possible. For example, each complaint is recorded in an internal database and is automatically assigned a reference number. Additional database entries are recorded when that complaint is “in process” (e.g., being reviewed by an Ethics Committee), and when it is resolved. The database should allow providers to easily aggregate complaints from all different channels and analyze them by type (e.g., loan questions, employee misconduct, problems with infrastructure), location, and other relevant factors. Ideally, the database will also generate reports on complaints trends – these should be shared with management and the board on a regular basis.

Inform clients on their right to complain

Inform clients of their right to complain and explain to them how to use the complaints mechanism(s). Provide a verbal explanation during the product application process—for example, at the time of the application interview, orientation sessions, and/or disbursement. At the same time, prominently display written information on how to submit a complaint in branch offices (posters, brochures) and/or in product documentation. For example, Equitas (India) prints on each client passbook phone numbers for the following people/agencies: Equitas’ CEO’s office, Equitas’ internal ombudsman, and the national regulator.

Make sure clients know how to bypass a particular staff member, especially their loan officer, to make a complaint—particularly if the complaint is related to that person. Also, inform clients about complaints mechanisms available outside of their providers, for example national networks, local ombudsman, or a self-regulatory organization such as a consumer protection organization.

The Complaints Handling Mechanism should make it possible for staff to inform clients when a complaint is resolved, and to stay in touch along the way if the resolution process requires

client involvement or is taking a longer time. Clients should also be able to follow up on their complaint, if they have a question during the resolution process.

- [Research Indicates that Clients are not Informed on Complaints Mechanisms](#)

Train employees

Provide training to employees on how the complaints mechanism(s) works. The training should cover how the complaints mechanism(s) works, the role of complaints staff, how to appropriately manage complaints until they are resolved, and how to refer them to the appropriate person for investigation and resolution. While all employees should memorize the customer service hotline number, for example, many other aspects of the training should be position-specific, as complaints handling responsibilities vary dramatically across the organization. For example, loan officers may be responsible for informing clients about the mechanism during orientation, referring clients to it during the loan cycle, and reminding clients about it during group meetings. The training (and the staff book of rules) should be very clear on the importance of using the mechanism(s) correctly, and it should specify sanctions for staff that will fail to report a complaint.

Verify that third parties (e.g., agent network managers) train their own representatives on how the complaints mechanism(s) works, the role of complaints handling staff, how to appropriately manage complaints until they are resolved, and how to refer them to the appropriate person for further investigation and final resolution.

Resources

- [Example Staff Responsibilities for Complaints Resolution](#)
- [Yehu Microfinance Surveys Clients on Which Mechanisms to Create](#)

4.E.1.2 The provider has at least two complaints channels that are free of charge and accessible to clients.

Indicator in SPI5 Entry | SPI5 Full | CP Full – Entry CP | DI Focus

The Complaints Handling Mechanism(s) should be adapted to clients' needs and preferences, and it should be easily accessible for the majority of clients. Usually, this requires both a cost-free number that clients can call, as well as in-person customer service representatives. Complaints & Suggestion boxes are insufficient as illiterate clients cannot write suggestions/complaints, making a complaint in writing presents the added burden of travel to the branch, confidentiality is often limited, and these boxes were often only checked on a monthly basis. Providers should also offer other channels such as a complaints hotline, and make regular visits to client centers or businesses, or call some clients to inquire about any problems they may be experiencing. The channels must be convenient, accessible for illiterate clients, and allow the providers to respond in a timely way.



Disability Inclusion Focus:

DI Indicator: The provider has at least two complaints channels that are free of charge and accessible, including to clients with different types of impairments (physical, mental, intellectual or sensory impairments).

If the complaint mechanism initially handles complaints through automated means, the provider makes a channel with live, human interaction available to clients, ensuring accessibility for clients with different types of impairments. Staff interacting with clients to handle complaints are trained in accessibility, inclusion, and communication with clients with different types of impairments.

The provider ensures that clients with disabilities receive confirmation of receipt of their complaints and a notification when the complaint has been resolved in accessible formats (e.g. easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).

Disability Inclusion - Info Box 4.E.1.2

The provider's complaints handling processes should be accessible and adapted to the needs of all clients, including those with disabilities. Provide a range of confidential channels for clients to submit complaints (e.g. SMS, website, complaints hotline, online chat with text and voice options), and ensure these are accessible to persons with disabilities. See indicator 4.B.1.2 for more information on accessible servicing channels.

Train all staff involved in handling complaints to communicate respectfully and effectively to persons with different types of impairments, including training specialized staff in sign-language, or partnering with third parties to provide sign language interpretation.

Complaints investigation guidelines should adopt a client-centered or survivor-centered approach and apply gender, age, and disability lenses to ensure fairness, sensitivity, confidentiality, and protection throughout the process

Certain clients, including persons with disabilities, women, and others such as displaced persons, are more vulnerable to abuse or exploitation due to factors such as isolation, dependency on caregivers, communication barriers, low financial literacy, and fear of reporting abuse. Risks of abuse or exploitation are also heightened by power imbalances between FSP staff and vulnerable clients, in particular during loan collection processes.

These risk factors should be identified within client protection policies and highlighted in staff training. Investigations of complaints about exploitation, abuse or harassment should follow a survivor-centered approach, and the risk of causing further harm to the survivor should be recognized. Providers without specialized skills in this area should refer to an experienced third party for support.

Scoring guidance

- Score 'yes', if the provider (1) offers at least two different channels by which clients can submit complaints (2) which are for the clients free-of-cost and easy to use and (3), if applicable, at least one of those channels needs to be accessible to illiterate clients.
- Score 'partially', if the three requirements are not met For instance, only few clients use these channels or one of two channels is challenging to use (e.g. poor internet access).
- Score 'no', if one and/or both of the first two requirements are not met. For instance, clients have just one channel and/or no two channels are free-of-costs for clients.

Sources of information

- Complaints reports.
- Interviews with the head of complaints.
- Interviews with customer service representatives/manager.
- Complaints handling policy or matrix.
- Interview with clients.

Evidence to provide

Description of all the active complaints channels that clients access and any costs associated with any of those channels.

4.E.1.3 *The provider informs clients how to submit a complaint.*

4.E.1.3.1 *The provider displays information on how to submit a complaint in branch offices, at agent locations, in product documentation, and in all digital channels it uses to provide services to clients.*

4.E.1.3.2 *At the time when clients are applying to use a product, the provider informs clients on how to submit a complaint both to itself and to any third party partner.*

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | CP Commit | CP Full | DI Focus**

Detail 4.E.1.3.1: Entry CP

Detail 4.E.1.3.1: SPI5 Entry | SPI5 Full CP Full – Advanced CP

The Complaint Handling Mechanism is only efficient, if clients know about it and are encouraged to use it. The details of this indicator explain the basics of how to inform clients about their right to file complaints, and how to do so. Providers can provide this information in a variety of ways that include in writing through loan contracts, a Key Facts Document, a brochure, via TVs and posters at the branches, social media, posters at agents' locations, the website, digital channels such as the provider's App, and orally during the product application and client orientation processes.

This includes how clients submit a complaint not only to their provider, but, if available, also to a self-regulatory organization or public sector ombudsman. Provider must inform clients about how to submit a complaint against third parties as well. This process should include at least 2-3 moments in the customer journey when the client receives this information so that they can internalize it. One of those moments must be the product application process.

If providers have branch offices, agent locations and/or digital channels, then they must include information on how to submit complaints at each of these locations.



Disability Inclusion Focus:

DI Indicator: The provider provides information to clients on how to submit a complaint in formats that are accessible for clients with different types of impairments (e.g., Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).

[See indicator 4.B.1.4 for more information about accessible information formats]

Scoring guidance

Detail 4.E.1.3.1

- Score 'yes', if the provider has a systematic process and visible means in place to (1) share information with all clients at all locations for transactions (each branch office, agent location, and digital channel) about their right to complain and how to submit a complaint differentiated by channel and (2) monitor regularly the effectiveness of this process.
- Score 'partially', if the two requirements are not met fully. For instance, visible means are not available in all locations or not all clients have access to the visible means (e.g. group borrowers missing their initial group meeting) or explanations on how to submit a complaint do not exist for all channels.
- Score 'no', if the first requirement is not met. For instance, there are no or some visible means at a few branch offices and not at agent locations and/or there are no or not comprehensible explanations on how to submit a complaint.

Detail 4.E.1.3.2

- Score 'yes', if the provider has a systematic process in place to (1) inform all clients on how to submit a complaint about their provider or its third-party (differentiated

by channel) at the time when clients are applying for a product and (2) monitor regularly the effectiveness of this process.

- Score ‘partially’, if the two requirements are not met fully. For instance, not all clients are sufficiently informed on how to submit a complaint or clients receive explanations on how to submit a complaint for some channels only thereby reducing their choice among channels.
- Score ‘no’, if the first requirement is not met. For instance, most clients are not systematically informed on how to submit a complaint when applying for a product.

Sources of information

- Any documentation given to clients that contains the customer complaints channels.
- Interviews with clients to verify that they know how to make a complaint.
- Interview with field staff to talk about the channels, when clients receive information about how to make complaints, and to understand the perspective from the field on the most used channels and most frequent complaints.
- Observation in the branches to see how the complaints mechanism(s) is displayed to clients.

Evidence to provide

- Description of the written and oral communication channels used to share this information.
- Transparency checklist, any checklist that field staff use to ensure they fully inform clients.
- Description of how the provider educates the clients about complaints submission, including title and page number of a policy or documented process if applicable.
- Checklist of information to be communicated to the client, including informing the clients about complaints mechanism(s).

Dimension 5. Responsible Human Resource Development

Qualified and committed human resources - employees, but also agents - are the greatest asset for achieving the social goals, if they are valued by their employer or mandator, understand well their roles and responsibilities, and listened to their ideas about organizational improvements. Responsible treatment of employees (and also agents) is critical for providers to achieve their social, environmental, and financial goals. Employees have rights, and employees that are well-treated are more likely to treat clients responsibly.

Dimension 5, which Cerise+SPTF co-developed with the International Labor Organization and the e-MFP Human Resources Action Group, has three standards:

- Standard 5A The provider creates a safe and equitable work environment.
- Standard 5B The provider's Human Resources Development system is designed to attract and maintain a qualified and motivated workforce.
- Standard 5C The provider's Human Resources Development system supports its social strategy.

Resources for Dimension 5

- [FUNDESER Strengthens HR policies](#)
- [Grameen Foundation's Human Capital Management \(HCM\) Assessment tool](#)

Standard 5A. The provider creates a safe and equitable work environment.

Creating a supportive, safe and equitable working environment requires providers to have the policies and procedures in place to guarantee a non-discriminatory and safe place to work, to remunerates staff appropriately, and to address their grievances. It complies or exceeds the national laws including on forced labor and child labor.

This standard has 3 essential practices:

- Essential Practice 5.A.1: A written Human Resources policy is available to all employees that explains and protects their rights.
- Essential Practice 5.A.2: Employee compensation is equitable and adequate.
- Essential Practice 5.A.3: The provider has a safety and health management system.

Resources for Standard 5A

- [SPM Essentials #5: Listening to Employees as a Business Strategy](#)
- [Total Rewards Module Grameen Foundation Human Capital Hub](#)

5.A.1 A written Human Resources policy is available to all employees that explains and protects their rights.

In order to serve clients well, employees must work in an environment that supports and protects their rights and makes them feel valued. A well-developed HR policy provides the foundation for such an environment. It should be easily accessible to all employees, which means that each employee should know that the policy exists, what the contents include, and where to find the entire policy (e.g., on a shared computer drive). Providers should propose to each employee with an abridged version of the HR policy, highlighting the policies that affect employees most significantly and inform employees on policy changes in a timely way. Providers should decide on the format freely in line with their employee's preferences.

Developing the HR policy

Providers should involve employees at different levels in the process for developing and/or reviewing the HR policy to enhance its quality and appropriateness and build staff awareness and commitment. Good practice is to form an employee committee that periodically discusses how to improve implementation of the policy. To meet this standard, providers should have a formal mechanism for consulting with employee representatives on HR decisions and policy development and to allow them to have direct access to executive managers.

Making employees aware of the HR policy and helping them understand it

The HR policy should be part of induction for new employees. All new employees should be aware of the policy and know to whom they can address any questions or concerns. Experience has shown that employees often do not retain much of the HR information shared during induction trainings, because the material is too technical or too overwhelming to be absorbed at one time. It is thus recommended to break down the policy into digestible pieces, use various delivery methods (group discussions and videos, for example), and test employee knowledge at various intervals. Some providers discuss one part of the HR policy (e.g., how to report harassment in the workplace) as part of periodic employee meetings at branches and headquarters.

Field examples

- [FINCA Protects Staff with HR Policies](#)

5.A.1.1 The provider's Human Resource policy explains employees' rights and responsibilities related to the following:

5.A.1.1.1 Work rules and disciplinary procedures

5.A.1.1.2 Grievance resolution

5.A.1.1.3 Collective bargaining agreements and freedom of association

5.A.1.1.4 Whistleblower safeguards

5.A.1.1.5 Anti-harassment safeguards

5.A.1.1.6 Conditions for dismissal and exit formalities

 **Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | DI Focus**

Providers should formalize working conditions and communicate on them transparently to employees. A written HR policy - compliant with national labor law - must include key elements related to working rules, conditions, and staff protection. It must be easily accessible to all employees: each employee should know that the policy exists, what it covers, and where to find the entire policy. Its effective dissemination to each employee is a basic indicator of operational management in human resources.

**Disability Inclusion Focus:**

DI Indicator: The provider's Human Resource policy explains employees' rights and responsibilities related to the following:

- Workplace accessibility and the provision of reasonable accommodations in the workplace, to enable persons with disabilities to participate in the workforce on an equal basis with others.
- A zero-tolerance policy toward discrimination based on all Protected Categories including sex, disability, race, or religion.

Disability Inclusion - Info Box 5.A.1.1

The provider's HR policy should include measures to ensure all employees, including those with disabilities, are treated fairly, respectfully and without discrimination, have decent work conditions, and enjoy equal opportunities, in all aspects of their employment. These rights are articulated in the UN Convention of the Rights of Persons with Disabilities (UNCRPD), and are legal requirements in many countries.

Policies should prohibit discrimination on the basis of protected characteristics, including disability, including discrimination by denial of reasonable accommodation. Reasonable accommodation differs from general accessibility measures in that it responds to individual circumstances, rather than applying to all users. While accessibility aims to remove barriers at a systemic level, reasonable accommodation enables equitable access in specific situations where existing systems do not fully meet an individual's needs. It is defined in the UNCRPD as:

“Necessary and appropriate modification and adjustments not imposing a disproportionate or undue burden, where needed in a particular case, to ensure to persons with disabilities the enjoyment or exercise on an equal basis with others of all human rights and fundamental freedoms”.

Inclusive employment is underpinned by an accessible workplace. Providers should take steps to make their workplace premises and IT systems accessible to persons with disabilities (see indicator 3.B.2.2 for information about physical and digital accessibility). They should also implement procedures to provide reasonable accommodation to individual employees to enable them to perform their job to their full potential and participate in work activities on an equal basis with others. These procedures and process should enable all employees to request accommodations during onboarding and orientation, as part of return-to-work procedures after illness or accidents, and any time during their employment.

Workplace accommodations may include a wide range of measures, many of them simple and inexpensive, including (but not limited to):

- Adjusting workplace layouts to assist navigation.
- Workstation adjustments.
- Providing information in accessible formats.
- Providing assistive technologies.
- Flexible working arrangements, such as remote working or adjusted working hours.
- Implementing protocols for inclusive in-person and online meetings.

As the initial stage of the employment lifecycle, inclusive recruitment practices are an essential foundation for equal participation of persons with disabilities in the workforce. Recruitment processes should provide all candidates an equal opportunity to apply and succeed based on their merits. This involves proactive measures to ensure non-discrimination, minimize bias, and enable accessibility at every stage, including job advertisements, candidate sourcing, screening, shortlisting, selection, and onboarding. All candidates should be given the opportunity to request reasonable accommodation at all stages.

Both HR staff and line managers should receive training on providing reasonable accommodation, addressing unconscious bias, inclusive recruitment and performance management, and prevention of exploitation, abuse and harassment in the workplace. HR staff should be trained on role-specific topics including job adaptation, return-to-work processes (including for persons who have acquired disabilities during their employment), and workplace health and safety considerations for employees with disabilities.

The BFFI Disability Inclusion Guide for FSPs providers further information and resources on inclusive recruitment and employment, and staff training. See also resources for this indicator.

Scoring guidance

For each detail:

- Score ‘yes’, if:
 1. the provider complies fully with the rights and responsibilities for all employees related to the detail concerned,
 2. the formal HR policy describes clearly the employees’ rights and responsibilities related to the detail concerned that are
 3. understood well by the employees
- Score ‘partially’, if (1) the provider complies largely with the rights and responsibilities for all employees related to the detail concerned with no major risks identified, but they are not included in the formal HR policy and/or not well understood by the employees. In other words: if the first requirement is mostly met, but not the second and/or third.
- Score ‘no’, if (1) the provider does largely not comply with the rights and responsibilities for all employees related to the detail concerned with major risks identified, regardless of whether the second and third requirements are met.

Sources of information

- HR Policy & Procedures Manual
- Interview of HR manager
- Interviews of employees at branch and head office level

Evidence to provide

- Explain where the HR policy is available and give the chapter or page where the six indicator details are covered. Include how and when the policy was distributed to staff (e.g., last year by email or each revised version is posted to the intranet, etc.).
- If the employees’ rights are not explicitly mentioned in the HR policy, an assessment of potential risk(s) (for the employees, but also for clients) of non-compliance with these rights is required.

Examples are:

- For 5.A.1.1.1: rules left to the subjective appreciation of a manager, disproportionate sanctions, no opportunity to defend itself in case of sanction.
- For 5.A.1.1.2: lack of annual performance appraisal with manager. Also check compliance with 5.B.2.2 (if there is a grievance mechanism in place) whether there is a risk of non-compliance with these rights?
- For 5.A.1.1.3: the provider must, at least, respect the country's law regarding these rights; if the law is not applicable to the provider, assess whether its commitment to respect this right is credible regarding its size and processes.
- For 5.A.1.1.4: Definition: a whistleblower is someone who discloses a policy violation or wrongdoing that s/he has observed; check whether there is a risk of non-compliance, no independent channel to report to, procedures and channels that do not ensure the confidentiality of the identity of the reporting person, absence of impartial person or department for following up the reports.
- For 5.A.1.1.5: women field staff with male supervisor, work in isolation at the branch level, culture in the region/country
- For 5.A.1.1.6: non-respect of local right of notice, cases of abusive dismissals

Field examples / Guidance for implementation

- [Guidance for USSEPM-ALIGNED HR](#)

Resources for indicator 5.A.1.1

- [MicroLoan Foundation Whistleblower Policy](#)
- [Creditaccess Grameen Whistleblower Policy](#)
- **[DI Focus]:** [ILO ‘Promoting Diversity and Inclusion through Workplace Adjustments: a Practical Guide’: guidance proving reasonable accommodation in the workplace, including an example policy on reasonable accommodation.](#)

- **[DI Focus]:** [Inclusive Futures, ‘The disability-confident employers’ toolkit’: practical tools and resources on including persons with disabilities in the workplace, including inclusive recruitment guidelines, and checklists for workplace accessibility audits.](#)
- **[DI Focus]:** [Humanity & Inclusion \(HI\), Inclusive Employer Toolbox: factsheets and practice guides, including inclusive recruitment processes and reasonable accommodation](#)
- **[DI Focus]:** [International Finance Corporation \(IFC\) ‘Inclusive Banking: Emerging Practices to Advance the Economic Inclusion of Persons with Disabilities’: Includes examples and case studies on inclusive and targeted recruitment](#)
- **[DI Focus]:** [Opportunity International’s ‘Workplace Accessibility Needs Assessment Form’, provides simple template for FSPs to identify accessibility needs of employees with disabilities](#)

5.A.1.3 *The provider’s non-discrimination policy towards employees covers all internationally recognized Protected Categories.*

 **Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | DI Focus**

[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.]

