



European Code of Good Conduct for Microcredit Provision

22 September 2016



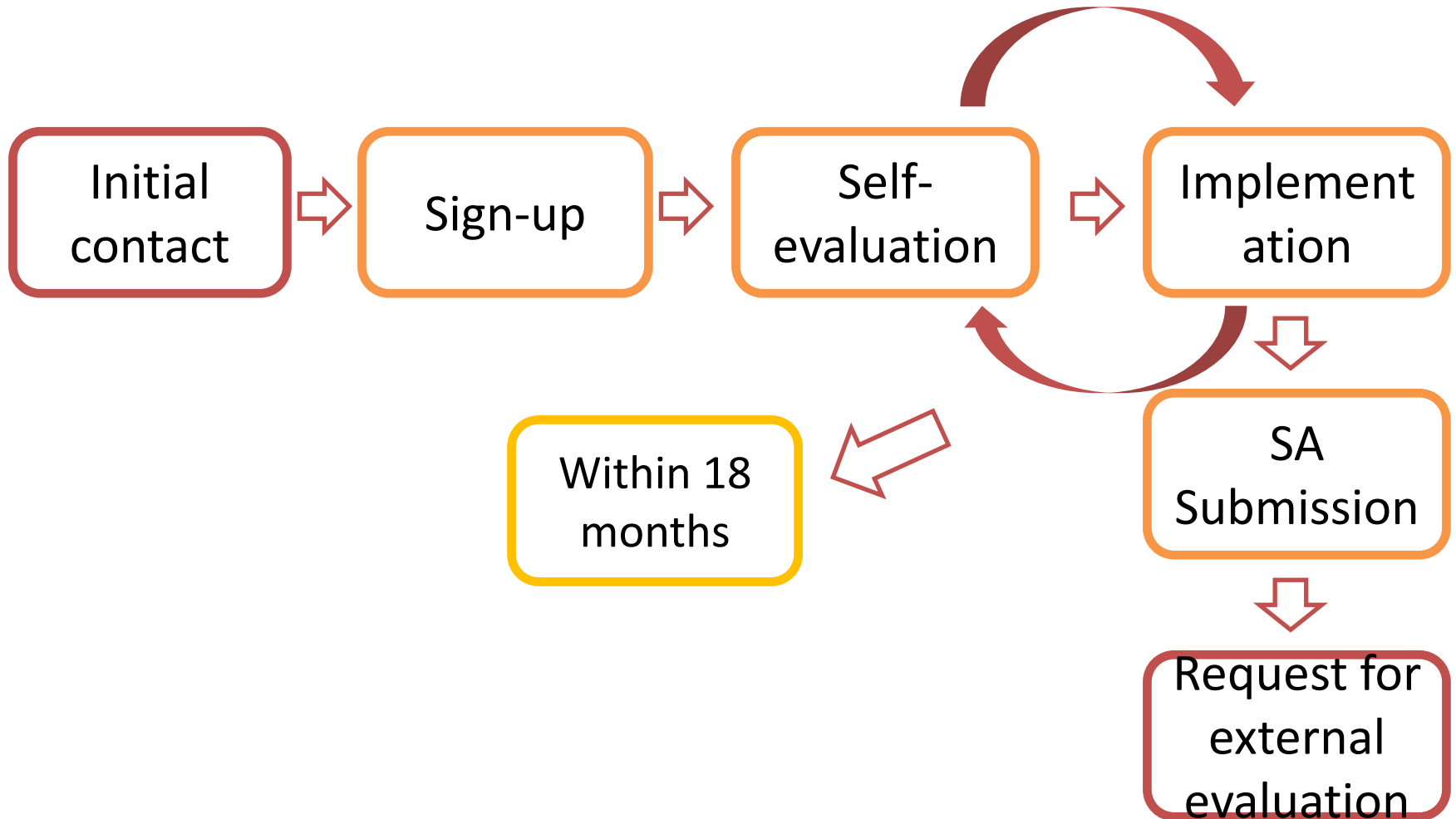


Objectives of the Code

To set out good practice guidelines that will better enable the sector to face the challenges of accessing long-term finance.



