OVERCOMING MARKET CONSTRAINTS TO CLIENT PROTECTION IN RWANDA
Responsible Finance through Local Leadership and Learning

A market system is a multi-function, multi-player arrangement comprising the core function of exchange by which goods and services are delivered and the supporting functions and rules which are performed and shaped by a variety of market players. The diagram that follows depicts the market system for client protection in Rwanda, with the core transaction of the supply and demand for financial services in the center and the supporting functions and rules depicted above and below the core transaction.

**MARKET CONSTRAINTS**
- Need for the value of client protection to be communicated widely and elevated as a priority across the sector
- Insufficient knowledge sharing of CP practices
- Client protection not included in microfinance curricula.
- Insufficient trainers on client protection in the market
- Clients are not aware of their rights or are not empowered to demand that their rights are met
- Currently no dedicated financial Ombudsman in Rwanda

**CLIENT PROTECTION IN RWANDA**
- MEDIA
  - Higher Learning Institutions
  - Investors/Funders
  - Donors & Civil Society
- MARKET CONSTRAINTS
  - Lack of MFI investors in the market (that value client protection in investment decisions)
  - Low levels of consumer financial literacy, particularly on client protection
  - Grievance resolution mechanism not in place or harmonized across institutional, sector and national levels
  - Lack of resources, know-how and incentives within FSPs to improve client protection practices
  - Lack of compliance by FSPs with industry Code of Conduct
  - Insufficient monitoring and enforcement of Code of Conduct

**SUPPORT FUNCTIONS**
- Financial Service Providers
- Demand for Financial Services
- Supply of Financial Services
- RULES
  - Smart Campaign
  - Client protection Principles
  - Consumer Protection law
  - Microfinance law and regulations
  - Industry Code of Conduct (CoC)
  - Credit information sharing
  - Convening and networking
  - Funding for FSPs
  - Technology
  - Financial education
  - Infrastructure
  - Recovery services
  - Grievance resolution mechanism
  - Training for FSPs
  - Research and information

**Ombudsman**
- Government
- Amir
- National Bank of Rwanda
- Formal & Informal Networks

The Responsible Finance through Local Leadership and Learning Program is a four-year program being implemented in Rwanda by the SEEP Network, in collaboration with the Association of Microfinance Institutions of Rwanda (AMIR) and the Mastercard Foundation. The program’s goal is to scale the application of consumer protection principles for low income financial service customers by promoting an enabling environment through collaboration among a wide range of private and public sector stakeholders. This infographic was developed as part of the program’s learning agenda.

**Activities**
- RFL3 encourages local financial education schemes to include CP and provides capacity building support to journalists covering CP
- RFL3 investigates the usefulness of a grievance resolution mechanism in the Rwandan context and, if viable, supports its development
- RFL3 supports MFI/SACCOs to conduct assessments using Smart Campaign methodology and to address gaps in good CP practice
- RFL3 works with education institutions and consultants to support CP initiatives in the MFI sector
- RFL3 encourages investors to include CP as a criteria for investing in MFIs
- RFL3 supports AMIR to integrate CP into all aspects of operations
- RFL3 supports AFFs, AMIR and other stakeholders to generate and share knowledge on CP practices

**Impact**
- Increase in clients served responsibly in Rwanda
- More clients served responsibly in other countries

**Target Group Change**
- Clients are empowered to make informed choices
- Financial service providers have appropriate client protection embedded products, policies, and practices
- Knowledge taken up and applied by stakeholders in other countries

**Market System Change**
- Financial education schemes include information on client protection
- Effective grievance resolution mechanism exists for MFI customers
- Partner FSPs promote CP in the microfinance sector
- Investors in microfinance include client protection in investment decisions
- FSPs comply with sector self-regulation

**Uptake**
- Financial education agencies and programmes increasingly value and have higher CP capacities
- Government ombudsman increasingly values and has higher CP capacities
- AMIR develops an industry grievance resolution mechanism
- Consultant have higher CP capacities
- Investors increasingly value CP
- AMIR business strategy increased focus on financial sustainability
- AMIR business strategy increased focus on CP
- AMIR COC promotes CP
- AMIR COC is effectively enforced
- AFFs have higher CP capacities and increasingly intervene in local CP issues
- AMIR has enhanced communications capacity
- Knowledge generation on CP is enhanced
- Knowledge sharing on CP is enhanced

**Prepared by**
- SEEP
- AMIR
- Mastercard Foundation