



**Session:**

# **New Frontiers in Client Protection: Digital Financial Services, Agri-business, and PAYGo Solar**

*17 November 2023*

**Moderator: Amelia Greenberg (SPTF)**

**Panelists: Anne-Laure Behaghel (SPTF), Eric Duflos (CGAP), Thomas Kockmeyer (IDH Investment Management), Jean-Baptiste LENOIR (Qotto), Jack Ngoma (Microloan Foundation Zambia), Lucia Spaggiari (MFR), Puck van Basten (GOGLA)**



## Agenda

- **State of Practice Today: Consumer Protection Risks and Possible Solutions (*10 minutes*)**
- **Digital Financial Services (*45 minutes*)**
- **PAYGo Solar (*45 minutes*)**
- **Agri-business (*30 minutes*)**
- **Conclusion (*5 minutes*)**



# Overview of the State of Practice Today

## Digital Financial Services

# MEET YOUR SPEAKER S! Digital Financial Services Panel



■ Amelia Greenberg,  
Deputy Director,  
SPTF



■ Eric Duflos,  
Consumer  
Protection Lead,  
CGAP



■ Jack  
Ngoma,  
CEO,  
MicroLoan  
Foundation  
Zambia



■ Lucia  
Spaggiari,  
Innovation  
Director, MFR

# MicroLoan Foundation

The second largest MFI in Zambia based on active client numbers. The high impact social microfinance model is unique and has been developed specifically for rural women with low levels of education and literacy.

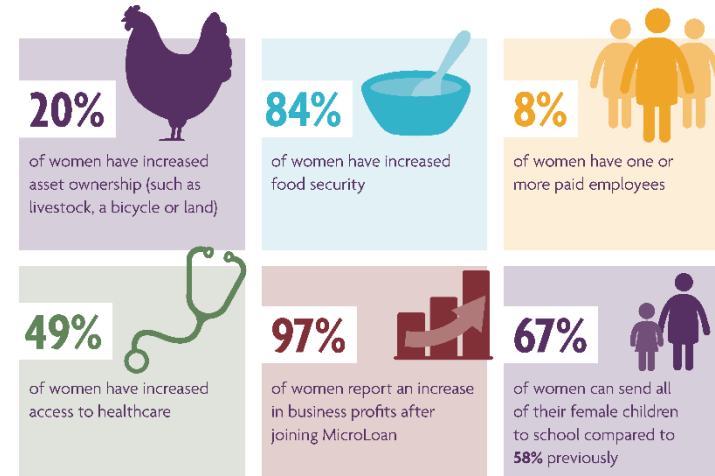


## Products

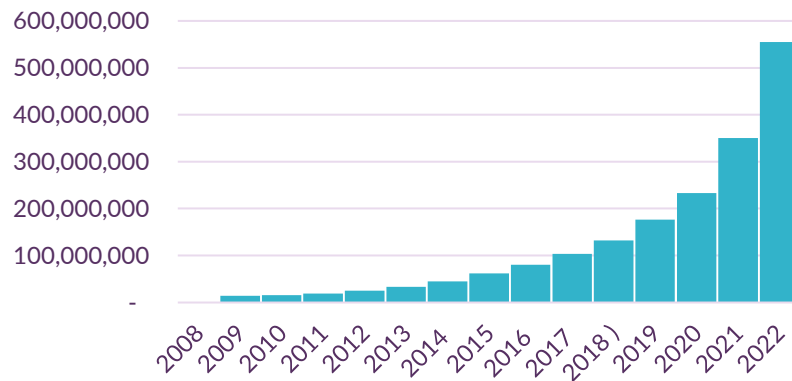
- Agri loans
- Business loans
- Digital savings
- 100% digital disbursements

## Services

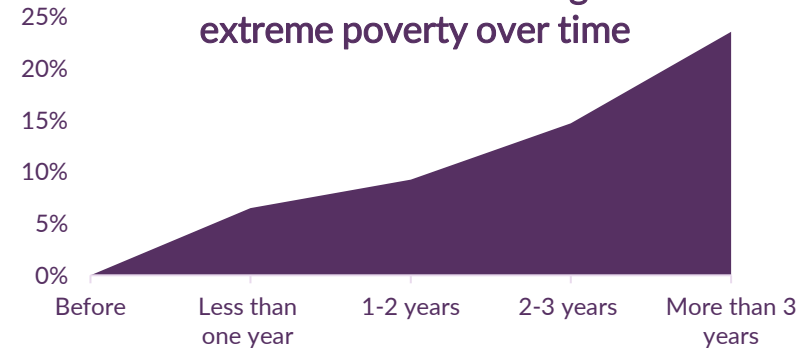
- High touch support in rural communities
- Financial literacy training
- Business training