Responsible providers must offer equal access to jobs, promotion and trainings is key to being a responsible organization. They should have a ‘non-discrimination policy’ which describes employee’s rights to fair and equal treatment regardless of the employee’s (1) age, (2) sex, (3) race/ethnicity/national extraction/social origin/caste, (4) religion, (5) health status, including HIV status, (6) disability, (7) sexual orientation; (8) political affiliation/opinion, (9) civil/marital status, and (10) participation in a trade union.

 **Disability Inclusion Focus:**

DI Indicator: The provider’s non-discrimination policy towards employees covers persons with disabilities, and includes the requirement to provide reasonable accommodations to enable persons with disabilities to participate in the workforce on an equal basis with others.

[See indicator 5.A.1.1 for the definition and information about reasonable accommodation]

Scoring guidance

- Score ‘yes’, if:
 1. there is no single case of an employee being discriminated regarding any of the ten internationally recognized ‘Protected Categories’ over the past year,
 2. the provider has a systematic process in place to comply with its ‘non-discrimination policy’ that is (a) formulated clearly with all ten ‘Protected Categories’ in the HR policy/ internal rules/ code of conduct, and (b) verified regularly by HR control and at least annual HR compliance audits, and
 3. understood well by the employees.
- Score ‘partially’, if one of the three requirements is not met fully. For instance, (i) there is no single case of an employee being discriminated regarding any of the at least seven ‘Protected Categories’ according to the provider’s ‘non-discrimination policy’ over the past year and/or (ii) the latter comprises at least seven (incl. gender, race/ethnic/social origin, religion, civil status) out of the ten ‘Protected Categories’ and/or (iii) the ‘non-discrimination policy’ is not - or not clearly - formulated in the HR policy/ internal rules/ code of conduct and/or (iv) some

employees are not aware of it. The score is also ‘partially’, if the first requirement is met fully, but the second and/or third requirement is largely not met.

- Score ‘no’, if there is one or more cases of employees being discriminated regarding any of the at least seven ‘Protected Categories’ covered by the provider’s ‘non-discrimination policy’ over the past year or the provider has no ‘non-discrimination policy’ or it has no process in place to comply with its ‘non-discrimination policy’.

Sources of information

- HR Policy & Procedures Manual, code of conduct/code of ethics.
- HR compliance audit reports, social audits or ratings, any HR assessments during the past year.
- Interviews with HR manager and employees at branches.

Evidence to provide

- Specify the chapter or page of the HR policy/code of conduct/internal rules where the information on non-discrimination is provided. Describe employees’ rights to fair and equal treatment regardless of the categories by providing examples on how it is managed (or not) for some key categories.
- National labor laws and regulations regarding the non-discrimination of employees.

In some countries, discrimination linked to sexual orientation is not integrated into the law and will undoubtedly not be integrated by the provider. The indicator can be noted “partially” or no if the auditor wants to emphasize the rules at the international level, or it can be noted “yes” (if all other requirements apply) but specifying in the comments that this is not in line with international requirements.

Resources for indicator 5.A.1.3

- [Fundación Paraguaya Nondiscrimination Policy](#)
- [Política de no discriminación Fundación Paraguaya](#)

5.A.1.4 The provider analyzes employee data by gender and job position to check that men and women are equally represented at different levels of the organization.

Indicator in SPI5 Entry | SPI5 Full | DI Focus

To ensure equal representation of men and women, providers need to analyze job position by gender to understand representation at the different positions (field staff, back office, middle management, senior management) and whether gender discrepancies exist at the different organizational levels. Where such discrepancies exist, providers should address the problem openly with employees and adjust recruitment/ promotions accordingly.

Disability Inclusion Focus:

DI Indicator: The provider analyzes employee data by gender and disability status and job position to check that men and women are equally represented at different levels of the organization, including men and women with disabilities.

Disability Inclusion - Info Box 5.A.1.4

Analyzing and monitoring employee data disaggregated by disability status and gender enables the provider to analyze the proportion of employees with disabilities in the workforce by role-level, and key metrics such as employee satisfaction, turnover, and remuneration for employees with disabilities. This provides valuable information to identify and address potential areas of inequality in HR policies and practices, and take steps to address these.

It is important to measure not only the proportion of employees with disabilities for the organization as a whole, but also whether both men and women with disabilities are equally represented at different levels of the organization.

This requires implementing processes to collect and analyze disability-disaggregated data on disability status from employees, and integrating this in the HR management information system (MIS). Data on disability should be collected on a voluntary and confidential basis from employees. Collecting data on type of impairment as well as disability status helps to identify and address accessibility barriers, or potential biases that may impact persons with specific types of impairments. See indicator 1.B.1.3 for information about disability data collection tools and methodologies.

Scoring guidance

- Score ‘yes’, if the provider
 1. has a systemic process in place to collect and analyze regularly gender disaggregated employment data for discussion at senior management or board level at least annually and
 2. makes adjustments, as needed.
- Score ‘partially’, if the two requirements are not met fully. For instance, (i) gender disaggregated employment data are regularly collected and analyzed, but senior management or the board did not discuss them within the past 12 months or (ii) the provider made only insufficient adjustments to correct ‘unbalanced’ gender employment ratios over the past year.
- Score ‘no’, if one or both requirements are largely not met. For instance, (i) there is no process in place to collect and analyze regularly gender disaggregated employment data and/or (ii) neither senior management nor the board took gender disaggregated employment data on their agenda over the past 12 months and/or (iii) no adjustments made to correct ‘unbalanced’ gender employment ratios over the past year.

Sources of information

- Targets for gender-balanced positions and organizational levels set by senior management or the board, if available.
- Minutes of meetings of the board and senior management.
- Interviews with the HR manager
- Any HR reports on gender-balanced positions, if available.
- HR compliance audit reports during the past year.

Resources for indicator 5.A.1.4

- [MicroLoan Foundation Gender-Disaggregated Report on Employees by Position](#)

5.A.2 Employee compensation is equitable and adequate.

Fair compensation is the foundation for respectful treatment of employees and can ensure loyal and committed employees. Providers should pay employees at a rate that is at least the national or local sector minimum wage, in line with market conditions, and adapted to job position whatever the gender of the employees.

5.A.2.3 *The provider analyzes salary data to check that men and women receive equal pay for equal work and have equal opportunities for pay increase/promotion.*

 **Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | DI Focus**

Providers should ensure equal pay for women and men by evaluating regularly whether salary discrepancies exist for all positions at each level and in all organizational units/departments. Where equal pay discrepancies exist, they should address the problem openly with employees and adjust salaries accordingly.

 **Disability Inclusion Focus:**

DI Indicator: The provider analyzes salary data to check that men and women, including men and women with disabilities, receive equal pay for equal work and have equal opportunities for pay increase/promotion.

[See indicator 5.A.1.4 for more information about collecting and analyzing disability-disaggregated data related to employment]

Scoring guidance

- Score ‘yes’, if
 1. there is no case of a gender pay gap during the past year and
 2. the provider has a systemic process in place to collect and analyze regularly gender-disaggregated data on salaries & incentives and career opportunities for all positions and in all units/departments for discussion at senior management or board level at least annually, and
 3. makes sufficient adjustments timely, as needed.
- Score ‘partially’, if the three requirements are not met fully. For instance, (i) one or a few cases of gender pay gaps and unequal career opportunities over the past year or (ii) gender disaggregated salary & incentive and career opportunity data are regularly collected and analyzed, but senior management or the board did not discuss them over the past 12 months or (iii) the provider made only insufficient adjustments to correct gender pay gaps and unequal career opportunities over the past year.
- Score ‘no’, if one or more of the three requirements are largely not met. For instance, (i) significant cases of unequal gender pay and career opportunities over the past year and/or (ii) there is no process in place to collect and analyze regularly gender-disaggregated data on salaries & incentives and career opportunities and/or (iii) the provider made no adjustments to correct significant gender pay gaps and unequal career opportunities over the past year.

Sources of information

- HR Policy & Procedures Manual.
- HR reports
- Minutes of meetings of the board and senior management.
- Interviews with HR manager and employees.
- Sector information on gender pay gaps, if available.

Evidence to provide

- Describe the type of gender-disaggregated data on salaries & incentives and career opportunities that is analyzed at which time intervals.
- Share, if available, the gender pay gap calculation and the methodology for assessing gender-disaggregated career opportunities.

Resources for indicator 5.A.2.3

- [How to Analyze Your Gender Pay Gap: An Employer's Guide](#)

5.A.3 The provider has a safety and health management system.

Providers should assess at least annually the health and safety risks both in the office and in the field that employees face while performing their job functions. A workplace risk assessment by different employee characteristics, including gender and disability, is a key tool for improving occupational safety and health conditions at work. It plays an important role in protecting workers and businesses, as well as complying with the laws in many countries.

The key to risk assessments is not to overcomplicate the process. In many organizations, the risks are well known, and the necessary control measures are easy to apply. A risk assessment can be done by anyone in the organization—employees in charge do not have to be safety and health experts. Providers are advised to form a joint management-employee safety committee to ensure that there are representatives from all types of employees (males/females, field workers/office staff, employees with special needs, etc.) to help everyone focus on the risks at least annually that really matter in the workplace – the ones with the potential to cause real harm. It should identify the hazard and the required control measures:

- a hazard is anything that may cause harm, such as electricity, an open drawer, demanding and stressful work, a motorbike, etc.;
 - the risk is the chance, high or low, that somebody could be harmed by these and other hazards, together with an indication of how serious the harm could be.
1. The International Labor Organization (ILO) recommends a five-step process for conducting a risk assessment:
 2. Identify the hazards. What are the workplace risks that could cause harm? To consider other hazards to assess, you may want to:
 - consult other examples of risk assessment tools (see resources at the end of this section);
 - walk around the offices and note items that might pose a risk;
 - talk to supervisors, staff, drivers, and contractors on their concerns and opinions about health and safety issues in the workplace;
 - and consult reports documenting past workplace accidents.
 3. For each hazard, identify who might be harmed/ affected and how.
 4. Note the existing controls in place to manage hazards, or what needs to be done to control the risk.
 5. Note who is responsible for putting the suggested risk control measures into practice, and by what date.
 6. Share the completed risk assessment with staff (if your institution is too big to share with all staff, share at least with senior management and middle managers).

Providers should provide employees with training to mitigate each of the risks free of charge and available to all employees. In addition to training, providers should provide employees with free-of-charge equipment to mitigate health and safety risks. It should be equally distributed to male and female employees and take into account gender differences (e.g., protective gear in women's sizing). Examples include helmets and other safety gear for motorbike drivers and soap for employee washrooms.

HR Policy & Procedures manuals should cover:

1. following up on any incidents of on-the-job accidents, injuries, or diseases;
2. procedures for documenting an incident, reporting it to relevant people and committees (e.g., board committee on employee issues, health institutions), investigating the reasons for the incident, and following up with any corrective measures.

Providers should have a line-item in their annual budget and staff time for supporting the risk prevention and handling activities. This sends a strong signal to employees that their employer their well-being.

Example of incident procedure in action

A loan officer sustains injuries when his motorbike slips off the road, due to worn treads on the bike tires. The HR manager advises the employee to seek medical attention (if needed, which is covered by workplace insurance) documents the accident, and then submits the case with the recommendation of inspecting all motorbike tires on a quarterly/bi-annually basis with prompt replacement of worn tires to her/his supervisor.

Providers should also compensate employees who miss work as a result of work-related injuries. If such compensation is not regulated by the national labor laws, they should develop a clear policy on the number of days that are paid when employees are on medical leave due to work-induced health problems. Such compensation might be included in an employee medical insurance product. The policy should state the maximum number of paid days off for medical leave. Also, this policy should state what happens if the employee finishes the maximum number of days and is still declared not able to work again due to the injuries (long-term disability).

5.A.3.1 The provider assesses the health and safety risks faced by its employees and audits its existing safety measures. Minimum frequency: annually.

 **Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | DI Focus**

A workplace risk assessment is one of the key tools for improving occupational safety and health conditions at work. It plays an important role in protecting workers and businesses, as well as complying with the labor laws in many countries. It helps everyone focus on the risks that really matter in the workplace – the ones with the potential to cause real harm. A risk assessment should be performed at least annually and should identify the hazard and the required control measures.

 **Disability Inclusion Focus:**

DI Indicator: The provider assesses specific health and safety risks faced by employees with disabilities as part of its assessments.

Disability Inclusion - Info Box 5.A.3.1

Employees with disabilities may experience particular risks in all health and safety dimensions. To safeguard all employees, and comply with legal requirements in many countries, providers should ensure workplace health and safety (WHS) practices integrate considerations for employees with disabilities across risk assessments, risk mitigation, emergency procedures, incident reporting, and staff training. This should be carried out in collaboration with employees with disabilities, and specialized service providers where required.

A WHS risk assessment is a systematic process to identify potential hazards in a work environment, evaluate the risk of harm, and implement control measures to eliminate or mitigate those risks in order to protect employees. The WHS risk assessment process should be designed to identify how work environments, job tasks, tools or processes may create specific hazards or increased risks for persons with different types of impairments, and take steps to address these. WHS risk assessments should include risks related to:

- Workplaces, equipment, tasks and processes.
- Psychosocial risks (workload, stress etc.), with particular consideration for employees with intellectual or psychosocial impairments.
- Emergency and evacuation procedures.

In some cases, this may require individualized risk assessments for employees with disabilities, to consider their individual needs and working arrangements. These assessments, and the design of risk mitigation measures, should be undertaken in consultation with the employee.

See the resources for this indicator. BFFI's Disability Inclusion Guide for FSPs provides more information and resources on disability-inclusive WHS risk assessments.

Scoring guidance

- Score 'yes', if the provider has a systematic process in place to assess at least annually the health and safety risks
 1. both in the office and in the field,
 2. differentiated by gender, disability and other employees' characteristics,
 3. in a participatory process that includes female and male employees with office and field work functions
 4. with an audit of the existing safety measures that is
 5. summarized in a written annual report for the board, all employees, and other stakeholders and
 6. the full process be documented in the HR Policy & Procedures manual or another HR document.
- Score 'partially', if one or two of the six requirements are largely not met or most requirements are met only partly. For instance, (i) the assessment is done only every two years or (ii) it is not complete on hazards or control measures to be analyzed or (iii) it is done top-down by the HR manager without consulting different employees or (iv) the report is not widely disseminated or (v) there is no written documentation of this process.
- Score 'no', if no such process is in place with three or more of the six requirements largely missing.

Sources of information

- HR Policy & Procedures Manual.
- Last two health and safety risk reports.
- Interviews with HR manager, different employees (women and men with office and field functions), and CEO/deputy CEO.

- Relevant parts of the national labor law and regulations.

Evidence to provide

- Specify last risk assessment and/or give examples of health and safety risk reports.
- Describe the health and safety risk mitigation actions taken over the past 12 months, including the staff training and the health and safety equipment.

Resources for indicator 5.A.3.1

- [Canadian Centre for Occupation Health and Safety website lists types of hazards](#)
- INRS provides a [list in French](#)
- INSHT provides a [list in Spanish](#)
- [Example Health and Safety Risks & Training Topics](#)
- [A sample template for health and safety risk assessments](#)
- [A 5 STEP GUIDE for employers, workers and their representatives on conducting workplace risk assessments](#)
- **[DI Focus]:** [European Agency for Safety and Health at Work ‘Ensuring the health and safety of workers with disabilities’: includes detailed action points across the health and safety management system, including checklists for risk assessments](#)

5.A.3.2 The provider documents and reports to management all occupational accidents, injuries, and illnesses. The results are disaggregated by gender and by position: Minimum frequency: annually.

 **Indicator in SPI5 Full | DI Focus**

In addition to conducting employees’ health and safety risk assessment, providers should investigate and document any accidents, injuries or diseases related to work and analyze results by gender. This tracking is important, but few providers do it unless the national labor regulations require it. It is important to record and analyze these findings by gender and position to understand if some category of employees is disproportionately affected. The focus should be on ensuring safety at work and how providers take steps to create a safe work environment for all employees.

**Disability Inclusion Focus:**

DI Indicator: The provider documents and reports to management all occupational accidents, injuries, and illnesses. The results are disaggregated by gender and disability status and by position: Minimum frequency: annually.

Disability Inclusion - Info Box 5.A.3.2

Employees with disabilities may experience particular risks in all health and safety dimensions, including physical and workplace risks, psychosocial and mental health risks, and emergency and disaster-related risks.

In reporting of WHS incidents, incorporate voluntary disclosure of the disability status of employees involved. This enables data analysis to highlight previously unidentified risks, identify mitigation measures, and strengthen procedures.

Scoring guidance

- Score ‘yes’, if the provider

1. documents all work accidents/injuries/illnesses
 2. disaggregated by gender and position and
 3. reports it to senior management at least annually.
- Score ‘partially’, if the three requirements are not met fully. For instance, (i) an incomplete documentation of work accidents/injuries/illnesses or (ii) work accidents/injuries/illnesses are not disaggregated by gender or position or (iii) the report is done just within two years.
 - Score ‘no’, if the three requirements are largely not met. For instance, (i) most work accidents/injuries/illnesses are not documented and/or (ii) not disaggregated by gender and position and/or (iii) not reported to senior management.

Sources of information

- HR Policy & Procedures Manual.
- Last two health and safety risk reports.
- Interviews with HR manager, different employees (women and men with office and field functions), and CEO/deputy CEO.
- Relevant parts of the national labor law and regulations.

Evidence to provide

- Last two HR reports on work-related accidents, injuries and illnesses.
- Describe how the HR reports are disaggregated by gender and position.

5.A.3.3 The provider takes necessary measures to mitigate hazards.

5.A.3.3.1 The provider offers health and safety equipment, training and adapted physical accommodations.

5.A.3.3.2 The provider has an emergency/disaster response plan and trains management and employees on how to follow the plan. Minimum training frequency: annually.

5.A.3.3.3 The provider compensates employees who miss work due to work-related injuries.