Code evaluation





Self assessment

1. Identify type of organization (small/large)
2. Identify clauses not applicable for you
 - Provide justification
3. Assess your procedures and practise
 - Identify documents
 - Identify persons



Scope of TA

- Review the background of the organization and local regulatory environment
- Review of the self-assessment tool
- Discussion of the Code clauses / gaps and weaknesses
- Recommendations for improvements
- Summary report
- Exit discussion



Status of ECoGC's TA

Signed up: 53

- Albania – 1
- Belgium – 3
- Bulgaria – 3
- Croatia – 1
- France – 2
- Greece – 3
- Hungary – 5
- Italy – 2
- Ireland – 1
- Latvia – 1
- Luxembourg – 1
- Norway – 1
- Poland – 2
- Romania – 10
- Serbia – 1
- Slovenia – 1
- Spain – 3
- the Netherlands – 1
- Turkey – 1
- UK – 10



Status of ECoGC's TA

Interested in TA: 37 (70%)

- TA completed: 16 (43%)
- TA in proces: 11 (30%)
- TA to be scheduled: 10 (27%)



Objectives for MFIs

1. Achieve compliance with the Code:
 - 100% priority clauses
 - 80% all clauses
2. In the long run keep improving the compliance beyond the minimum.



Challenges

1. Easy to implement
2. More difficult, costly, time consuming
3. Disputable, potentially not applicable



Easy to implement

- Marketing plan is separate from business plan (Code requires comprehensive business plan)
- Modifications of loan contract to comply with the Code (APR, early repayment included in the loan contract)



More difficult, costly, time consuming

- HR manual for small organization
- Internal control
- Data security and consumer protection
- Calculation of sustainability ratio for western MFIs
- Succession planning for executive management

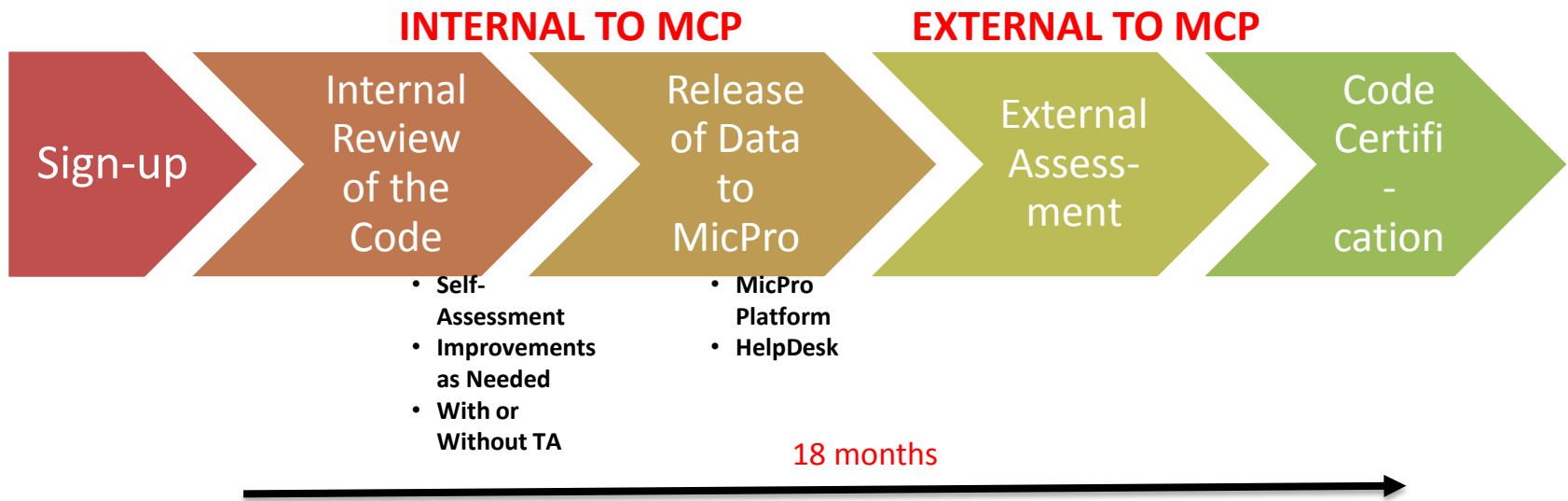


Disputable, potentially not applicable

- Application of APR to business loans
- Adjustment of MFIs governance to Code requirements, e.g. cooperative
- Potential inconsistency with local regulation: government agency, credit broker/agent working with the bank (no portfolio, only credit facilitation)
- Acceptable and unacceptable debt collection practices



Getting Certified in ECOGC





Thank you

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