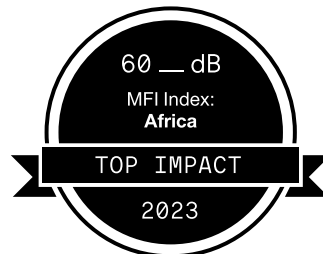
Annual disbursements 2008-2022



% MicroLoan clients moving out of extreme poverty over time



2023 Microfinance Index:  
MicroLoan Zambia rated 2<sup>nd</sup> most impactful financial service provider in Africa and 4<sup>th</sup> in the world





# MFR Global Rating agency

MFR provides assessments, data and technical expertise for the sustainable finance industry

[www.mf-rating.com](http://www.mf-rating.com)

[www.atlasdata.org](http://www.atlasdata.org)

Lucia Spaggiari: [l.spaggiari@mf-rating.com](mailto:l.spaggiari@mf-rating.com)





# As a think- and do- tank, CGAP focuses on the frontier of financial inclusion

**WE ARE:** A global partnership of over 30 leading public, private, and philanthropic development and financial institutions and organizations, housed at the World Bank.

**OUR VISION:** Responsible and inclusive financial ecosystems that enable a green, resilient, and equitable world for all.

**OUR MISSION:** CGAP works at the frontier of inclusive finance to test solutions, spark innovation, generate evidence, and share insights. Our knowledge enables public and private stakeholders to scale solutions that help financial ecosystems meet the needs of poor, vulnerable, and underserved people and MSEs, including advancing women's economic empowerment.

Want to learn more about our work on consumer protection and responsible digital finance?

Visit our collection webpage:

<https://www.cgap.org/topics/collections/consumer-protection>

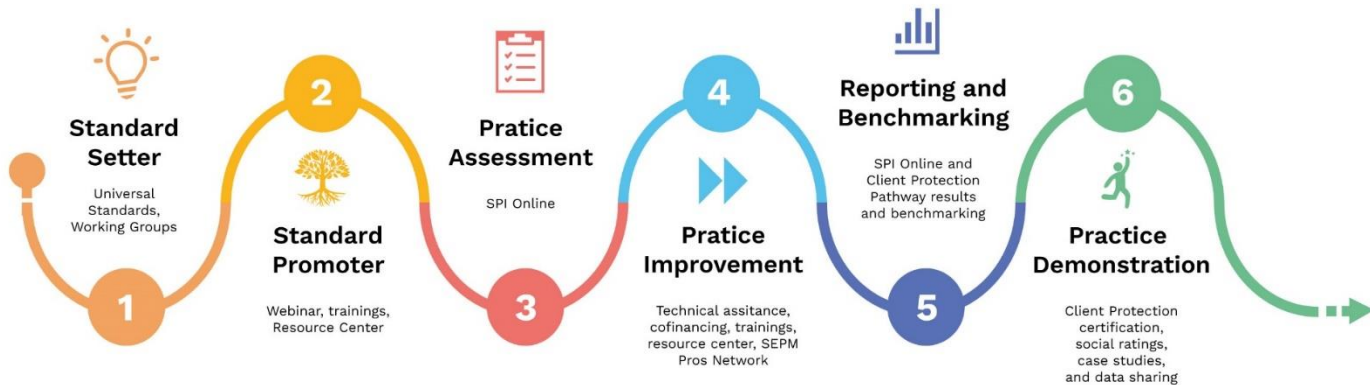




# Cerise+SPTF

Two entities with a common objective:

- Promote responsible behavior by financial service providers
- Create benefit for customers in the inclusive finance



## Key resources:

- [Cerise+SPTF home page](#)
- [CP Agri tool](#)
- [Universal Standards](#)
- [SPI Online](#)
- [DFS Standards working group](#)