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | DI Focus**
Detail 5.A.3.3.3: SPI5 Full

Health and safety risk assessments should result in actions to mitigate risks identified and ensure a safe workplace for employees. Actions to prevent risks should be free of charge for the employees to ensure full protection for all.

**Disability Inclusion Focus:**

DI Indicator: The provider provides accommodations to ensure the health and safety of employees with disabilities, and includes measures to ensure the safety of employees with disabilities within emergency/disaster response plans.

Disability Inclusion - Info Box 5.A.3.3

Employees with disabilities may experience particular risks in all health and safety dimensions, including physical and workplace risks, psychosocial and mental health risks, and emergency and disaster-related risks. These should be identified by inclusive workplace health and safety (WHS) risk assessment procedure, including individualized risk assessments for employees with disabilities where required (see indicator 5.A.3.1).

Risk mitigation measures may include:

- training staff responsible for WHS on disability-inclusive risk management processes, and training building / floor wardens and managers on inclusive evacuation support.
- providing all WHS information, including training materials and emergency and evacuation plans and procedures in accessible formats.
- providing inclusive and accessible trainings related to WHS, including induction training, refresher courses, and safety briefings.
- making adaptations to the workplace (e.g. improving accessibility of signage, adjusting lighting).
- providing reasonable accommodations to mitigate the risk of harm for individual employees (e.g. providing ergonomic furniture, adjusting screen settings).
- accessibility audits of all premises including evacuation routes and accessible evacuation signage (see indicator 3.B.2.2 for information on accessibility audits).
- designing and implementing gender-sensitive and disability-inclusive plans and procedures for emergencies and evacuations.

All components of emergency response and evacuation plans and procedures should be accessible for employees with different types of impairments, including information and training; alarms and alerts; evacuation procedures, routes and signage; and safe refuges. Emergency response and evacuation plans should be made available in accessible formats for employees with disabilities. Conduct periodic drills that include employees with disabilities.

Some employees with disabilities may require an individualized plan, known as a Personal Emergency Evacuation Plan (PEEP), that sets out how the individual will be supported to evacuate in the event of an emergency. This may involve measures including specific communication methods, assistance from other employees, provision of refuge areas with accessible two-way communications, and / or the provision of specialized equipment, such as evacuation chairs. The decision whether a PEEP is required, and the development of the PEEP, should be undertaken in consultation with the employee, and specialized disability and WHS organizations where required.

See the resources for this indicator. BFFI's Disability Inclusion Guide for FSPs provides more information and resources on WHS considerations for employees with disabilities.

Scoring guidanceDetail 5.A.3.3.1

- Score 'yes', if the provider
 1. offers all necessary health & safety equipment free-of-charge to all employees,
 2. trains at least annually all employees in the proper use of their health & safety equipment,
 3. adapts physical accommodations, as needed, to safeguard the employees' health and safety, and

4. the large majority of employees uses effectively their health & safety equipment.
- Score ‘partially’, if a significant number of employees do not use effectively their health & safety equipment or the first three requirements are not met fully. For instance, (i) not all necessary health & safety equipment is offered to all employees or (ii) training in the proper use of the health & safety equipment is offered only once in two years or not to all employees or (iii) physical accommodations are not sufficiently adapted to safeguard the employees’ health and safety.
 - Score ‘no’, if most employees do not use effectively their health & safety equipment and/or do not have the most basic equipment and/or most requirements are largely not met. For instance, (i) the health & safety equipment for the employees is insufficient and/or in poor condition and/or (ii) most employees are not trained in the use of health & safety equipment and/or (iii) physical accommodations are not adapted to safeguard the employees’ health and safety.

Detail 5.A.3.3.2

- Score ‘yes’, if the provider
 1. has an updated written emergency/disaster response plan for all its offices,
 2. trains management and employees at least annually on how to follow it, and
 3. the large majority of employees understands it well.
- Score ‘partially’, if the three requirements are not met fully. For instance, (i) there is just a written generic emergency/disaster response plan, but not adjusted to each office or (ii) training on the emergency/disaster response plan is offered only once in two years or not to all employees or (iii) a significant number of the employees do not understand it well.
- Score ‘no’, if one of the three requirements are largely not met. For instance, (i) most employees do not understand the emergency/disaster response plan and/or (ii) there is no written emergency/disaster response plan and/or (iii) no training on the emergency/disaster response plan within the past two years.

Detail 5.A.3.3.3 (in SPI5 Full only)

- Score ‘yes’, if the provider
 1. compensates all employees who miss work due to work-related injuries (even if there are no such national labor regulations) and
 2. at a minimum as stipulated by national labor law and regulations and
 3. the large majority of the employees are aware of it.
- Score ‘partially’, if the three requirements are not met fully. For instance, (i) there is just a written generic emergency/disaster response plan but not adjusted to each office or (ii) training on the emergency/disaster response plan is offered only once in two years or not to all employees or (iii) a significant number of the employees do not understand on how to follow it.
- Score ‘no’, if one of the three requirements are largely not met. For instance, (i) most employees do not understand the emergency/disaster response plan and/or (ii) there is no written emergency/disaster response plan and/or (iii) no training on the emergency/disaster response within the past two years.

Sources of information

- HR Policy & Procedures Manual.
- Last two health and safety risk reports.
- Interviews with HR manager, different employees (women and men with office and field functions), and CEO/deputy CEO.
- Relevant parts of the national labor law and regulations.

Evidence to provide

- List the related actions taken to prevent/reduce health and safety risks for employees.
- Describe the trainings (frequency and methodology) for employees to prevent/mitigate major health and safety risks.

- Outline the latest emergency/disaster response plan and whether and how it is adapted to each office.
- Explain how and for how long the provider compensates employees who miss work due to work-related injuries.

Resources for indicator 5.A.3.3

- [Example Health and Safety Risks & Training Topics](#)
- [Health and Safety Guidance for 5.A.3.3.1 and 5.A.3.3.2](#)
- **[DI Focus]:** [European Agency for Safety and Health at Work ‘Ensuring the health and safety of workers with disabilities’: includes detailed action points across the health and safety management system, including emergency procedures](#)

Standard 5B. The provider’s Human Resource Development system is designed to attract and maintain a qualified and motivated workforce

In order to do excellent work, staff need clarity on their remit, training to achieve this successfully, and a fair and transparent system for evaluating and incentivizing their performance. A staff-focused organization takes regular steps to understand whether staff are satisfied in their work, why they chose to leave your employment, and act when red flags arise in the course of this routine monitoring. It will also have a system to consult, to receive and respond to employee complaints and grievances.

Resources for Standard 5B

- [Examples of Employee Positions and Related SPM Duties](#)
- [Grameen Foundation’s Recruitment and Selection Toolkit](#)

This standard has 2 essential practices:

- Essential Practice 5.B.1: The provider gives employees complete employment documentation and training to understand their job requirements.
- Essential Practice 5.B.2: The provider gives employees formal opportunities to communicate with management.

5.B.1 The provider gives employees complete employment documentation and training to understand their job requirements.

Provide all employees with an employment contract

In addition to all employees understanding their rights and responsibilities supported by a clear HR policy (refer to Standard 5A), providers should also provide each employee with a written (signed) employment contract and a written job description of his/her workplace duties. The job description should be reviewed with the employee at the time of hiring and whenever s/he changes positions to ensure clarity on his/her roles and responsibilities and to enable fair performance evaluations.

The employment contract (signed on or before the first day of work) should specify the employee’s:

- **Earnings (salary and/or wages):** Remuneration, in cash and in kind, that is to pay employees both for time worked and time not worked, such as annual vacation and other paid leave.
- **Benefits (social protection):** The measures (e.g., health insurance, pensions) designed to protect employees (sickness, maternity, employment injury, unemployment, retirement, etc.).
- **Employment conditions:**

- The terms of the worker’s employment, such as working time, minimum wages, whether there is a probationary period before the person becomes a permanent employee, and the location where the employee will work;
- **Job description/scope of work:** The job title and responsibilities, including reporting line (see below);
- **Work rules and possible sanctions:** List of actions and activities that are prohibited and investigations that can be conducted for cases of reported misconduct (e.g., violations of the Code of Conduct; theft; harassment of a colleague); the different levels of disciplinary procedures that employees may face; and employee rights related to appealing disciplinary action;
- **Performance evaluation and incentives:** The performance metrics that the institution will use to evaluate the employee’s performance and an explanation of the incentive/reward system (see guidance for [5C3](#)).

Job descriptions should outline the nature of the work to be performed, key responsibilities and duties, and the competencies required. They need to be reviewed regularly to ensure their relevance as job functions are changing over time triggered by market and organizational changes, new technologies or also planned new SPM initiatives. Changing job functions may result in adapted key responsibilities and duties and call for new types of competencies required for the postholders. (see [Examples of Employee Positions and Related SPM Duties for SPM-related job responsibilities](#)). Elements of a Job Description provides additional detail on which components to include in your employees’ job descriptions.

In addition to a clear job description, each employee should understand the evaluation criteria that his/her manager will use to assess job performance. For example, FINCA (Azerbaijan) evaluates each new employee at three, six, and 12 months, and then semi-annually thereafter. The employee’s supervisor completes a form that lists the criteria against which the employee will be evaluated. The employee is then asked to sign their agreement to this statement: “I have reviewed the performance requirements listed in this form and agree that they are the standards by which I will be evaluated during the next performance period.” In this way, employees are clear on what the organization expects of them, and how they can achieve good performance.

Provide job-specific training

Providers should equip each employee to perform his/her job functions successfully. This includes at least two types of training:

- **Orientation training:** Training at the beginning of employment and whenever the employee changes positions within the institution. Employee orientation should include at least the following topics: the provider’s mission, social goals, and Code of Conduct; the employee’s job duties, including social performance related duties; and the conditions of employment. Follow this training with on-the-job training and mentorship so that new employees master skills not easily taught in a classroom setting. Such initial training for staff is also beneficial to clients, because they can be negatively affected by under-trained staff.
- **Ongoing skills development:** Facilitate professional development opportunities that respond to employees’ needs, as identified during regular performance reviews, as well as the provider’s priorities. As goals and products change over time, consider what new skills employees need (e.g., data collection, customer service, product sales). Additionally, when promoting employees to a higher level of responsibility or managerial authority, consider the need for job-specific training that prepares them for the new position as well as leadership and/ or management training to improve the employee’s ability to guide, supervise, and motivate others.

Pay particular attention to providing training opportunities for employees without bias. Check that training is equally available for all types of employees, regardless of gender, level (management/staff), location (HQ/branches), and other relevant employee characteristics. Ensure that any training opportunity is accessible/inclusive to employees with disabilities, including through the provision of reasonable accommodations.

Resources for 5.B.1


- [SPM Essentials Webinar #5: Listening to Employees as a Business Strategy](#)

5.B.1.1 The provider communicates to employees their individual employment terms:

5.B.1.1.1 Base salary and opportunities for any other type of compensation (overtime, incentive pay)

5.B.1.1.2 Job description/scope of work

5.B.1.1.3 Performance evaluation process

 **Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | DI Focus**
Detail 5.B.1.1.3: SPI5 Full

Employees should understand their individual rights and responsibilities. The provider should provide a written employment contract indicating the salary level, but also a description of their benefits and employment conditions. The performance evaluation process should be transparent to get employees committed and in line with the provider’s strategy. It should be combined with a career planning process and the identification of corresponding training opportunities (refer to 5.B.1.3).


Disability Inclusion Focus:

DI Indicator: The provider provides individual employment contracts and terms in formats that are accessible for employees with different types of impairments (e.g. Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).

[See indicator 4.B.1.4 for more information about accessible information formats]

Scoring guidance
Detail 5.B.1.1.1

- Score ‘yes’, if:
 1. each employee receives a written and mutually signed employment contract that outlines in clear language and necessary detail the complete salary package with the base salary, all performance-based incentives, all social benefits (like insurance coverages), and overtime pay and
 2. most employees understand fully their employment contracts.
- Score ‘partially’, if the two requirements are met only partly. For instance, (i) the employment contracts are not being mutually signed or (ii) they miss some of the above information that is communicated orally only or (iii) they are in legal language not well understood by many employees.
- Score ‘no’, if one or both requirements are largely not met. For instance, (i) most/all employees do not receive a written and mutually signed employment contract and/or (ii) employees are not informed by all elements of their salary package in whatever format and/or (iii) most employees do not understand well their salary package.

Detail 5.B.1.1.2

- Score ‘yes’, if:
 1. each employee receives an individual, customized written job description that outlines in clear language and necessary detail the nature of the work to be performed, key responsibilities and duties, and the competencies required and
 2. most employees understand fully their job description.
- Score ‘partially’, if the two requirements are met only partly. For instance, (i) the job descriptions miss some of the above information that is communicated orally only or

- (ii) they are little customized or (iii) they are in vague/unclear language not well understood by many employees.
- Score ‘no’, if one or both requirements are largely not met. For instance, (i) most/all employees do not receive a written job description, and/or (ii) the job descriptions are not customized and lack key information (like the competencies required), and/or (iii) most employees do not understand well their job description.

Detail 5.B.1.1.3 (in SPI5 Full only)

- Score ‘yes’, if:
 1. the provider has a systemic process in place of evaluating at least annually the performance of all employees,
 2. each employee receives in writing an explanation of the performance evaluation process with his/her individual evaluation criteria and targets, and
 3. most employees understand fully their performance evaluation process.
- Score ‘partially’, if the three requirements are met only partly. For instance, (i) the performance of most, but not all, employees are evaluated annually or (ii) the performance evaluation process and/or the evaluation criteria and targets are not clearly communicated to most/all employees or (iii) many employees do not understand well their performance evaluation process.
- Score ‘no’, if one or more requirements are largely not met. For instance, (i) the provider has no process in place of evaluating at least annually the performance of most/all employees, and/or (ii) the evaluation criteria and targets do not exist or are not communicated to the employees, and/or (iii) most employees do not understand well their performance evaluation process.

Sources of information

- HR Policy & Procedures Manual.
- Employment contracts for different staff categories and job descriptions for several positions.
- Description of the performance evaluation process.
- HR reports on the staff salary packages and performance evaluations over the past 12 months.
- Interviews with HR manager and different employees (women and men with office and field functions).
- Relevant parts of the national labor law and regulations.

Evidence to provide

- Briefly describe key elements from employee files: employment contracts, job descriptions, performance evaluations.
- Specify where what information is when provided to employees.

Resources for indicator 5.B.1.1

- [Examples of Employee Positions and Related GPS Duties](#)
- [Elements of a Job Description](#)

5.B.1.4 Men and women receive equal opportunities for training and skill development.

Indicator in SPI5 Entry | SPI5 Full | DI Focus

A gender non-discrimination policy (refer to 5.A.1.3) comprises not only equal pay and career opportunities but also equal opportunity and access to training and skill development (refer to 5.B.1.3). The latter includes at least two types of training:

1. ongoing skills training (i.e., training that occurs during the course of the employment (not orientation) that builds skills necessary for their current position and

2. skills development training to facilitate employees' professional development opportunities, such as allowing them to respond to the employer's evolving needs by taking on new and/or more senior positions.

**Disability Inclusion Focus:**

DI Indicator: Men and women receive equal opportunities for training and skill development, and these opportunities are accessible and inclusive to employees with disabilities, including through the provision of reasonable accommodations.

All new employees receive orientation and job-specific training that is accessible and inclusive to employees with disabilities, including through the provision of reasonable accommodations.

The provider makes professional development opportunities available to employees at every level in an accessible and inclusive way for employees with disabilities, including through the provision of reasonable accommodations.

[See indicator 5.A.1.1 for the definition and information about reasonable accommodation]

Scoring guidance

- Score 'yes', if:
 1. the provider has a systematic process in place to offer training and skill development opportunities for employees from every level
 2. with equal access for women and men.
- Score 'partially', if one of the two requirements is met only partly. For instance, (i) some categories of employees (e.g. tellers) and/or employees at certain (e.g. lowest) levels made up mainly by women are offered no or comparably little training and skill development opportunities or (ii) there is limited unequal access/participation between women and men per type and/or level of position in terms of annual days for trainings and other professional development opportunities.
- Score 'no', if there is significant unequal access for women and men to training and skill development opportunities.

Sources of information

- HR Policy & Procedures Manual.
- Last annual plan for, and report on, training and skill development, if available.
- Interviews with the HR manager, the Training manager, and different employees (women and men with office and field functions), and at different levels.

Evidence to provide

- List of internal and external training courses and skill development events offered to the employees over the past 12 months.
- Explain how information is tracked for gender equality in accessing training and skill development opportunities: a roster or report on the number of women vs men attending as a proportion of men and women holding the post, an overall tally that shows what % of women and men employees had a training opportunity in the last year, etc.

5.B.2 The provider gives employees formal opportunities to communicate with management.

Consultation on HR decisions and policy development

Providers should make sure Human Resources decisions and policy developments are aligned with employees' needs and constraints. By defining and monitoring a formal mechanism for consulting with employees on HR decisions and policies, the provider can collect employees' feedback and input to feed the development of such policies and make informed, relevant decisions in matters of HR management. The formal mechanism should also define how employees are represented by elected representatives who have direct access to executive managers and can raise issues.

Create a Formal, Confidential Grievance Mechanism

Providers should provide a formal way for employees to voice grievances. This mechanism could be a dedicated phone number, email address, or note box with at least one channel for voicing grievances confidentially. The latter means that the employee identifies him/herself, but is afforded the opportunity to have his/her name disassociated with the complaint during the resolution phase. For example, if an employee complains to an HR representative because his/her supervisor is violating the policy on overtime work, the problem would be investigated without the supervisor knowing the identity of the complaining employee. An effective grievance mechanism for resolving HR problems should comprise a formal process for recording, addressing, and following up on complaints. It tracks the number of complaints submitted as well as the details of their resolution. Targeting “zero complaints” would be a sign that employees do not know about the mechanism or do not feel comfortable using it. Providers should thus aim to respond quickly and fairly to HR problems that arise.

Monitor Employee Satisfaction

Providers should regularly analyze employee satisfaction by choosing either to conduct time-bound employee satisfaction research (e.g., a two-week review each year) or to collect satisfaction information on a continual basis. Important is to collect satisfaction data on at least a representative sample of employees (covering all types of employees) at least annually by using a formal method, such as interviews, written surveys, and/or focus groups, ask employees to comment on satisfaction with factors such as:

- Employment terms, including contract duration and remuneration
- Workload
- Employee training
- Career advancement opportunities
- Physical resources/infrastructure/equipment
- Communication, participation, and leadership from supervisors
- Communication and teamwork with peers
- Conflict resolution practices
- Human Resources support services

Employees should have the option to respond anonymously to the satisfaction survey. Results should be analyzed and reported by segmenting data by employee characteristics, including gender, level (management/staff), and location (HQ/branch). Reporting should be not only to management, but also to all employees at all levels.

