



## **Sa-Dhan & the Smart Campaign Launch IFC-backed Monitoring Tool to Strengthen Consumer Protection**

*Launch of the online Self-Assessment & Monitoring tool builds capacity of Sa-Dhan, an SRO, enabling the network to efficiently collect and analyze data to mitigate market-level risks*

**New Delhi, India, September 26, 2018**—Sa-Dhan and the Smart Campaign announced the launch of an online monitoring tool at the Sa-Dhan National Conference 2018, that allows Sa-Dhan to monitor consumer protection and over-indebtedness risk among its nearly 200 members, benefiting more than 30 million clients in India. The tool is a result of a collaboration between Sa-Dhan, the Smart Campaign, and Accion, and was developed with the financial and technical support of the International Finance Corporation (IFC). IFC is a part of the World Bank Group and is the world's largest development finance institution focused on the private sector in emerging markets, in particular the microfinance industry. Over the years, IFC has focused on introducing best practices in consumer protection and the Monitoring Tool is aimed at enabling greater transparency in the Indian microfinance sector.

Sa-Dhan, the oldest and largest association of community development finance institutions in India, works with a mission to support and strengthen financial inclusion in India by helping its member institutions best serve low-income households. Since February 2015, Sa-Dhan has been recognized as a Self-Regulatory Organization (SRO) by the Reserve Bank of India (RBI) and has been entrusted with the responsibility of monitoring and surveillance of the NBFC-MFIs by formulating and administering self-regulation, client protection and grievance redressal mechanisms, performance standards, compliance with regulations and Code of Conduct in the best interest of the clients.

To maintain high ethics and standards of the industry, Sa-Dhan worked with the Smart Campaign – the leading industry voice on financial consumer protection housed at the Center for Financial Inclusion at Accion – to create a monitoring tool for consumer protection that is based on the Campaign's global best practices for financial consumer protection, India's microfinance industry Code of Conduct, and guidelines from the RBI. The IFC provided technical and financial support. [Accion Global Advisory Solutions](#) – the advisory team at global nonprofit Accion that works to maximize providers' impact on financial inclusion – led the digitization of the tool and the building of the data warehouse, business intelligence tools, and web platform. This digital interface will allow Sa-Dhan's members to efficiently self-report data, and provide Sa-Dhan with the ability to access powerful dashboard reports to assess market-level dynamics, especially focused on identifying areas of over-indebtedness risk.

True to its tenet, IFC has been supportive in assisting to create the tool. **Speaking about the launch of the Monitoring Tool, Paramita Dasgupta, Practice Manager – South Asia, Finance, Competitiveness &**



**Innovation Global Practice – World Bank Group, said,** *“As part of IFC’s Responsible Finance Sectoral Program, we promote investments in innovative products that improve access to finance, especially for the unbanked. This tool will enhance responsible microfinancing, strengthen Sa-Dhan’s SRO functions, aid in consumer protection and also help to create a conducive atmosphere for growth of the sector in India.”*

**According to P. Satish, Executive Director, Sa-Dhan,** *“We are delighted to launch this unique SRO tool for the benefit of the sector, with the guidance of IFC and the Smart Campaign. This will help our member MFIs with their data analytics and compliance measures, as well as reduce potential client distress. We are hopeful that this tool will not only usher in a new era for responsible growth of the industry in India but will go on to become a global best practice for sector.”*

The Monitoring Tool was launched during the session, “Building a Culture of Responsible Lending,” which was attended by around 600 industry leaders including bankers, microfinance institutions (MFIs), regulators and policymakers. Sa-Dhan will take the tool across the country and hold workshops for members MFIs. The tool will be put into practice through field validation, and reports generated from the monitoring system will be shared with RBI and used by Sa-Dhan to raise red/yellow flags on saturated markets and as early warning to institutions that are potential risk of non-compliance to the Code of Conduct. Also from the generated reports, lenders will be able to identify under-penetrated districts to expand their services. This report will benefit all stakeholders of the sector like lenders and policymakers to promote responsible finance.

The Smart Campaign works globally to create an environment in which financial services are delivered safely and responsibly to low-income clients by maintaining a rigorous certification program, elevating the client voice and convening partners to effect change at the national level. The collaboration between the Smart Campaign and Sa-Dhan can serve as a model for implementing consumer protection standards with market-level reach.

“The online monitoring tool marks a milestone in ensuring that clients are protected,” said **Isabelle Barrès, Director of the Smart Campaign.** “Monitoring the risks at the market level will allow Sa-Dhan to take the pulse of the industry and target interventions to ensure it remains healthy. It will serve as an example for the rest of the world.”

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#### **About IFC**

IFC—a member of the World Bank Group—is the largest global development institution focused on the private sector in emerging markets. We work with more than 2,000 businesses worldwide, using our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In FY17, we delivered a record \$19.3 billion in long-term financing for developing countries, leveraging the power of the private sector to help end poverty and boost shared prosperity. For more information, visit [www.ifc.org](http://www.ifc.org).

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### ***About Sa-Dhan***

Sa-Dhan is the oldest and largest association of community development finance institutions in India. It has been working for more than one and a half decades in supporting and strengthening the agenda of Financial Inclusion in India and creates a space and understanding of microfinance with policy makers, bankers, government, researchers and practitioners. It has a membership base of 187 institutions which reaches out to approximately 35 million clients across the country, with loan outstanding of more than Rs. 69,789 crores from over 90% districts in India. Sa-Dhan is recognized by the RBI as a Self-Regulatory-Organization (SRO) for the Microfinance Sector; and as a National Support Organization (NSO) by National Rural Livelihood Promotion (NRLM).

### ***About The Smart Campaign***

The Smart Campaign works globally to create an environment in which financial services are delivered safely and responsibly to low-income clients. As the world's first financial consumer protection standard, the Campaign maintains a rigorous certification program, elevates the client voice, and convenes partners to effect change at the national level. Over 100 financial institutions, collectively serving more than 42 million people, have been certified for adhering to the Campaign's industry-accepted consumer protection standards. The Smart Campaign is housed at the Center for Financial Inclusion at Accion. More at [www.smartcampaign.org](http://www.smartcampaign.org).

### ***About Accion***

Accion is a global nonprofit committed to creating a financially inclusive world, with a pioneering legacy in microfinance and fintech impact investing. We catalyze financial service providers to deliver high-quality, affordable solutions at scale for the three billion people who are left out of – or poorly served by – the financial sector. For more than 50 years, Accion has helped tens of millions of people through its work with more than 90 partners in 40 countries. More at <http://www.accion.org>.