Resources for 5.B.2

- [FINCA Peru Grievance Mechanism](#)
- [NRSP in Pakistan Responds to Employee Grievance](#)
- [VisionFund and ESAF Monitor Employee Satisfaction and Understand Reasons for Staff Exit](#)
- [SPM Essentials #5: Listening to Employees as a Business Strategy](#)
- [Encuesta confidencial sobre satisfacción y compromiso laboral Promujer](#)
- [Medición del Clima Laboral para IMFs](#)
- [Medición del Clima Laboral](#)

5.B.2.2 *The provider has formal grievance mechanism that allows employees to raise workplace concerns in a confidential manner.*

 **Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | DI Focus**

To ensure that any breach in ‘decent work conditions’ is quickly identified, employees should have a formal channel to voice grievances, ensuring a confidential treatment of the information shared.

 **Disability Inclusion Focus:**

DI Indicator: Grievance mechanisms include channels that are accessible to allow employees with different types of impairments to raise workplace concerns in a confidential manner. (e.g., audio formats, accessible digital channels).

Disability Inclusion - Info Box 5.B.2.2

The provider should establish confidential and accessible procedures and channels to enable persons with disabilities to raise grievances or report harassment in the workplace, including sexual harassment. These may include accessible digital channels, and options to submit audio recordings as well as text).

Scoring guidance

- Score ‘yes’, if the provider has a systemic process of conducting employee satisfaction surveys in place
 1. at least annually
 2. with relevant samples covering all categories of employees
 3. where the results are analyzed by gender and other categories of employees, and
 4. shared with all employees.
- Score ‘partially’, if one of the four requirements is largely not met. For instance, (i) the last employee satisfaction survey was conducted between 12 to 24 months ago or (ii) the survey sample was too limited or did not well represent the different categories of employees or (iii) the results were analyzed by gender only, but not by other employee categories or (iv) the results were shared with a few employees only.
- Score ‘no’, if there is no process in place to conduct employee satisfaction surveys or if three of the four requirements are largely not met.

Sources of information

- HR Policy & Procedures Manual.
- Methodology of the last employee satisfaction survey, including the sampling method.
- Last two employee satisfaction survey reports.
- Interviews with the HR manager, the employee representatives (if existing), and different employees (women and men with office and field functions) and at different levels.

Evidence to provide

- Description of how the formal grievance mechanism is functioning.
- Explain the channels available to employees to express grievances, and the level of understanding/knowledge about them.

Field examples / Guidance for implementation

- [Guidance for Grievance Mechanisms](#)

Resources for indicator 5.B.2.2

- [FINCA Peru Grievance Mechanism](#)

5.B.2.3 The provider surveys employees on satisfaction and concerns with employment conditions. Minimum frequency: annually.

 **Indicator in SPI5 Full | DI Focus**

The level of employees' satisfaction can be a proxy for “decent work conditions”. Monitoring employee satisfaction can help ensure the smooth functioning of a team and sends a message that senior management values employee feedback. Providers should conduct employee satisfaction surveys regularly, at least annually, on at least a representative sample of employees (i.e., the survey should cover all types of employees) and the results should be broken down by gender, office/field functions, seniority/age, etc.

 **Disability Inclusion Focus:**

DI Indicator: The provider measure satisfaction and concerns of employees with disabilities with employment conditions, both in general and related to their specific needs.

Disability Inclusion - Info Box 5.B.2.3

Disaggregation of reporting from employee satisfaction surveys by disability status provides valuable data for the providers to make the organization more inclusive, to identify specific areas of concern to employees with disabilities, and address areas of potential inequalities.

Include questions in surveys to identify satisfaction or concerns about non-discrimination, equality and inclusion in the organization, accessibility of the workplace, and the provision of reasonable accommodation for employees. These questions should be asked for all employees.

Employee satisfaction surveys should allow employees to identify their disability status on a voluntary basis (including "prefer not to say" as a response option). Survey results reported to management should be disaggregated by disability status and gender where possible while preserving anonymity of individual responses (in general, it requires the number of employees in a sub-group to be greater than ten to disaggregate that sub-group for reporting, in order to preserve the anonymity of respondents).

Where this is not possible (e.g. for smaller FSPs with fewer employees), or to provide further feedback, the provider should consider alternative feedback channels for employees with disabilities to raise feedback and concerns anonymously. For example, consider nominating disability inclusion focal point(s), to provide a point of contact and confidential support for employees with disabilities, and for staff with questions on inclusive practices.

Scoring guidance

- Score 'yes', if the provider has a systemic process of conducting employee satisfaction surveys in place
 1. at least annually

2. with relevant samples covering all categories of employees (3) where the results are analyzed by gender and other categories of employees, and
 3. shared with all employees.
- Score ‘partially’, if one of the four requirements is largely not met. For instance, (i) the last employee satisfaction survey was conducted between 12 to 24 months ago or (ii) the survey sample was too limited or did not well represent the different categories of employees or (iii) the results were analyzed by gender only, but not by other employee categories or (iv) the results were shared with a few employees only.
 - Score ‘no’, if there is no process in place to conduct employee satisfaction surveys or if three of the four requirements are largely not met.

Sources of information

- HR Policy & Procedures Manual.
- Methodology of the last employee satisfaction survey, including the sampling method.
- Last two employee satisfaction survey reports.
- Interviews with the HR manager, the employee representatives (if existing), and different employees (women and men with office and field functions) and at different levels.

Evidence to provide

- Specify when the last employee satisfaction survey was conducted and with which sampling method.
- Describe whether the results were analyzed per gender and other key categories of employees and how they were disseminated to the employees.

Field examples / Guidance for implementation

- [Guidance for Disaggregated Employee Satisfaction Survey and Results-Sharing](#)
- [Encuesta confidencial sobre satisfacción y compromiso laboral Promujer](#)
- [Medición del Clima Laboral](#)

Standard 5C. The provider’s Human Resource Development system supports its social strategy.

The effective implementation of the social strategy (refer to 1A) requires the full commitment of the board (refer to 2A), senior management (refer to 2B), and all employees, notably the client-facing staff who are directly serving the target clientele. Therefore, providers should instill their values in new employees from the moment they are hired - and even before, during recruitment - and encourage these through regular training and balanced performance incentives.

The HR development system has thus the three fundamental functions in supporting the social strategy:

1. recruitment of people who are inclined/motivated to serve the target clientele;
2. their regular practical training on how to achieve their social targets and to adopt ‘good’ client protection practices and avoid ‘bad’ ones; and
3. offering them ‘balanced’ performance incentives where next to quantitative business targets also the compliance with good client protection practices and the Code of Conduct are rewarded (and the non-compliance sanctioned).

This standard has 3 essential practices:

- Essential Practice 5.C.1: During the recruitment and hiring process, the provider assesses each candidate’s commitment to achieving the provider’s social goals and serving its target clients.
- Essential Practice 5.C.2: The provider trains all employees on its social goals and on client protection.

- Essential Practice 5.C.3: The provider evaluates and incentivizes employees based on social and financial criteria.

Resources for Standard 5C

- [SPM Essentials Webinar #5: Listening to Employees as a Business Strategy](#)

5.C.1 During the recruitment and hiring process, the provider assesses each candidate’s commitment to achieving the provider’s social goals and serving its target clients.

Consider social performance when hiring employees

Providers should prioritize recruitment of employees who fit your culture and values and are aligned with their mission and social goals. This requires identification of personal qualities, relevant work experience and educational background that suggests commitment to the social goals as well as the social performance-related responsibilities for each position (refer to this table with [examples of Employee Positions and Related SPM Duties](#)). For example, good field staff candidates might have a strong sense of responsibility for helping vulnerable people, problem solving abilities, good teamwork skills, and integrity. Candidates need to be screened for their ability to carry out their performance-related responsibilities. Relevant experience might include work in communities with similar target clients, customer service responsibilities, travel to rural areas, ability to speak the local language(s), etc. In the case of good candidates for accounting positions, they need to have strong financial literacy, diligence and affinity with numbers, computer skills, and integrity.

For example, VisionFund International (VF) hires local people, since loan officers who come from the clients’ own communities are best able to identify, recruit, and work with its target clients. Unlike many providers who place a lot of emphasis on an applicant’s formal education, VF has found that higher education is not among the top attributes that make a good loan officer. Instead, they value the following characteristics: numeracy and literacy sufficient to complete the loan assessment and application forms; knowledge and language of the local area; dedication, tenacity, and commitment to microfinance; interpersonal and sales skills; willingness and ability to work in the field; and commitment to VF values. In addition to requiring employees to sign the Code of Conduct (Ethics), providers should develop a “commitment contract” which states that a job candidate will do his/her best to carry out their social goals.

Field examples

- [VisionFund International recrute des agents de crédit locaux à l'aide d'événements de sensibilisation](#)

5.C.1.3 The new employee training/probation period for client-facing employees includes an assessment of skills and commitment to serving the provider’s target clients.

 **Indicator in SPI5 Full | DI Focus**

Building an institutional culture that is aligned with the social strategy is based on the capacity of the client-facing staff to serve well the target clients. Integration procedures and induction training for new client-facing staff should check and strengthen their capacities in:

1. understanding well client needs and priorities,
2. communicating clearly and respectfully with all clients, and

3. be committed to excellent client service whereby complying fully with ‘good’ client protection practices and the Code of Conduct.

**Disability Inclusion Focus:**

DI Indicator: New employee orientation and induction training for client-facing staff includes checking and strengthening capacities for:

- Understanding and serving the needs and priorities of clients with disabilities within target segments
- Accessibility and inclusion, and
- Communicating clearly and respectfully with clients with different types of impairments (physical, mental, intellectual or sensory impairments).

Disability Inclusion - Info Box 5.C.1.3

Attitudinal barriers are amongst the greatest challenges to inclusion of persons with disabilities. As in society at large, FSP staff may hold misconceptions about the capabilities of persons with disabilities, including assumptions about their ability to work, manage their finances independently, or repay credit. These perceptions can directly influence decision-making and interactions, with negative impacts for clients and colleagues with disabilities. Staff may also lack the skills and confidence to interact effectively and respectfully with clients with disabilities and serve their particular needs.

For client-facing staff, new employee orientation and induction training should include checking and strengthening capacities for understanding and serving the needs and priorities of clients with disabilities within target client segments.

Key topics include disability etiquette, communicating with and assisting clients with different types of impairments (see indicator 4.B.1.4), providing and communicating information in accessible formats (see indicator 4.B.1.4), responding appropriately to requests for support or accommodations, and client protection and safeguarding considerations (see indicators for Dimension 4).

Scoring guidance

- Score ‘yes’, if the provider has a systemic inception training process for client-facing employees in place that comprises:
 1. on-the-job learning in serving target clients,
 2. coaching support from a senior staff or manager, and
 3. an assessment of how the new employee is able to serve adequately the target clients.
- Score ‘partially’, if the three requirements are met only partly. For instance, (i) on-the-job learning is limited as the new recruits must assist senior staff rather than serving directly clients or (ii) senior staff or managers have limited time for coaching the new recruits or (iii) the assessment how the new recruits are able to serve adequately the target clients is mostly informal.
- Score ‘no’, if there is no inception training process for client-facing employees in place or two of the three requirements are largely not met.

Sources of information

- HR Policy & Procedures Manual.
- Inception training guidelines for front-line employees.
- Interviews with HR manager, HR staff in charge of recruitment, and different newly recruited client-facing employees (women and men).

Evidence to provide

- Specify the elements in the integration procedure that allow to assess commitment and skills of client-facing employees to serve the target clients.

5.C.1.4 All employees sign a document acknowledging that they will abide by the Code of Conduct.

 **Indicator in SPI5 Entry | SPI5 Full | CP Full – Progress CP | DI Focus**

Having a Code of Conduct alone is not enough to make the values “come alive”. HR policies like recruitment, evaluation and training should reflect the standards laid out in the code. All employees should know the Code and declare their commitment to align with its rules by signing it.

 **Disability Inclusion Focus:**

DI Indicator: The provider provides the Code of Conduct in formats that are accessible for employees with different types of impairments (e.g., Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).

[See indicator 4.B.1.4 for more information about accessible information formats]

Scoring guidance

- Score ‘yes’, if the provider has a systemic process in place to ensure that all employees comply with its Code of Conduct by:
 1. having formulated it in a clear language that is comprehensible for all employees,
 2. offering practical training on how to follow it to all new employees and annual refresher trainings for all employees,
 3. requesting all employee to sign it (best when also signing the employment contract), and
 4. controlling compliance regularly as part of employee performance evaluations and branch audits.
- Score ‘partially’, if one or two of the four requirements are met only partly. For instance, (i) the Code is vaguely or incompletely formulated or (ii) training on the Code is not practical enough to guide well the employees on how to comply with it or (iii) not all employees sign the Code or they sign their employment contract only where they declare to abide by the Code or (iv) the employee performance evaluations do not cover explicitly the compliance with the Code.
- Score ‘no’, if there is no process in place to ensure compliance with the Code or most/all employees do not sign the Code or most employees do not understand well the Code or are not even aware of it.

Sources of information

- HR Policy & Procedures manual / Code of Conduct
- Sample of employee files
- Interviews with HR manager and different employees (women and men with office and field functions) and at different levels.

Evidence to provide

- Analyze the Code of Conduct whether it is clearly formulated and complete.
- Check employee files (or employment contract) to verify if staff sign a document acknowledging that they have read, understood and agree to abide by the Code of Conduct.
- Describe the training materials on the Code of Conduct and the frequency of training.

Field examples / Guidance for implementation

The code of conduct should include confidentiality / privacy of client data

5.C.2 The provider trains all employees on its social goals and on client protection.

Train and evaluate employees on social performance and client protection

Responsible providers must ensure that all their employees – and notably all client-facing employees – do not ‘harm’ any client by complying fully with the client protection standards. The providers with a social strategy must, in addition, ensure that all their employees achieve their social goals and targets so that clients do ‘benefit’ from using the products and services offered. This requires that the HR development system performs the following three essential functions:

1. offer induction and subsequent regular practical training on how to (i) adopt ‘good’ client protection practices (and avoid ‘bad’ ones) and (ii) achieve the social goals and targets;
2. evaluate all employees’ (notably all client-facing employees) (i) compliance with client protection and (ii) achievements of their social targets as part of their regular performance evaluation (jointly with their business/financial targets);
3. reward high levels of (i) client protection compliance and meeting social targets as well as sanction (i) non-compliance with client protection and (ii) non-achievement of social targets (refer to EP 5.C.3).

The above requires the identification of the expected staff behaviors regarding client protection and the specific social performance functions of each employee. The former should be defined in the Client Protection Policy spelling out ‘acceptable’ and ‘non-acceptable’ client protection practices and partly in the Code of Conduct. The specific social performance functions per type of position (e.g. loan officer, teller, branch manager, etc.) should be defined in the respective job descriptions. The identified (good and bad) client protection practices and the specific social performance functions together with the social goals form the contents for the practical induction and refresher trainings for all employees on client protection and social performance management. They should be the basis for choosing criteria for the regular performance evaluations of all employees so that employees are evaluated in a ‘balanced’ way on their compliance with client protection and meeting their social targets next to their business/financial targets. This may be initially challenging, if the employees are accustomed of being evaluated only on business/financial performance targets. It is important that employees have first been trained on the social strategy and their social performance responsibilities.

Train Employees to Protect Clients and Avoid Aggressive Sales Techniques

Providers should train their client-facing employees on how to sell products and services without pressuring clients. Aggressive sales techniques can be particularly damaging for low-income clients and those with limited financial capability, as they may be likely to buy products based more on sales pressure than on actual product “fit.” Providers should thus clearly define what “aggressive sales” look like in their particular socio-cultural context and how to monitor and sanction employees who practice “aggressive” sales techniques, like:

- Telling clients that there is a time limit on a specific offer (“you must sign today, because the price will go up tomorrow”).
- Continuing to pursue a client who has clearly declined a product.
- Discouraging or preventing clients from consulting with a trusted person.
- Discouraging or preventing clients from reading product information, contract, etc.
- Arguing, being hostile, or condescending towards the client.
- Intimidating or threatening the client (“if you don’t purchase life insurance, you are going to look like you don’t care about your family”).

- Requiring all group members to renew a loan, with no option for one of the members to opt out.

Sales techniques should be adapted to clients' education and literacy levels, as well as to local market conditions. For example, clients who have never used an insurance product are vulnerable to aggressive sales, as they may have difficulty determining whether the product fits their needs, or they might believe that premium payments are refunded if claims are not made. Providers must ensure that sales techniques—client recruitment, the sales pitch, and promotional materials—will not mislead clients about the benefits of a product. They must train their client-facing employees on how to:

1. talk about the products in a way that clients understand,
2. ask the right questions so that they can point individual clients to the most appropriate products,
3. sell a product by highlighting how it will be useful for the client instead of badgering him/her into signing a contract, and
4. to respect the client's right to refuse a product.

Providers should ensure that their agents or third-party providers (e.g., mobile agents, insurance companies, money transfer companies) comply with good client protection practices, including on the use of “responsible” sales techniques. This starts with the careful selection of agents or third-party providers who respect client protection standards (and thus train their staff on how to comply with them) followed by related contractual obligations of third-party providers to comply with client protection standards and eventually joint staff trainings on client protection and compliance audits.

Field examples and Resources

- [Sample Loan Officer SPM Evaluation Criteria Table](#)
- [Al Majmoua Trains Employees on SPM](#)
- [FINCA Microfinance Bank LTD. Evaluates Employees on Customer Care](#)

5.C.2.1 The provider trains all employees on its social goals and how their work contributes to achieving these goals and reinforces this on an ongoing basis.

Indicator in SPI5 Full | DI Focus

Training imparts new skills, ensures a shared culture, and promotes commitment to the social strategy. Larger and fast-growing providers or those with high staff turnover (>20%) need more frequent training so that all new employees have a shared understanding of their roles and responsibilities, including their social performance functions and social targets. Refresher trainings on the social goals and targets should be offered to all employees at least annually to ensure that the social performance concepts are reinforced, and new trends, policies, and practices related to social goals are presented and discussed.

Disability Inclusion Focus:

DI Indicator: The provider trains all employees on disability awareness and inclusion and how they can contribute in their role to ensure inclusion of persons with disabilities.

Disability Inclusion - Info Box 5.C.2.1

Successful implementation of disability inclusion strategies depends on the commitment of all staff and their capacity to understand and apply inclusive policies, systems and processes in practice.

Attitudinal barriers are amongst the greatest challenges to inclusion of persons with disabilities. As in society at large, FSP staff may hold misconceptions about the capabilities of persons with disabilities, including assumptions about their ability to work, manage their finances independently, or repay credit. These perceptions can directly influence decision-making and interactions, with negative impacts for clients and colleagues with disabilities.

Building staff awareness and engagement in disability inclusion is essential to transition from negative attitudes to inclusive behaviors. Training plays a critical role in building understanding about disability as a human rights and social issue, as well as equipping staff with practical and technical skills needed to apply inclusive practices in their day-to-day work.

A comprehensive approach combines disability awareness and inclusion training for all staff with function- and role-specific technical training, to ensure that responsibilities are matched with appropriate knowledge and skills.

Disability inclusion awareness and induction training for all employees should be designed to support a culture of non-discrimination, respect, and accountability amongst all employees, regardless of function or seniority. Objectives include building a shared understanding of disability as a human rights and inclusion issue; addressing stereotypes, stigma, and unconscious bias; promoting respectful attitudes and inclusive behaviors; and communicating institutional commitments, policies, and expectations related to disability inclusion.

In addition, targeted training should be provided for staff whose roles directly influence accessibility, service delivery, employment policy and staff management, for example:

- Client-facing staff (see indicator 5.C.1.3)
- Human Resources (HR) staff (see indicator 5.A.1.1)
- IT, digital, and design teams relating to digital accessibility (see indicator 3.B.2.2)
- Facilities and administrative staff relating to accessibility of premises (see indicator 3.B.2.2)
- Staff involved in data collection, analysis and reporting (see indicator (1.B.1.3)
- Staff involved in workplace health and safety (WHS) and emergency planning (see indicators (5.A.3.1 and 5.A.3.3)
- Line managers (see indicator 5.A.1.1)

The BFFI Disability Inclusion Guide for FSPs includes more information and resources on staff training related to disability inclusion. See also resources for this indicator below.

Scoring guidance

- Score 'yes', if the provider has a systemic social performance training process in place in terms of
 1. induction training for all new employees on the provider's social strategy and goals and the employees' specific social performance functions and targets and
 2. at least annual refresher trainings for all employees
 3. both with a hands-on training methodology focusing on practical case studies and role games so that

4. most/all employees understand well the topics.
- Score ‘partially’, if one or more of the four requirements are met only partly. For instance, (i) the induction training and the refresher trainings cover insufficiently the employees’ specific social performance functions and targets or (ii) the training methodology focuses on lectures with little active involvement of the trainees or (iii) many employees have little understanding on the topics.
 - Score ‘no’, if there is no social performance training process in place and/or two or more of the four requirements are largely not met.

Sources of information

- HR Policy & Procedures manual / Code of Conduct
- Induction and refresher trainings conducted during the past 12 months and training materials on the social strategy, social goals, and the social performance functions and social targets of staff.
- HR reports on induction and refresher trainings on the above topics and training evaluations during the past 12 months.
- Interviews with HR manager, Training manager, and different employees (women and men with office and field functions) and at different levels.

Evidence to provide

- Refer to inception and refresher trainings and training evaluations on the above topics during the past 12 months.
- Describe the training methodologies and training materials for trainers and trainees.
- Refer to the level of understanding on the above topics from the sample staff interviews.

Resources for indicator 5.C.2.1

- [Sample Employee GPS Responsibilities Table](#)
- [FINCA Microfinance Bank LTD. Evaluates Employees on Customer Care](#)
- **[DI Focus]:** [Asian Development Bank \(ADB\), ‘A Guide to Disability Inclusion Training and Development: provides guidance on staff training for banking organizations with different levels of disability inclusion experience, including general and role-specific training content](#)
- **[DI Focus]:** [Light For The World \(LFTW\) ‘Disability Inclusion Training Manual: A guide for supporting training capacity for disability inclusion’: Section 6 includes content for introductory disability inclusion awareness](#)
- **[DI Focus]:** [Humanity & Inclusion \(HI\), ‘Factsheet: Stereotypes, cognitive biases and discrimination’](#)
- **[DI Focus]:** [ENTELIS \(European Network for Technology Enhanced Learning in an Inclusive Society\): Link to training material and manuals for trainers on disability rights and digital accessibility](#)
- **[DI Focus]:** [Alison: Free online course on Disability Inclusion in the Workplace](#)

5.C.2.2 The provider trains employees on client protection, in line with their roles and responsibilities. The training covers at minimum the following topics:

- 5.C.2.2.1 Repayment capacity analysis and the credit approval process*
- 5.C.2.2.2 How to avoid aggressive sales techniques, including how to respect clients' rights to refuse products*
- 5.C.2.2.3 How to explain pricing, terms and conditions to clients and how to verify client understanding*
- 5.C.2.2.4 Debt collections practices and loan recovery procedures*
- 5.C.2.2.5 Confidentiality and data sharing policies and fraud risks, including common frauds, fraud identification, and fraud reporting*
- 5.C.2.2.6 How the complains mechanism works, how to resolve complaints against third party providers, and how to treat clients respectfully during the process*

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | CP Commit | CP Full | DI Focus**
Details 5.C.2.2.1, 5.C.2.2.3, and 5.C.2.2.4: Progress CP

The HR policies on recruitment, employee performance evaluation, and employee training should reflect the client protection standards laid out in the Code of Conduct and in the client protection policies and procedures. Trainings may take the form of formal classroom trainings, on-line learning, on-the-job coaching (notably during the probation period) or may occur during regular branch/regional meetings (as long as there is evidence that client protection issues are addressed).



Disability Inclusion Focus:

DI Indicator: The provider's training for employees includes training on specific client protection considerations for clients with disabilities.

Disability Inclusion - Info Box 5.C.2.2

Client with disabilities face specific risks related to client protection, including:

- discrimination, unfair treatment and exclusion from formal financial services, due to negative attitudes and perceptions by staff, discriminatory eligibility criteria or loan approval processes, and accessibility barriers.
- higher risk of financial exploitation, abuse and fraud, in particular where they are forced to rely on third parties to access and use financial products due to inaccessibility interfaces or discriminatory policies.
- vulnerability to other forms of exploitation, abuse and harassment, including sexual exploitation, abuse and harassment (SEAH) due to factors such as isolation, dependency on caregivers, communication barriers, low financial literacy, and fear of reporting abuse.

Client protection considerations for clients with disabilities that should be taken into account in staff training are covered in the indicators related to Dimension 4.

Scoring guidance

- Score 'yes', if the provider has a systemic client protection training process in place in terms of
 1. induction training for all new employees on client protection and on how to comply with 'good' client protection practices and
 2. at least annual refresher trainings for all employees

3. both with a hands-on training methodology focusing on practical case studies and role games so that
 4. most/all employees understand well client protections.
- Score ‘partially’, if one or more of the four requirements are met only partly. For instance, (i) the induction training and the refresher trainings cover insufficiently the ‘accepted’ and ‘non-acceptable’ client protection practices for the employees or (ii) the training methodology focuses on lectures with little active involvement of the trainees or (iii) many employees have little understanding on client protection.
 - Score ‘no’, if there is no client protection training process in place and/or two or more of the four requirements are largely not met.

Sources of information

- HR Policy & Procedures manual / Code of Conduct
- Induction and refresher training plans and training material on the social strategy, social goals, and the social performance functions and social targets of staff.
- HR reports on induction and refresher trainings on client protection and training evaluations during the past 12 months.
- Employee files
- Interview with HR manager, Training manager, and different employees (women and men with office and field functions) and at different levels.

Evidence to provide

- Specify the elements in the HR policies and training materials that are related to the Code of Conduct and client protection policies (training modules, on-site refreshers, on-line learnings, etc.). Training materials should clearly point out the standard of conduct staff is expected to follow.
- Specify when new and existing staff receive training over the last 12 months (ex., induction training, on-the-job coaching, ad hoc sessions).
- Describe the training methodologies and training materials for trainers and trainees.
- Refer to the level of understanding on client protection from the sample staff interviews

Field examples / Guidance for implementation

For 5.C.2.2.1: Applies to loan officers, field executives supervising several loan officers, branch head of credit, branch manager, head office specialists on lending and loan workout management, and internal auditors.

“Repayment capacity analysis” involves building cash flow analysis, cross checking, and interviewing clients. If due diligence is conducted by group members, groups are trained on how to conduct due diligence and relevant loan criteria.

For 5.C.2.2.2: Applies to all client-facing staff, notably those with sales functions, and internal auditors.

With the training, staff understand and have the skills to implement policies and procedures related to fair and responsible treatment of clients and aligned with the Code of Conduct. ‘Unacceptable’ behavior is highlighted. Training material should explicitly refer to ‘aggressive’ sales. Role plays are particularly valuable in demonstrating what ‘aggressive’ sales look like.

The provider verifies that third parties (agent network managers, etc.) train their own representatives on fair and responsible treatment of clients. The training is aligned with the provider's Code of Conduct and spells out ‘unacceptable’ behavior.

For 5.C.2.2.3: Applies to all client-facing staff, notably loan officers and those with sales functions, and internal auditors.

The provider trains all client-facing staff to communicate all information related to products, services and policies to clients in the local language and at an appropriate level given financial literacy limitations. For less literate clients, oral communication supplements written information.

Examples: Provider Y trains its loan officers to be able to read out slowly the product

contracts to clients with literacy and/or financial capability limitations, making the exchange a series of questions and answers so that the clients can ask questions and the loan officers can verify understanding.

FSP X has its customer service representatives, who handle disbursement, trained to verify client understanding of terms and conditions verbally during the disbursement process.

For 5.C.2.2.4: Applies to loan officers, field executives supervising several loan officers, branch head of credit, branch manager, head office specialists on lending and loan workout management, and internal auditors.

Training should include actions employees are expected to take and those they are prohibited from taking in case of default. This includes training on how to evaluate a client's willingness and ability to repay.

Example: The field staff in collections is encouraged to refer to clients as “clients with late loans” instead of “delinquent clients” in order to avoid the negative connotations and disdain associated with this word.

For 5.C.2.2.5: Applies to all employees.

Providers must train all new and existing employees on (1) its confidentiality and data sharing policies, (2) fraud risks, identification, and reporting, and (3) on how to communicate with clients on data privacy and data security policies (how to talk to clients about privacy and confidentiality, how to keep client information safe, how to keep IT passwords safe).

For 5.C.2.2.6: Applies to all client-facing employees and internal auditors.

For a complaints mechanism to be effective, employees must be aware of its existence and how to use it. Employees should know how the mechanism works and how to refer clients to the appropriate person/mechanism. Complaints handling should be covered in induction training. How the complaints mechanism works is not just the channel to use to file a complaint, but also how staff processes complaints

Resources for indicator 5.C.2.2

- [SKS and Equitas Protect Client Data](#)
- [Guidance for Adequate Training of Employees on Code of Conduct and Client Protection](#)

Dimension 6. Responsible Growth and Returns

Dimension 6's standards and guidance start from the premise that, as a social enterprise, an institution's financial decisions and results should reflect their social goals. As with other social enterprises, striking the right balance is key. As providers grow and take on new investors who may have different priorities, it is very important for the financial service providers to have institutionalized policies and practices that support their own balance. The three primary areas of focus in this dimension are responsibly managing growth, setting prices and using profits to achieve long-term sustainability while achieving social goals.

Dimension 6 includes three standards:

- Standard 6A: The provider manages growth in a way that promotes its social goals and mitigates risks to clients.
- Standard 6B: The provider sets prices responsibly.
- Standard 6C: The provider uses profits responsibly.

Standard 6A. The provider manages growth in a way that promotes its social goals and mitigates risks to clients.

This standard has 2 essential practices:

- Essential practice 6.A.1: The provider's strategic and/or business plan establishes responsible growth targets.
- Essential practice 6.A.2: During times of high growth, the provider monitors more frequently data related to responsible growth

Resources for standard 6A

- [SPM Essentials #4 Responsible Use of Profits](#)

6.A.1 The provider's strategic and/or business plan establishes responsible growth targets.

Most providers target positive growth rates of their client base and/or portfolio. Average annual growth rates are usually in the range of 5-30%, but they can reach 50% or more in markets where the potential is still very large. Such high growth rates can be appropriate in some contexts—such as when a young provider is expanding its operations—yet they can be very dangerous in others where they can spur client over-indebtedness or weaken the internal control systems of fast-growing providers.

Regardless of why pursuing growth (e.g., to achieve economies of scale and reach sustainability, to meet social goals of financial inclusion), providers must ensure that their target growth rates are sustainable. Sustainability means growing only as quickly as providers can adapt and expand their quality-control systems, such as employee training and MIS capacity, as well as risk monitoring. Sustainable growth rates will allow to expand while maintaining adequate portfolio quality, providing good customer service, respecting clients' rights, and giving employees manageable workloads.

Providers set target growth rates by branch and/or region over a three- to five-year time horizon. During this process, the following factors must be analyzed while keeping in mind the quality of customer service, client protection, and employee satisfaction:

- External factors: client demand, competition, market penetration and saturation, and market infrastructure; and

- Internal factors: internal controls, human resource capability, MIS, and client satisfaction.

Analyze external factors

For each branch and for each product, client demand, current and future market penetration of competitors, market saturation, and market infrastructure should be analyzed carefully to set sustainable target growth rates. Market information should be segmented by different types of clients and different products because pockets of saturation can exist within an otherwise fairly unsaturated market. Providers should also assess whether an “intensive” or “extensive” growth strategy is most appropriate: an “intensive growth” strategy means adding new clients within existing branches or a limited geographic market, while “extensive growth” strategy focuses on opening new branches and/or entering new markets. In general, more caution is required for intensive growth, which depletes the pool of “good” clients faster than extensive growth. Historical data from the MIX Market shows that intensive growth levels over 168% (growth rate of number of borrowers per branch) are associated with lower portfolio quality; while only extensive growth levels over 631% per year (growth rate of the number of branches per FSP) are associated with worsening portfolio quality. These data do not suggest that providers should never pursue “intensive growth,” but rather consider whether growth in existing branches will promote positive outcomes (e.g., financial inclusion) or may lead to negative outcomes (e.g., client over-indebtedness).

The table titled [Analyze External Factors to Inform Your Growth Policy](#) sets out the external factors to analyze, the data needed for this analysis (“resources needed”), and what insight to gain from each analysis (“analysis”). Using Global Data to Calculate Market Potential demonstrates how providers can use Global Findex data to help determine their potential market.

Analyze internal factors

The growth policy must also consider the provider’s internal capacity for balancing growth with service quality. Table [Analyze Internal Factors to Inform your Growth Policy](#) lists the internal factors to examine, and it summarizes the insights to gain from each analysis.

Field Examples and Resources for 6.A.1

- [Analyze External Factors to Inform your Growth Policy](#)
- [Using Global Data to Calculate Market Potential](#)
- [Analyze Internal Factors to Inform your Growth Policy](#)

6.A.1.3 The provider allocates funds and human resources to reinforce the following internal capacities to ensure responsible growth:

6.A.1.3.1 Internal control mechanisms/internal audit

6.A.1.3.2 Hiring and training employees, and third-party agents as applicable

6.A.1.3.3 Management information system quality and capacity

Indicator in SPI5 Entry | SPI5 Full | DI Focus

Growth can cause “growing pains” and these details aim to address the main ways in which rapid growth can lead to shortcomings in internal capacity that can affect client protection and customer satisfaction. Providers need sufficient staff, orientation and refresher trainings, data management infrastructure, and monitoring capacity to be able to effectively manage growth while maintaining high standards for client protection. They must ensure that sufficient staff and monetary resources are in place to build and maintain their internal capacity during times of significant growth.

Disability Inclusion Focus:

DI Indicator: The provider allocates funds and human resources to reinforce internal capacities for disability inclusion, such as:

- Inclusive hiring and employment practices including provision of reasonable accommodations;
- Training employees and partners on disability inclusion and accessibility;
- Integrating disability-related data in management information systems.

Scoring guidance

Detail 6.A.1.3.1:

- Score 'yes', if the provider's internal control and internal audit capabilities keep pace with operational growth in terms of
 1. maintaining internal control functions in scope and quality at branch level,
 2. conducting qualified audits of each branch at least annually covering file reviews and interviews of at least 3-5% of total clients.
- Score 'partially', if the two requirements are not met fully. For instance, at branches with rapid growth over the past 12 months, internal control functions could not be fully maintained or below 3% of total clients were audited.
- Score 'no', if internal control and internal audit capabilities failed to keep pace with operational growth

Detail 6.A.1.3.2:

- Score 'yes', if the provider, in keeping pace with operational growth,
 1. has sufficient staff (and agents, if applicable) to maintain good client service (i.e. not leave the front line stretched thin, overworked or burned out due to staff shortages. See [Guidelines for Case Load Limits](#) for recommended levels for loan officers) and
 2. conducts both a) annual refresher trainings for all existing staff (and agents, if applicable) and b) orientation trainings for all new staff (and agents, if applicable) within three months of their start date.
- Score 'partially', if the two requirements are not met fully. For instance, at branches with rapid growth over the past 12 months, staff shortages occurred or not all staff received annual refresher trainings or the orientation trainings for some new staff was shortened.
- Score 'no', if the provider failed largely in hiring and/or training staff (and agents, if applicable) while keeping pace with operational growth.

Detail 6.A.1.3.3:

- Score 'yes', if, in keeping pace with operational growth, the MIS capacity allows the provider to
 1. keep all social and financial information about all its clients in one stable, secured and complete database (or two databases that are linked by unique client ID) and
 2. monitor regularly the situation of each client, in particular regarding the PAR.
- Score 'partially', if the two requirements are not met fully. For instance, the client database is not fully secured with daily back up or not complete as client data input is delayed by a few days.
- Score 'no', if the MIS capacity cannot keep up with operational growth.

Sources of information

- Interview with the internal audit staff and/or manager.
- Interview with the IT manager or head of MIS.
- Interview with the Head of HR and/or Training.

Evidence to provide

- How often is each branch visited by the Internal Audit department and what % of clients and/or loan officers receive monitoring visits/calls?
- How often and for how much time per session do staff receive training, what is the rate of turnover in the institution for field staff and overall?

- Whether the MIS is integrated across financial and social performance data.

Resources for indicator 6.A.1.3

- [Guidelines for Case Load Limits](#)

Dimension 7. Environmental Performance Management

In a context where climate change and environmental degradation are already affecting every region of our planet, and in particular the most vulnerable populations, it is clear that financial and social sustainability objectives will not be achieved without considering environmental issues. FSPs should seriously engage in improving their environmental performance, avoiding generating negative environmental impacts and contributing to foster climate change adaptation, environmental risk mitigation and regenerative solutions.

Dimension 7, which Cerise+SPTF co-developed with the [e-MFP Green Inclusive and Climate Smart Finance Action Group \(GICSF-AG\)](#), lays out the key practices that FSPs should implement to manage their environmental performance.*

This dimension has 3 standards:

- Standard 7A: The provider has an environmental strategy and systems in place to implement it.
- Standard 7B: The provider identifies and manages environmental risks and opportunities.
- Standard 7C: The provider offers financial and non-financial products and services to achieve its environmental goals.

** Note – The standards and essential practices of Dimension 7 are fully aligned with the Green Index 3.0 developed by the GICSF-AG of e-MFP. The Green Index 3.0 provides an in-depth analysis to providers willing to develop a detailed action plan; Dimension 7 provides a practical analysis for providers willing to develop an action plan consistent with their social performance management strategy, in the frame of the Universal Standards.*

External Resources for Dimension 7

- [GICSF AG webinars on green inclusive and climate-smart finance](#)
- [GICSF AG online library on Green Inclusive and Climate-Smart Finance](#)
- [European Dialogue - 5th European Microfinance Award - Microfinance and the Environment](#)
- [Adapting to a New Normal - Strengthening Resilience to Climate Change: Best Practices from the European Microfinance Award 2019](#)

Standard 7A. The provider has an environmental strategy and systems in place to implement it.

In line with Dimension 1 and Standard 1A expecting the provider to have a strategy to achieve its social goals, having an environmental strategy and systems in place to implement it enables the provider to manage environmental performance in a well-thought, global and systematic way, according to its priorities, context of operations and resources, and in consistency with its financial and social objectives.

This standard has 3 essential practices:

- Essential Practice 7.A.1: The provider has a strategy to achieve its environmental goals.
- Essential Practice 7.A.2: The provider collects, analyzes, and reports data that are specific to its environmental goals.
- Essential Practice 7.A.3: The provider's governance and management structure ensures the implementation and oversight of the environmental strategy.

7.A.2 The provider collects, analyzes, and reports data that are specific to its environmental goals.

Collecting, analyzing and reporting environmental performance data is a strong signal that the provider is indeed committed to achieving its environmental goals. It enables the provider to track progress towards objectives, identify gaps, and define follow-up actions to improve its performance. It also allows communicating on results both internally and externally and building an image of environmental responsibility.

7.A.2.1 The provider collects the following data on an ongoing basis to measure whether it is achieving its environmental goals. Minimum frequency: annually.

7.A.2.1.1 The provider's own adverse impacts on the environment

7.A.2.1.2 Clients' vulnerability to climate change and environmental degradation

7.A.2.1.3 Clients' adverse impacts on the environment

7.A.2.1.4 Outcomes related to its green products and services, including both positive and negative changes for clients, their households, and the environment

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | DI Focus**
Detail 7.A.2.1.4: SPI5 Full

Collecting data is critical to monitor progress towards environmental goals, identify gaps, and define follow-up actions to improve environmental performance. The provider should have a formal process to collect quality data on a regular basis (at least annually) for each of the environmental goals defined by the provider. In particular, the providers should collect data on its internal ecological footprint (i.e. its own adverse impacts on the environment / the negative impacts generated at the level of the provider's head office and branches) and on environmental risks at portfolio level (i.e. clients' vulnerabilities to climate change and environmental degradation and clients' adverse impacts on the environment). When a provider offers "green" products and services, it is also important to measure not only the outreach, but also the outcomes of these products and services, in order to check that they do bring the expected benefits to clients, their households, and the environment.



Disability Inclusion Focus:

DI Indicator: The provider collects, analyzes and reports data on clients' vulnerability to climate change disaggregated by gender, age and disability status.

The provider collects, analyzes and reports data on client outcomes related to its green products and services disaggregated by gender, age and disability status.

Disability Inclusion - Info Box 7.A.2.1

Persons with disabilities are particularly vulnerable to the impacts of climate-change, and are at greater risk during climate-related disasters and emergencies. It is therefore important that the provider includes persons with diverse disabilities in data collection, analysis and reporting relating to clients' vulnerability to climate change and client outcomes, in order to design effective responses. Collect and analyze gender-, age- and disability-disaggregated data, in order to identify intersectional vulnerabilities.

See indicator 1.B.1.3 for more information about tools and methodologies for disability data collection and analysis.

Scoring guidance

- To answer ‘yes’, the provider must have a formal system/process in place for regular data collection and analysis, and it must have collected data on a regular basis, at least annually.
- If the provider only collects environmental performance data informally (e.g. through qualitative feedback from field officers), or if the provider does not collect such data every year, or if the provider only collected such data once, then the answer should be ‘partially.’
- If data is just focusing on portfolio/volume allocated to “green” products, and not on the outcomes for clients, their households and the environment, the answer should be ‘no’.

Sources of information

- MIS
- Management reports
- Carbon audit / Evaluations / Clients’ surveys
- Interviews with IT / Marketing Department / SEPM Manager

Evidence to provide

Specify what data is collected, through which channels and at what frequency.

Resources for indicator 7.A.2.1

- [ACLEDA Environmental & Social Sustainability Report](#)
- [ESAF Green Protocol Audit Checklist](#)

Standard 7B. The provider identifies and manages environmental risks and opportunities.

Environmental issues are broad and very diverse. To engage in environmental performance management, it is important that the provider first identifies the environmental risks and opportunities relevant to its context of operations. Then it can define relevant strategies to mitigate these risks and/or grasp potential opportunities.

This standard has 3 essential practices:

- Essential Practice 7.B.1: The provider identifies and manages its own environmental risks at headquarters and branch level.
- Essential Practice 7.B.2: The provider identifies and manages client-level environmental risks.
- Essential Practice 7.B.3: The provider identifies opportunities to finance green practices and technologies.

7.B.1 The provider identifies and manages its own environmental risks at headquarters and branch level.

This Essential Practice focuses on environmental risks at the provider’s level (while 7.B.2 focuses on environmental risks at portfolio or client level). It looks both at the environmental risks faced by the provider (i.e. the vulnerability of its headquarters and branches to climate change) and the environmental risks generated by the provider’s activities (i.e. the adverse impacts of its internal activities on the environment).

7.B.1.2 The provider has a contingency plan to mitigate the vulnerability of its properties, buildings, and human resources to climate shocks.

 **Indicator in SPI5 Full | DI Focus**

Having a contingency plan helps the provider prepare for future climate shocks, by anticipating climate shocks and outlining the systematic measures by which the provider will effectively respond before, during or immediately after a disaster. Its main objective is to ensure the safety of clients and personnel once a disaster strikes.

 **Disability Inclusion Focus:**

DI Indicator: The provider's disaster contingency plan is provided in formats that are accessible for employees with different types of impairments (e.g., Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).

Disability Inclusion - Info Box 7.B.1.2

Persons with disabilities are at greater risk during climate-related disasters and emergencies, as they may be unable to access critical information, move away from danger, or access support services. In many cases, their needs are not considered in disaster risk management and emergency plans (including warning, evacuation, and recovery), and they are often overlooked during responses.

The provider's disaster contingency plans should be developed in a gender-sensitive and accessible manner, ensuring that diverse needs are considered, and specific risks and accessibility issues for persons with disabilities are identified and mitigated. Risk assessments should be undertaken and contingency plans developed in consultation with employees with disabilities, organizations of persons with disabilities (OPDs) and specialized experts or service providers. Information about contingency plans should be provided in accessible and alternative formats for persons with disabilities.

See indicator 5.A.3.3 for more information about including persons with disabilities in emergency and disaster response plans, and indicator 4.B.1.4 for more information about accessible information formats.

Scoring guidance

- To answer 'yes', the provider must have a documented disaster contingency plan or disaster risk reduction and management plan, with clear distribution of roles and responsibilities and definition of procedures to follow before, during and immediately after a disaster (e.g. warning system, communication protocol, evacuation procedures, emergency procedures, etc.). The plan should be known from all employees.
- If the provider has a documented disaster contingency plan, but the latter is not known from employees at all level, then the answer should be 'partially.'
- Assign 'no' if the plan remains very vague or does not exist.

Sources of information

- Disaster contingency plan
- Interviews with CEO/operations manager
- Interviews with the dedicated person on environmental strategy (if applicable)
- Interviews with branch managers/field officers

Evidence to provide

Mention the contingency plan and what year it was published. Specify how the contingency plan is shared with employees at all levels (e.g. Is it only by providing access to the document? Are there trainings or awareness-raising sessions on the roles/responsibilities/actions to be taken in case of disaster? Is it included in the induction training of the staff? etc.)

Resources for indicator 7.B.1.2

- [12 Steps to Resiliency - A Guidebook on Disaster Risk Reduction and Business Continuity Planning for Microfinance Institutions](#)
- [Climate Risk Management framework of First MicroFinance Bank Pakistan](#)

7.B.2 The provider identifies and manages client-level environmental risks.

This Essential Practice focuses on environmental risks at the portfolio or client level (while 7.B.1 focuses on environmental risks at institution level). It looks both at the environmental risks faced by clients (i.e. clients' vulnerabilities to climate change and environmental degradation) and the environmental risks generated by clients (i.e. clients' adverse impacts of on the environment).

Resource

- [ESMS for Microfinance Institution, by IFC / First for Sustainability](#)

7.B.2.1 The provider identifies clients' vulnerability to climate change and environmental degradation related to the following:

- Climate change
- biodiversity loss
- Pollution and other environmental degradation

 **Indicator in ESG Risk | ALINUS | SPI5 Entry | SPI5 Full | DI Focus**

While poor and vulnerable people only contribute marginally to global greenhouse gas emissions (in particular in developing countries), they are the ones most affected by the effects of climate change and environmental degradation. This is largely due to their higher exposure and sensitivity to these risks (e.g. they may live in more disaster-prone areas, they rely more on natural resources for livelihoods...) and their lack of coping capacities (e.g. they do not have savings or insurance, they lack alternatives...). Climate change, biodiversity loss, pollutions or other environmental degradations may directly affect clients' businesses, livelihoods, health, lives, and that of their families. For the provider, it may represent a financial risk of degraded portfolio quality. Identifying clients' vulnerabilities to climate change and environmental degradation is an important first step to be able to manage and mitigate these risks. It is particularly important for providers working with clients in the agricultural sector, which is already directly impacted by climate change and will become increasingly impacted in the near future.

**Disability Inclusion Focus:**

DI Indicator: The provider identifies specific vulnerabilities of clients with disabilities to climate change and environmental degradation.

Disability Inclusion - Info Box 7.B.2.1

Persons with disabilities are particularly vulnerable to the impacts of climate-change. They experience higher rates of poverty, and often live in more affordable but higher-risk areas (such as flood-prone areas), and have fewer resources to cope with economic losses resulting from climate hazards. They may also be more at risk from threats to health arising from air pollution, greater extremes of temperatures and environmental changes which can worsen existing health conditions or destroy vital medications. Environmental changes may also disproportionately affect specific groups, such as increased skin cancer rates for individuals with albinism due to increased temperatures.

Persons with disabilities are particularly at risk during climate-related disasters and emergencies, as they may be unable to access critical information, move away from danger, or access support services. In many cases, their needs are not considered in disaster risk management and emergency plans (including warning, evacuation, and recovery), and they are often overlooked during responses.

Scoring guidance

- To answer "yes", the provider must assess the level of exposure and sensitivity of its clients to climate and environmental risks, per geographic areas and sector of activities, as well as their adaptive capacities to such risks. This assessment should be updated at least every two years.
- If the assessment is not conducted for the whole portfolio, or if it is not done regularly, or if has just been done once, the answer should be 'partially'.
- Assign 'no' if no assessment has been made.

Sources of information

- Risk mapping / portfolio segmentation by level of risks
- Interviews with Risk Management
- Interview with the dedicated person on environmental strategy (if applicable)

Evidence to provide

Specify what types of client-level risks are assessed, how the assessment is conducted and at what frequency.

Resources for indicator 7.B.2.1

- [Climate Risk Management framework of First MicroFinance Bank Pakistan](#)
- [L'agriculture Ouest-Africaine face au changement climatique \(UNEP-MeBA\)](#)
- [La agricultura andina frente al cambio climático \(UNEP-MeBA\)](#)
- [La agricultura de Centroamérica y el Caribe frente al cambio climático \(UNEP-MeBA\)](#)

7.B.2.3 The provider develops risk mitigation policies and processes in response to identified vulnerability and adverse environmental impacts and integrates them into its standard risk management.


Indicator in SPI5 Entry | SPI5 Full | DI Focus

After having evaluated client-level environmental risks (indicators 7.B.2.1 and 7.B.2.2), the next step is to define strategies and actions to manage these risks. Different measures can be taken: excluding highly risky loan applications, diversifying the portfolio, including environmental clauses in the loan contract requiring clients to improve their practices,

offering incentives for switching to ecological or resilient practices, raising awareness or training clients on risk mitigation and good practices, etc. Experience shows that it is important to integrate environmental risk mitigation policies and processes into the provider's standard risk management system, so that environmental risk management can be systematically applied.



Disability Inclusion Focus:

DI Indicator: The provider's risk mitigation policies and processes respond to the identified vulnerabilities of persons with disabilities to climate change and environmental degradation.

[See indicator 7.B.2.1 for more information about vulnerabilities of persons with disabilities to climate change and environmental degradation]

Scoring guidance

- To answer 'yes', the provider must have defined specific strategies, policies, procedures or actions to manage client-level environmental risks (both in terms of vulnerabilities to climate change and environmental degradation, and adverse impacts on the environment), and have integrated them in its standard risk management system to ensure their systematic implementation.
- If the provider has developed risk mitigation measures but without integrating them into the standard risk management system, or if the environmental risk mitigation measures are not implemented, or if the risk mitigation measures do not cover all the client-level environmental risks identified, then the answer should be 'partially'.
- Assign 'no' if no mitigation measures have been identified or if at least two of the above elements are missing.

Sources of information

- Credit manual
- Risk management procedures
- Interviews with Risk Management
- Interview with the dedicated person on environmental strategy (if applicable)
- Interviews with loan officers, branch managers

Evidence to provide

Specify what policies or processes have been developed to mitigate client-level environmental risks and how they are integrated into the provider's risk management system.

Resources for indicator 7.B.2.3

- [Environmental and Social Management \(ESM\) Procedure](#)
- [Climate Risk Management framework of First MicroFinance Bank Pakistan](#)

7.B.3 The provider identifies opportunities to finance green practices and technologies.

Managing environmental performance is not just about managing environmental risks: it is also about fostering green opportunities. If the provider has identified client-level environmental risks (in 7.B.2), it usually implies that there is a need to help clients mitigate these risks. And if there is a need, it means that there is an opportunity for the provider to offer a solution – a “green” solution – to fulfill this need. Risks and opportunities can thus be seen as the two sides of the same coin. This also works for some specific social and economic risks (e.g. linked to lack of access to energy or water, inefficient production processes...) for which green practices and technologies can be a response. Gauging the potential market for green practices and technologies opens new opportunities for the

provider, who can then consider developing new products and services, differentiating from competitors, and increasing its outreach.

7.B.3.3 The provider conducts market research for the green practices and technologies identified, with at least one of the following objectives:

- *Assess demand for green practices and technologies, and related financial needs of target clients.*
- *Identify local technology or technical providers of green practices and technologies, and the quality of their practices and technologies.*
- *Identify local market and regulation incentives or disincentives for green practices and technologies.*

 **Indicator in SPI5 Full | DI Focus**

In line with Dimension 3 – Client-centered products and services, it is important that the provider conducts market research to better understand the demand (i.e. clients' needs, in terms of green practices or technologies, financial needs to invest in these practices and technologies, and needs for training or awareness-raising), the current supply (i.e. local technology providers, local technical providers of training and technical assistance, quality of the locally available technologies and practices, costs and return on investments for the green practices and technologies), as well as the overall context (e.g. regulations, incentives, technology support such as apps or software, funding opportunities, etc.). This market research will help the provider identify the green practices and technologies most adapted to its clients' needs, define adapted financial products and marketing material, identify reliable technology or technical providers with which to partner, and grasp potential opportunities in terms of financing.

 **Disability Inclusion Focus:**

DI Indicator: Market research modalities for assessment of demand for green practices and related financial needs of target clients are accessible and enable fair representation and participation of persons with different types of impairments.

[See indicator 3.A.1.1 for more information about inclusive market research]

Scoring guidance

- To answer 'yes', the provider must have conducted market research for all selected green practices and technologies. The market research should address at least one of the objectives listed in the indicator.
- If the provider has conducted market research only for part of the selected green practices and technologies, then the answer should be 'partially'.
- Assign 'no' if no market research has been conducted.

Sources of information

- Market research reports
- Interviews with the dedicated person on environmental strategy (if applicable)
- Interviews with operations
- Interviews with marketing/product development

Evidence to provide

Specify when and how the market research was conducted, and where it has been documented (refer to related reports if available).

Standard 7C. The provider offers financial and non-financial products and services to achieve its environmental goals

Beyond a mere do-no-harm approach, the provider can also opt for a proactive support by offering financial products and non-financial services that will contribute to reduce clients' vulnerabilities to climate change and environmental degradation, mitigate clients' adverse impacts on the environment, and foster the adoption of green practices and technologies.

7.C.1 The provider offers financial products and services to achieve its environmental goals.

Offering financial products that promote environmentally-friendly practices and technologies gives an opportunity for the provider to diversify its product range, differentiate from competitors, and expand into new markets, while contributing to environmental risk management and ecological transition.

7.C.1.1 The provider offers at least one of the following financial products or services to help clients cope with climate shocks:

7.C.1.1.1 Emergency loans, loans rescheduling, or loans restructuring

7.C.1.1.2 Agricultural or climate insurance products

7.C.1.1.3 Saving products, money transfer, remittances, or guarantees

Indicator in SPI5 Entry | SPI5 Full | DI Focus

With climate change, dramatic climate events, such as heat waves, droughts, heavy rains, floods, or storms are becoming more and more frequent and serious. These climate shocks directly and strongly affect poor and vulnerable populations who have limited coping capacities. In case of extreme climate events affecting the business or household of clients (e.g. crop loss, asset loss, injuries, etc.), offering adapted financial products and services to affected clients can help them better cope with the consequences of the shocks. For the provider, it is a strategy to manage portfolio risk, at least in the short term (in the longer term, what is needed is to increase the adaptive capacities or resiliency of clients by adopting climate-smart practices and/or diversifying their sources of revenues).

Disability Inclusion Focus:

DI Indicator: The provider offers financial products or services to help clients cope with climate shocks that are:

- accessible and available to persons with disabilities on an equal basis with others;
- do not exclude or discriminate against persons with disabilities; and
- are responsive to their needs.

Disability Inclusion - Info Box 7.C.1.1

Persons with disabilities are particularly vulnerable to the impacts of climate-change, and in particular are at greater risk during climate-related disasters and emergencies (see indicator 7.B.2.1). In addition, persons with disabilities face particular barriers to accessing products that can help them to manage the impact of climate shocks, such as loans and insurance products. Indicator 3.B.4.2 gives more information about these barriers, and how providers can address these.

Providers should apply inclusive design processes in collaboration with organizations of persons with disabilities (OPDs) to ensure the needs and vulnerabilities of persons with disabilities in their target client groups are understood and addressed when designing, piloting and user-testing financial products or services to help clients cope with climate shocks, and that these products and services are accessible to persons with disabilities (for more information about inclusive design processes, see indicator 3.A.1.1).

For example, the Pacific Insurance and Climate Adaptation Programme (PICAP) strengthened gender- and disability-disaggregated data systems and used consultative design processes to develop inclusive climate risk insurance products that are accessible, affordable, and relevant for women and persons with disabilities, who face heightened risks from climate change impacts in Pacific Island nations (see resources for this indicator).

Scoring guidanceFor 7.C.1.1.1

- To answer ‘yes’, the provider must have a formal procedure specifying how emergency loans, loans rescheduling, or loan restructuring are applied in case of climate shocks or natural disasters. Emergency loans do not have to be specifically designed for climate risks; they can be generic emergency loans but must have a formal procedure specifying that they apply particularly in cases of climate shocks. The provider must also give evidence that emergency loans, loans rescheduling, or loan restructuring are effectively provided to clients in cases of climate shocks.
- If the procedures or products have not been formalized but there is evidence that they are applied in cases of climate shocks, the answer can be ‘partially.’
- Assign ‘no’ if no formal procedures or informal practices are in place.

For 7.C.1.1.2

- To answer ‘yes’, the provider must have a formal insurance product that specifically cover climate and/or agricultural risks – and not only other general risks such as death, health, etc. The insurance product can be offered directly by the provider or through a partnership with a third-party. The provider must also give evidence that the insurance product is effectively mobilized in cases of climate shocks.
- If the provider can give evidence (documents, past events, etc.) that an insurance product that is not specific for climate or agriculture risks has been able to cover losses from an agriculture or climate event, score ‘partially.’
- Assign ‘no’ if no insurance product can address climate risks.

For 7.C.1.1.3

- To answer ‘yes’, the provider must have a formal procedure specifying how saving products, money transfer, remittances, or guarantees are mobilized to help clients in case of climate shocks or natural disasters. These financial products and services do not have to be specifically designed for climate risks; they can be generic financial products and services, but must have a formal procedure specifying that they can easily and quickly be mobilized in cases of climate shocks (e.g. term deposits made available in cases of climate shocks). The provider must also give evidence that the products or services are effectively provided to clients in cases of climate shocks.

These financial products or services can be offered directly by the provider or through partnerships.

- If the procedures or products have not been formalized but there is evidence that they are applied in cases of climate shocks, the answer can be ‘partially.’
- Assign ‘no’ if no savings product can address climate risks.

Sources of information

- Product descriptions
- Credit manual
- Partnerships agreements
- Interview with the dedicated person on environmental strategy (if applicable)
- Interviews with head of operations, branch managers, loan officers
- Interviews with clients

Evidence to provide

Specify the type of financial product or service and how it is provided.

Resources for indicator 7.C.1.1

- [Adapting to a New Normal - Strengthening Resilience to Climate Change: Best Practices from the European Microfinance Award 2019](#)
- **[DI Focus]:** [Centre of Excellence of Gender-smart Solutions, ‘Gender and Disability Inclusion in Climate Risk Insurance in the Pacific’: Example of The Pacific Insurance and Climate Adaptation Programme \(PICAP\)](#)

7.C.1.2 The provider offers loans that allow its clients to implement or maintain green practices and technologies, including:

7.C.1.2.1 Sustainable agriculture, animal breeding, or fishery practices (“nature-based solutions”)

7.C.1.2.2 Clean energy and energy efficiency technologies

7.C.1.2.3 Improved access to clean drinking water and sanitation

7.C.1.2.4 Waste management and recycling (“circular economy”)

Indicator in SPI5 Entry | SPI5 Full | DI Focus

This indicator is about financing activities or technologies that are environmentally-friendly, be it through dedicated loan products or more standard loan products; while indicator 7.C.1.3 is more specifically about having developed dedicated loan products to finance these activities.

Disability Inclusion Focus:

DI Indicator: The provider offers loans that allow its clients to implement or maintain green practices and technologies that are:

- Accessible and available to persons with disabilities on an equal basis with others;
- Do not exclude or discriminate against persons with disabilities; and
- Are responsive to their needs.

Regarding 7.C.1.2.1

Smallholder farmers are particularly vulnerable when it comes to dealing with the effects of climate change. Rising temperatures and erratic weather like flooding and drought, can lead to loss of production, reduced productivity, loss of infrastructure, soil erosion and diminished food security. Moreover, smallholder farmers can have practices (e.g. deforestation, use of chemicals...) that negatively impact the environment (pollution, loss of biodiversity, etc.) and can affect their production (e.g. decreased soil quality) and health. Offering financial products that promote sustainable and climate-smart agriculture gives an opportunity for

the provider to help clients be more resilient to climate change, decrease their impacts on ecosystems, improve their productivity and ensure food security.

Regarding 7.C.1.2.2

Loan products that finance renewable energy (RE) and/or energy efficient (EE) technologies help address an important environmental and social risk in contexts where energy sources are impacting negatively the environment (fossil fuel, charcoal) while being expensive, unreliable, polluting and sometimes dangerous for people's health (e.g. wood-burning cook stoves, kerosene lamps). Because RE and EE technologies often involve a significant upfront cost (especially for poor households), financing such technologies gives an opportunity for the provider to diversify its product line while promoting green energy solutions.

Regarding 7.C.1.2.3

Loan products that finance improved access to drinking water and sanitation help address an important environmental and social risk in contexts where people rely on unsafe sources of water that are dangerous for their health, or where the lack of proper sanitation systems generate social discomfort and may contribute to water sources pollution. Because water and sanitation technologies often involve a significant upfront cost (especially for poor households), financing such technologies also gives an opportunity for the provider to diversify its product line while promoting environmentally-friendly solutions.

Regarding 7.C.1.2.4

Significant waste production and improper solid and liquid waste management are the direct causes of serious pollutions of air, soil and water, which directly affect people's health and ecosystems' biodiversity. Offering financial products that promote businesses and practices linked to waste management and circular economy (i.e. sharing, leasing, reusing, repairing, refurbishing, and recycling existing materials and products as long as possible) gives an opportunity for the provider to help clients optimize their production processes (reducing wastes, accessing cheaper material...), reduce expenditures, or even develop new businesses.

Offering those types of products can also have more global positive impact on the financial sustainability of the provider: decrease of loan default (linked to decrease of clients' expenditures, increase of revenues due to improvement of agricultural yields or development of new businesses...), increased client retention and satisfaction, impact on the provider's reputation (which can possibly lead to attracting new investors), etc.

Scoring guidance

- To answer 'yes', the provider must give evidence that it offers loans for the implementation of at least one of the green practices or technologies specified in the detailed scoring guidance below. It could be either through dedicated loan products, or through standard loan products. What matters for this indicator is the loan destination (how the loan is used), not the loan product. When the green practices or technologies are financed through standard loan products, the provider must have a monitoring system that enables to track the loan destination in details and show what proportion of the portfolio goes to the financing of the green practices or technologies.
- If the green practices and technologies financed represent less than 5% of the provider's portfolio, then the answer should be 'partially'.
- Assign 'no' if there are no green practices and technologies being funded.

For 7.C.1.2.1

Sustainable agriculture practices include organic, agroecological, conservation agriculture, permaculture, climate-smart and/or ecosystem-based practices, such as: use of organic fertilizers and pesticides, integrated pest management, integrated nutrient management, vermicompost, soil restoration, no-tillage system, drip irrigation, infiltration pits, natural retaining walls, rainwater reservoirs, resilient seeds (no GMO), crop association, crop rotation, crop diversification, local species, live fences, agroforestry, sylvopastoralism, managed grazing, coastal wetland management, etc.

It does not include the provision of agriculture or climate insurance, which is assessed in 7.C.1.1.

For 7.C.1.2.2

Renewable energy technologies include solar photovoltaic solutions (solar lamps, pico PV, solar home systems, solar water pumps...), solar thermal solutions (solar water heaters, solar dryers or dehydrators, solar cookstoves...), biomass solutions (biogas digesters, biomass gasifier stove...), micro-hydro, mini-wind turbine, and clean energy and hybrid mini-grids.

Energy efficient technologies include housing thermal insulation, improved cook stoves, and energy efficient devices (refrigerators, air conditioners, etc.).

For 7.C.1.2.3

Water and sanitation solutions include clean water filters, desalination systems, solar water disinfection, rainwater catchment systems, connection to piped water network, improved private toilet, composting toilets, etc.

For 7.C.1.2.4

Circular economy solutions include all models of production and consumption that involve sharing, leasing, reusing, repairing, refurbishing, and recycling existing materials and products as long as possible.

Sources of information

- Product descriptions
- MIS
- Partnerships agreements
- Purchase orders to providers of green technologies
- Interview with the dedicated person on environmental strategy (if applicable)
- Interviews with head of operations, branch managers, loan officers
- Interviews with clients

Evidence to provide

Specify the types of green practices and technologies financed, the % of portfolio they represent, and how the provider gives evidence of the loan destination (dedicated loan product, monitoring system).

Resources for indicator 7.C.1.2

- [VIDEO - ESAF's Clean Energy for the Poor Initiative](#)
- [VIDEO - XacBank's Eco Product Program](#)

7.C.2 The provider offers non-financial services to achieve its environmental goals.

Addressing environmental issues usually implies changing habits or practices. If financial services can remove some of the barriers to adopting green practices/technologies (i.e. the financial barrier, as well as the physical barrier in case of partnerships with green technology providers), they only work if clients are already aware and willing to change their behavior and adopt new practices/technologies. Non-financial services are indispensable to foster behavior change and help the provider achieve its environmental goals.

7.C.2.1 The provider raises awareness of its clients on their vulnerability to climate change and environmental degradation, on their adverse impacts on the environment, and/or on green practices and technologies, through at least one of the following channels:

- Leaflets, brochures, posters, videos
- Individual talks
- Awareness-raising events or activities

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | DI Focus**

This indicator is about raising awareness – a first, light-touch approach to make clients' conscious of some key environmental risks and opportunities –, while indicator 7.C.2.2 is about building more in-depth, technical skills around environmental risk mitigation and green practices.

Awareness-raising can be used as a strategy to mitigate the client-level environmental risks identified by the provider, or as a necessary, preliminary action to foster the uptake of green loan products. It may take the form of formal awareness sessions / events / campaigns or may be integrated into the existing touch points with clients.

 **Disability Inclusion Focus:**

DI Indicator:

- Information provided to raise clients' awareness of their climate-change vulnerability and environmental impacts in formats that are accessible to clients with different types of impairments ((e.g., Easy-read, large print, Braille, audio formats, oral information, sign language, accessible digital channels).
- Awareness raising events or activities are accessible and inclusive for clients with disabilities.
- Staff carrying out awareness-raising talks and events are trained in accessibility, inclusion and communication with clients with different types of impairments.

[See indicator 3.B.5.1 for more information about inclusive and accessible client trainings and awareness raising activities]

Scoring guidance

- To answer 'yes', the provider must effectively conduct awareness-raising efforts, based on key messages formally defined and communicated to its employees. The awareness-raising efforts can be conducted by the provider itself or in partnerships with a third party. Staff involved in the awareness-raising efforts should be clear on the key messages to communicate to clients, even if these efforts are carried out in an informal way.
- If the provider conducts awareness-raising efforts but there is no formalization of the key messages or no formal training of the staff to communicate in a consistent way, then the answer should be 'partially.' If the awareness-raising activities implemented reach less than 10% of the providers' clients, then the answer should be 'partially.'
- Assign 'no' if there are no awareness efforts or if they remain vague and not focused on issues that matter to customers.

Sources of information

- Awareness materials

- Interview with HR/ Training department
- Interviews with branch managers, loan officers
- Interviews with dedicated person on environmental strategy (if applicable)
- Interviews with clients

Evidence to provide

Specify the type of awareness-raising efforts conducted and their outreach.

Resources for indicator 7.C.2.1

- [Charte Environnementale Aliniha](#)
- [Environmental Performance Management in practice #1 – The experience of Assilassimé, in Togo](#)
- [La Gestion de la Performance Environnementale en pratique #1- Le témoignage d'Assilassimé, au Togo](#)
- [La Gestión del Desempeño Ambiental en práctica #1 – El testimonio de Assilassimé, en Togo](#)
- [The experience of CAMIDE-PASECAS – the Aliniha program](#)

7.C.2.2 The provider builds the capacity of its clients to reduce their vulnerability to climate change and environmental degradation, to mitigate their adverse impacts on the environment, and/or to adopt green practices and technologies, by offering at least one of the following services:

- *Field visits or peer-learning opportunities*
- *Trainings*
- *Technical assistance to implement or maintain green practices and technologies, including after-sales services*

 **Indicator in ALINUS | SPI5 Entry | SPI5 Full | DI Focus**

This indicator is about building in-depth, technical skills around environmental risk mitigation and green practices, while indicator 7.C.2.1 is about raising awareness, in a first, light-touch approach to make clients' conscious of some key environmental risks and opportunities.

Capacity-building can be used as a strategy to mitigate the client-level environmental risks identified by the provider (e.g. training clients on climate-smart agricultural practices to reduce their vulnerability to climate change), to foster the transition towards a more ecological economy (e.g. training clients on developing a solar installation business), and/or to make sure that clients properly use and implement new green technologies/practices, and hence increase the probability of positive outcomes.

 **Disability Inclusion Focus:**

DI Indicator: Capacity-building activities to help clients reduce their climate-change vulnerability and environmental impacts are accessible and inclusive for clients with disabilities.

Staff delivering capacity building activities are trained in accessibility, inclusion and communication with clients with different types of impairments.

[See indicator 3.B.5.1 for more information about inclusive and accessible client trainings and awareness raising activities]

Scoring guidance

- To answer ‘yes’, the provider must offer at least one of the capacity-building services mentioned in the indicator. These capacity-building actions must specifically address strategies to reduce vulnerabilities to climate change and environmental degradation, mitigate adverse impacts on the environment, and/or adopt green practices and technologies. They can be conducted by the provider itself or in partnerships with a third party (7.C.2.3).
- If the capacity-building activities implemented reach less than 5% of the providers’ clients, then the answer should be ‘partially’.
- Assign ‘no’ if there is no capacity building targeted at environmental issues for customers.

Sources of information

- Training materials
- Interview with HR/ Training department
- Interview with the dedicated person on environmental strategy (if applicable)
- Interviews with clients

Evidence to provide

Specify the type of capacity-building services offered and their outreach.

Resources for indicator 7.C.2.2

- [VIDEO - Kompanion's Credit for Conservation](#)

Annex 1: Disability Inclusion Indicators

Disability Inclusion Indicators: SPI5 Entry

Disability inclusion indicators (SPI5 Entry)
Dimension 1. Social Strategy
Standard 1A. The provider has a strategy to achieve its social goals
Essential Practice 1.A.1 The strategy specifies the provider's target clients, social goals, and how the provider will achieve those goals
1.A.1.1 Social strategy and goals specifically mention equitable inclusion of persons with disabilities, either as target clients, or as a subset within its target client groups
1.A.1.2 The strategy identifies the benefits that the provider seeks to create for clients with disabilities, and describes how the provider's products and services create positive change for clients, aligned to its social goals.
1.A.1.4 The provider defines a “do no harm” strategy that articulates how it will mitigate the social risks associated with the exclusion of persons with disabilities, and heightened risks experienced by persons with disabilities connected to the use of financial products and services.
Essential Practice 1.A.2 The strategy defines indicators and targets to measure the provider's progress toward social goals.
1.A.2.1 The provider has at least one measurable indicator on disability inclusion and at least one measurable output and/or outcome target for its disability inclusion goals.
Standard 1B. The provider collects, analyzes, and reports data that are specific to its social goals.
Essential practice 1.B.1 The provider collects data on outcomes for clients and their households.
1.B.1.1 Social performance data collection modalities are accessible and enable fair representation and participation of persons with different types of impairments.
1.B.1.2 Employees in relevant positions receive specific training on social performance data collection and entry, including accessibility and inclusion, inclusive data collection, and inclusive interaction and communication with persons with disabilities.
1.B.1.3 The provider collects data on an ongoing basis to measure whether it is achieving its social goals, including data on clients' disability status (preferably using a methodology aligned to the Washington Group Short Set questions).
Essential Practice 1.B.3 The provider reports social performance data internally and externally
1.B.3.1 The provider's social audits cover assessment of measures to prevent discrimination or exclusion of persons with disabilities and ensure accessibility, as well as practices related to any specific social goals the provider has identified related to disability inclusion.
1.B.3.2 The provider reports on disability inclusion within its published social performance reporting

Disability inclusion indicators (SPI5 Entry)
Dimension 2. Committed Leadership
Standard 2A. Members of the board of directors hold management accountable for achieving the provider’s social goals.
Essential Practice 2.A.1 Board composition reflects the provider’s social strategy and sound governance practices.
2.A.1.2 At least one active board member has experience with disability inclusion from partnering with OPDs. Alternatively, the provider may partner with OPDs or other specialized organisations to ensure appropriate consultation and technical expertise.
Essential Practice 2.A.2 The provider trains board members on their social performance management responsibilities.
2.A.2.1 Training for board members on social performance management responsibilities includes specific training on disability rights and inclusion related to the provider's social goals, including compliance with the UNCRPD and local legislation and regulation.
Essential Practice 2.A.3 The board makes strategic decisions based on social and financial data.
2.A.3.2 The data used by the board to monitor the providers' social strategy should include applicable disability-related data, for instance: <ul style="list-style-type: none"> -Outcomes data for clients with disabilities -Social audit data related to measures to prevent discrimination or exclusion of persons with disabilities and ensure accessibility
2.A.3.3 The board uses the following data, provided by management, to monitor decent working conditions for employees (with the listed minimum frequency): <ul style="list-style-type: none"> -Employee turnover rate, by gender and disability status. Minimum frequency: annually. -Analysis of employee satisfaction surveys, disaggregated by gender and disability status. Minimum frequency: every two years.
Standard 2B. Senior management is responsible for implementing the provider’s strategy for achieving its social goals.
Essential Practice 2.B.1 The provider includes social goals in its operational plan and the CEO/Managing Director holds senior managers accountable for achieving social targets.
2.B.1.1 The provider integrates targets and actions to ensure inclusion of persons with disabilities within its business or operational plan, as a target segment and / or as sub-segments within target segments, aligned to its social goals and targets

<p>Essential Practice 2.B.2 Management makes strategic and operational decisions based on social and financial data.</p>
<p>2.B.2.1 Senior management analyzes the following data and assesses risks (Minimum frequency: annually)</p> <ul style="list-style-type: none"> - Analysis of client protection risks and client outcomes should take into account specific vulnerabilities of clients with disabilities, and disability inclusion. -Analysis of decent work conditions (health and safety, compensation and benefits, working conditions, accessibility and reasonable accommodations when required)
<p>Dimension 3. Client-centered Products and Services</p>
<p>Standard 3A. The provider collects and analyzes data to understand clients' needs.</p>
<p>Essential Practice 3.A.1 The provider conducts market research and pilot testing.</p>
<p>3.A.1.1 Before introducing new products, services, or delivery channels, the provider conducts market research that includes gathering the following data about its target clients:</p> <ul style="list-style-type: none"> -Analysis of market share, market saturation, and potential market -Client profile data, including gender, age, disability status, location (urban/rural), and poverty/income level -Data on clients' needs, goals, and any obstacles to using financial services -Accessibility analysis of the new products, services, or delivery channels. <p>In addition, the provider includes persons with different socioeconomic and demographic characteristics, including persons with different types of impairments (physical, mental, intellectual or sensory impairments), in the design and pilot testing of new products or significant product changes, and seeks feedback on both appropriateness and accessibility.</p>
<p>Essential Practice 3.A.2 The provider uses data to identify patterns of financial behavior by client segment.</p>
<p>3.A.2.1 The provider analyzes transactional data (PAR, average loan size, loan repayments, savings deposits and withdrawals by demographic and socioeconomic segments of its clients, including gender, age and disability status</p>
<p>3.A.2.2 The provider analyzes product and service use (types and frequency) by persons with disabilities within its client base</p>
<p>Essential Practice 3.A.3 Collect client feedback on their experiences using products and services.</p>
<p>3.A.3.1 The provider conducts client satisfaction surveys with clients with disabilities using accessible channels. Minimum frequency: every other year.</p>
<p>3.A.3.2 The provider conducts interviews with dormant and/or exiting clients with disabilities to look for evidence of product design failures.</p>

Standard 3B. The provider’s products, services, and channels benefit clients.
Essential Practice 3.B.1 The provider uses insights from client data to design products, services, and delivery channels.
<p>3.B.1.1 The provider designs new products, services (financial and non-financial), and delivery channels using insights from market and pilot studies, including disability-inclusive research, client feedback mechanisms, and client outcomes data, including for clients with disabilities. The provider also dedicates resources (funds and employee time) to ensure accessibility and continuous improvement of these products, services, and delivery channels.</p>
<p>3.B.1.2 The provider modifies its existing products and services in response to the needs, feedback, and outcomes of persons with different types of impairments, where required. (e.g. specific requirements of persons with disabilities for emergency loans, insurances; financing assistive devices etc.). The provider also dedicates resources (funds and employee time) to ongoing improvements in accessibility of products, services, and delivery channels.</p>
Essential Practice 3.B.2 The provider removes barriers that prevent access to financial products and services.
<p>3.B.2.2 The provider offers delivery channels (physical and digital) that are accessible for persons with different types of impairments (physical, mental, intellectual or sensory impairments).</p>
Essential Practice 3.B.4 The provider's products and services help clients reduce their vulnerability to shock and smooth consumption.
<p>3.B.4.1 The provider offers products and services for basic needs, such as housing, energy, and education, that: are accessible and available to persons with disabilities on an equal basis with others; do not exclude or discriminate against persons with disabilities; and are responsive to their needs.</p>
<p>3.B.4.2 The provider offers products and services that help clients maintain stable levels of expenditure despite income fluctuations that: are accessible and available to persons with disabilities on an equal basis with others; do not exclude or discriminate against persons with disabilities; and are responsive to their needs.</p>
Essential Practice 3.B.5 The provider's products and services help clients achieve their goals.
<p>3.B.5.2 The provider offers products/services such as business loans for start-up, working capital, and investment. that enable clients to invest in economic opportunities, that: are accessible and available to persons with disabilities on an equal basis with others; do not exclude or discriminate against persons with disabilities; and are responsive to their needs.</p>
<p>3.B.5.3 The provider offers products/services for major life events such as weddings, maternity care/child birth, housing, higher education, and funerals, that: are accessible and available to persons with disabilities on an equal basis with others; do not exclude or discriminate against persons with disabilities; and are responsive to their needs.</p>

Dimension 4. Client Protection
Standard 4A. The provider does not overindebt clients.
Essential Practice 4.A.1 The provider makes loan decisions based on a client's repayment capacity.
4.A.1.1 The provider's loan approval policies prohibit discrimination against persons with disabilities, and do not include requirements or eligibility criteria that directly or indirectly discriminate against or exclude persons with disabilities.
Standard 4B. The provider gives clients clear and timely information to support client decision making.
Essential Practice 4.B.1 The provider is transparent about product terms, conditions, and pricing.
4.B.1.1 The provider gives a Key Facts Summary Document for borrowers in accessible and alternative formats for clients with different types of impairments (e.g. Easy-read, large print, braille, audio formats) before they sign a contract.
4.B.1.4 -The provider communicates product information in ways that are accessible for clients with different types of impairments (e.g. Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels). - Loan contracts, savings documentation, transaction information, and insurance-related information (including policy information at enrollment and during the claims process) are provided in accessible and alternative formats for clients with different types of impairments (e.g. easy-read, large print, braille, audio formats, accessible digital formats). -Client-facing staff are trained in accessibility, inclusion and communication with clients with different types of impairments, to support informed decision making by clients with disabilities
Essential Practice 4.B.2 The provider communicates with clients at appropriate times and through appropriate channels.
4.B.2.1 The provider offers multiple channels for clients to ask questions or receive additional information prior to signing contract, including channels accessible to persons with different types of impairments (physical, mental, intellectual or sensory impairments).
4.B.2.2 -The provider offers alternative mechanisms for registering client consent to a contract for clients who are unable to provide a signature. -The provider makes a completed, signed copy of the contract available to clients with disabilities in accessible channels and formats (including online or physical documents).
4.B.2.3 The provider gives clients with disabilities clear and accurate balance information in accessible channels and formats (including online or physical documents and messages).

<p>Standard 4C. The provider enforces fair and respectful treatment of clients.</p>
<p>Essential Practice 4.C.1 The provider's code of conduct requires fair and respectful treatment of clients.</p>
<p>4.C.1.2 The provider’s policies prohibit discrimination against persons with disabilities (including by denial of reasonable accommodations to access products and services).</p> <p>-The provider provides information about the prohibited behaviors in its code of conduct in formats that are accessible for clients with different types of impairments (e.g. Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).</p> <p>-Client-facing staff are trained in accessibility, inclusion and communication with clients with different types of impairments</p>
<p>Standard 4D. The provider secures client data and informs clients about their data rights.</p>
<p>Essential Practice 4.D.2 The provider informs clients about data privacy and data rights.</p>
<p>4.D.2.1 When requesting consent, the provider explains in simple, local language (written or oral) how client data will be used, and ensures accessibility for clients with different types of impairments.</p> <p>-The provider trains clients on the importance of protecting their personal information (including Personal Identification Numbers (PINs), savings account balances, and information on repayment issues), ensuring that training is accessible and inclusive for clients with different types of impairments and provides appropriate adaptations where needed.</p> <p>-The provider gives clients the right to withdraw their permission to use data and clearly explains any consequences of withdrawal, in accessible formats and with communication adapted for clients with different types of impairments.</p> <p>-Client-facing staff are trained in accessible communication and interaction with clients with different types of impairments (physical, mental, intellectual, or sensory impairments), particularly in relation to data use, consent, and privacy.</p>
<p>Standard 4E. The provider receives and resolves client complaints.</p>
<p>Essential Practice 4.E.1 The provider has a complaints mechanism that is easily accessible to clients and adapted to their needs.</p>
<p>4.E.1.2 The provider has at least two complaints channels that are free of charge and accessible, including to clients with different types of impairments (physical, mental, intellectual or sensory impairments).</p> <p>-If the complaint mechanism initially handles complaints through automated means, the provider makes a channel with live, human interaction available to clients, ensuring accessibility for clients with different types of impairments. -Staff interacting with clients to handle complaints are trained in accessibility, inclusion, and communication with clients with different types of impairments.</p> <p>-The provider ensures that clients with disabilities receive confirmation of receipt of their complaints and a notification when the complaint has been resolved in accessible formats (e.g. easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).</p>

<p>4.E.1.3 The provider provides information to clients on how to submit a complaint in formats that are accessible for clients with different types of impairments (e.g. Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).</p>
<p>Dimension 5. Responsible Human Resource Development</p>
<p>Standard 5A. The provider creates a safe and equitable work environment.</p>
<p>Essential Practice 5.A.1 A written Human Resources policy is available to all employees that explains and protects their rights.</p>
<p>5.A.1.1 The provider’s Human Resource policy explains employees’ rights and responsibilities related to the following:</p> <p>5.A.1.1.7 Workplace accessibility and the provision of reasonable accommodations in the workplace, to enable persons with disabilities to participate in the workforce on an equal basis with others</p> <p>5.A.1.1.8. A zero-tolerance policy toward discrimination based on all Protected Categories including sex, disability, race, or religion.</p> <p>-The provider provides the Human Resources policy in formats that are accessible for employees with different types of impairments (e.g. Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels)</p>
<p>5.A.1.3 The provider’s non-discrimination policy towards employees covers persons with disabilities, and includes the requirement to provide reasonable accommodations to enable persons with disabilities to participate in the workforce on an equal basis with others</p>
<p>5.A.1.4 The provider analyzes employee data by gender and disability status and job position to check that men and women are equally represented at different levels of the organization, including men and women with disabilities.</p>
<p>Essential Practice 5.A.2 Employee compensation is equitable and adequate.</p>
<p>5.A.2.3 The provider analyzes salary data to check that men and women, including men and women with disabilities, receive equal pay for equal work and have equal opportunities for pay increase/promotion.</p>
<p>Essential Practice 5.A.3 The provider has a safety and health management system.</p>
<p>5.A.3.1 The provider assesses specific health and safety risks faced by employees with disabilities as part of its assessments</p>
<p>5.A.3.3 The provider provides accommodations to ensure the health and safety of employees with disabilities, and includes measures to ensure the safety of employees with disabilities within emergency/disaster response plans.</p>
<p>Standard 5B. The provider’s Human Resource Development system is designed to attract and maintain a qualified and motivated workforce</p>
<p>Essential Practice 5.B.1 The provider gives employees complete employment documentation and training to understand their job requirements.</p>
<p>5.B.1.1 The provider provides individual employment contracts and terms in formats that are accessible for employees with different types of impairments (e.g. Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).</p>

<p>5.B.1.4 Men and women receive equal opportunities for training and skill development, and these opportunities are accessible and inclusive to employees with disabilities, including through the provision of reasonable accommodations.</p> <p>-All new employees receive orientation and job-specific training that is accessible and inclusive to employees with disabilities, including through the provision of reasonable accommodations.</p> <p>-The provider makes professional development opportunities available to employees at every level in an accessible and inclusive way for employees with disabilities, including through the provision of reasonable accommodations.</p>
<p>Essential Practice 5.B.2 The provider gives employees formal opportunities to communicate with management.</p>
<p>5.B.2.2 Grievance mechanisms include channels that are accessible to allow employees with different types of impairments to raise workplace concerns in a confidential manner (e.g. audio formats, accessible digital channels).</p>
<p>Standard 5C. The provider’s Human Resource Development system supports its social strategy.</p>
<p>Essential Practice 5.C.1 During the recruitment and hiring process, the provider assesses each candidate’s commitment to achieving the provider’s social goals and serving its target clients.</p>
<p>5.C.1.4 The provider provides the Code of Conduct in formats that are accessible for employees with different types of impairments (e.g. Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).</p>
<p>Essential Practice 5.C.2 The provider trains all employees on its social goals and on client protection.</p>
<p>5.C.2.2 The provider's training for employees includes training on specific client protection considerations for clients with disabilities</p>
<p>Dimension 6. Responsible Growth and Returns</p>
<p>Standard 6A. The provider manages growth in a way that promotes its social goals and mitigates risks to clients.</p>
<p>Essential Practice 6.A.1 The provider's strategic and/or business plan establishes responsible growth targets.</p>
<p>6.A.1.3 The provider allocates funds and human resources to reinforce internal capacities for disability inclusion, such as:</p> <ul style="list-style-type: none"> -inclusive hiring and employment practices including provision of reasonable accommodations; -training employees and partners on disability inclusion and accessibility; -integrating disability-related data in management information systems.
<p>Dimension 7. Environmental Performance Management</p>
<p>Standard 7A. The provider has an environmental strategy and systems in place to implement it.</p>

<p>Essential Practice 7.A.2 The provider collects, analyzes, and reports data that are specific to its environmental goals.</p>
<p>7.A.2.1 The provider collects, analyzes and reports data on clients' vulnerability to climate change disaggregated by gender, age and disability status.</p> <p>The provider collects, analyzes and reports data on client outcomes related to its green products and services disaggregated by gender, age and disability status.</p>
<p>Standard 7B. The provider identifies and manages environmental risks and opportunities.</p>
<p>Essential Practice 7.B.2 The provider identifies and manages client-level environmental risks.</p>
<p>7.B.2.1 The provider identifies specific vulnerabilities of clients with disabilities to climate change and environmental degradation</p>
<p>7.B.2.3 The provider's risk mitigation policies and processes respond to the identified vulnerabilities of persons with disabilities to climate change and environmental degradation.</p>
<p>Standard 7C. The provider offers financial and non-financial products and services to achieve its environmental goals</p>
<p>Essential Practice 7.C.1 The provider offers financial products and services to achieve its environmental goals.</p>
<p>7.C.1.1 The provider offers financial products or services to help clients cope with climate shocks that: are accessible and available to persons with disabilities on an equal basis with others; do not exclude or discriminate against persons with disabilities; and are responsive to their needs.</p>
<p>7.C.1.2 The provider offers loans that allow its clients to implement or maintain green practices and technologies that: are accessible and available to persons with disabilities on an equal basis with others; do not exclude or discriminate against persons with disabilities; and are responsive to their needs.</p>
<p>Essential Practice 7.C.2 The provider offers non-financial services to achieve its environmental goals.</p>
<p>7.C.2.1 -Information provided to raise clients' awareness of their climate-change vulnerability and environmental impacts in formats that are accessible to clients with different types of impairments (e.g. Easy-read, large print, Braille, audio formats, oral information, sign language, accessible digital channels).</p> <p>-Awareness raising events or activities are accessible and inclusive for clients with disabilities.</p> <p>-Staff carrying out awareness-raising talks and events are trained in accessibility, inclusion and communication with clients with different types of impairments.</p>
<p>7.C.2.2 Capacity-building activities to help clients reduce their climate-change vulnerability and environmental impacts are accessible and inclusive for clients with disabilities.</p> <p>-Staff delivering capacity building activities are trained in accessibility, inclusion and communication with clients with different types of impairments.</p>

Additional Disability Inclusion Indicators: SPI5 Full

Disability inclusion indicators (Additional indicators in SPI5 Full)
Dimension 1. Social Strategy
Standard 1B. The provider collects, analyzes, and reports data that are specific to its social goals.
Essential Practice 1.B.2 The provider analyzes outcomes data by client segment.
1.B.2.2 The provider analyzes outcomes for according to their client profile by: gender; age; disability status, location (urban/rural); poverty/income level
Dimension 2. Committed Leadership
Standard 2A. Members of the board of directors hold management accountable for achieving the provider’s social goals.
Essential Practice 2.A.1 Board composition reflects the provider’s social strategy and sound governance practices.
2.A.1.4. The board includes members representative of the provider’s target clients, including persons with disabilities, aligned to its social strategy. Alternatively, the provider may partner with OPDs to ensure appropriate representation of the perspectives of persons with disabilities.
Dimension 3. Client-centered Products and Services
Standard 3A. The provider collects and analyzes data to understand clients' needs.
Essential Practice 3.A.3 Collect client feedback on their experiences using products and services.
3.A.3.3 The provider investigates whether particular stresses for households which include members with disabilities make it more difficult for persons with disabilities and / or their families / support persons to use its products and services
Standard 3B. The provider’s products, services, and channels benefit clients.
Essential Practice 3.B.3 The provider's products, services, and channels protect clients from harm.
3.B.3.3 The provider accepts alternative forms of collateral from clients whose gender, disability status or age creates barriers to access in the local context.
3.B.3.7 If the provider uses agents, it should have procedures to ensure agents comply with its client protection policies, including specific client protection measures related to clients with disabilities, and that services provided by agents are accessible for clients with disabilities.
Essential Practice 3.B.5 The provider's products and services help clients achieve their goals.
3.B.5.1 The provider offers training to clients in areas where they have skill gaps that prevent them from achieving their goals, using training modalities, format, content and delivery that are accessible to and inclusive of persons with disabilities. -Staff carrying out training to clients are trained in accessibility, inclusion and communication with clients with different types of impairments.

Disability inclusion indicators (Additional indicators in SPI5 Full)
Dimension 4. Client Protection
Standard 4A. The provider does not overindebt clients.
Essential Practice 4.A.1 The provider makes loan decisions based on a client's repayment capacity.
4.A.1.4 The provider's development processes and reviews of its algorithms include mitigation of bias against persons with different types of impairments.
Standard 4B. The provider gives clients clear and timely information to support client decision making.
Essential Practice 4.B.1 The provider is transparent about product terms, conditions, and pricing.
4.B.1.5 If the provider uses agents, it verifies that agents provide sufficient documentation in accessible and alternative formats for clients with different types of impairments (e.g. Easy-read, large print, braille, audio formats, accessible digital formats)
Essential Practice 4.B.2 The provider communicates with clients at appropriate times and through appropriate channels.
4.B.2.4 The provider gives clients with disabilities loan repayment reminders in accessible channels and formats (including online or physical documents).
Standard 4C. The provider enforces fair and respectful treatment of clients.
Essential Practice 4.C.1 The provider's code of conduct requires fair and respectful treatment of clients.
4.C.1.4 If the provider partners with third parties, it reviews the third party's code of conduct prior to signing a contract to check for commitment to fair and respectful treatment of clients, including clients with disabilities.
Standard 4D. The provider secures client data and informs clients about their data rights.
Essential Practice 4.D.1 The provider maintains the security and confidentiality of client data.
4.D.1.1 The provider's policies should include measures that enable clients with different types of impairments to access its products and services, prioritizing independent access, while mitigating risks to the client and safeguarding the security of the client's data.
Dimension 5. Responsible Human Resource Development
Standard 5A. The provider creates a safe and equitable work environment.
Essential Practice 5.A.3 The provider has a safety and health management system.
5.A.3.2 The provider documents and reports to management all occupational accidents, injuries, and illnesses, disaggregated by gender and disability status and by position: Minimum frequency: annually.

<p>Standard 5B. The provider’s Human Resource Development system is designed to attract and maintain a qualified and motivated workforce</p>
<p>Essential Practice 5.B.2 The provider gives employees formal opportunities to communicate with management.</p>
<p>5.B.2.3 The provider measures satisfaction and concerns of employees with disabilities with employment conditions, both in general and related to their specific needs.</p>
<p>Standard 5C. The provider’s Human Resource Development system supports its social strategy.</p>
<p>Essential Practice 5.C.1 During the recruitment and hiring process, the provider assesses each candidate’s commitment to achieving the provider’s social goals and serving its target clients.</p>
<p>5.C.1.3 New employee orientation and induction training for client-facing staff includes checking and strengthening capacities for:</p> <ul style="list-style-type: none"> - understanding and serving the needs and priorities of clients with disabilities within target segments - accessibility and inclusion, and - communicating clearly and respectfully with clients with different types of impairments (physical, mental, intellectual or sensory impairments)
<p>Essential Practice 5.C.2 The provider trains all employees on its social goals and on client protection.</p>
<p>5.C.2.1 The provider trains all employees on disability awareness and inclusion and how they can contribute in their role to ensure inclusion of persons with disabilities</p>
<p>Dimension 7. Environmental Performance Management</p>
<p>Standard 7B. The provider identifies and manages environmental risks and opportunities.</p>
<p>Essential Practice 7.B.1 The provider identifies and manages its own environmental risks at headquarters and branch level.</p>
<p>7.B.1.2 The provider provides accommodations to ensure the health and safety of employees with disabilities, and includes measures to ensure the safety of employees with disabilities within emergency/disaster response plans.</p> <ul style="list-style-type: none"> - The provider's disaster contingency plan is provided in formats that are accessible for employees with different types of impairments (e.g. Easy-read, large print, braille, audio formats, oral information, sign language, accessible digital channels).
<p>Essential Practice 7.B.3 The provider identifies opportunities to finance green practices and technologies.</p>
<p>7.B.3.3 Market research modalities for assessment of demand for green practices and related financial needs of target clients are accessible and enable fair representation and participation of persons with different types of impairments.</p>