## Discussion: Consumer Protection Overview / Challenges Specific to DFS

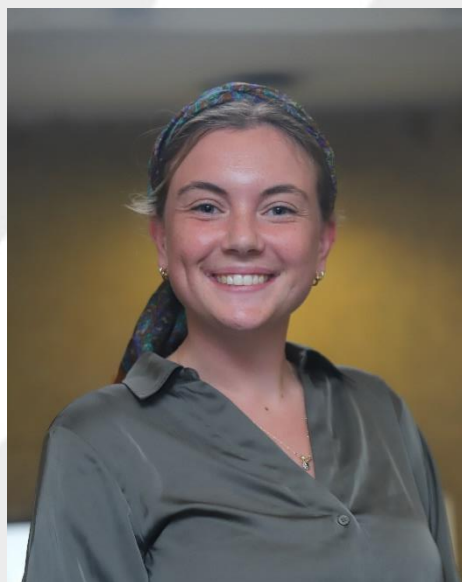
- What are the main risks to DFS customers that you have witnessed?
- From your experience, what management practices tend to mitigate risks of harm to customers?
- What are the main challenges you face in getting, either your own institution or the partners with whom you work, to take action to improve their customer protection practices?
- How do we know when we've been successful in creating a responsible digital ecosystem?
- Key takeaways
- Q&A



## Key Takeaways: Digital Financial Services

- Providers should train customers on digital financial services on an ongoing basis – this reduces risk.
- High tech – high touch is important. It is almost unsafe to leave customers to transact digitally alone.
- If the customer experiences a financial loss that was not their fault due to the use of DFS, the FSP must find a solution.
- We will be able to make finance more responsible ONLY through more concerted, coordinated action among all the stakeholders in the ecosystem.
- It is critical to have a good data, good evidence at the national level of risks that consumers are experiencing when using digital financial services.

**MEET  
YOUR  
SPEAKER  
S!  
PAYGo  
Solar  
Panel**



■ **Puck van Basten,  
PM Performance  
& Investment,  
GOGLA**



■ **Jean-Baptiste  
Lenoir, CEO, Qotto**



■ **Lucia Spaggiari,  
Innovation  
Director, MFR**



## GOGLA & the Consumer Protection Code

- GOGLA is the voice of the off-grid solar sector, which serves +490 million people, improving lives, delivering significant social, economic and environmental impacts.
- The PAYGo model has enhanced affordability for millions of people, but introduces financial, product and service risk to OGS consumers. Consumer protection provides mitigation against these risks, protects consumer rights and safeguards positive impacts.
- The Consumer Protection Code defines the minimum standards of practice consumers should expect from an off-grid solar company. It consists of a set of Principles, Indicators and a Self-Assessment Tool.
- The CP Code ensures that growth objectives remain fully aligned with consumer interests to retain the full confidence of consumers, investors, governments and other stakeholders.





# Qotto

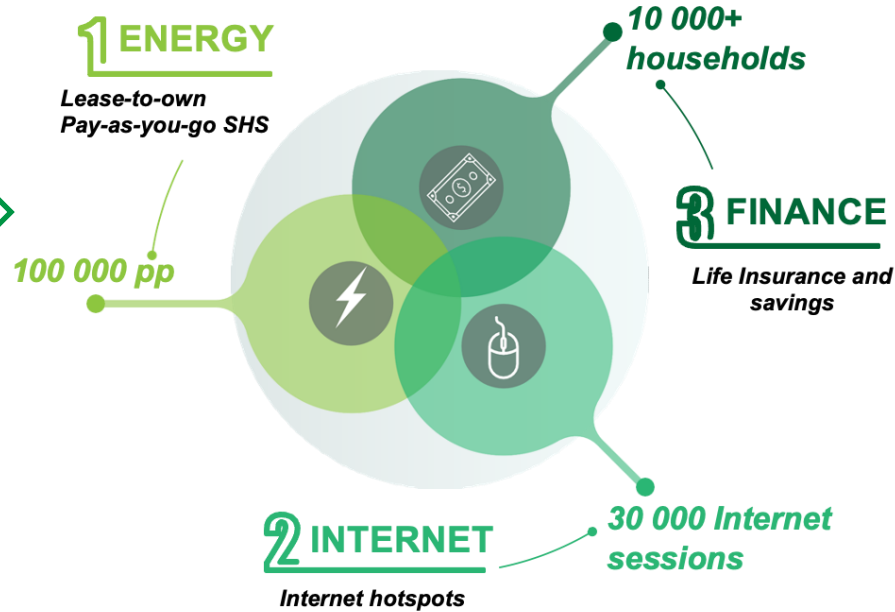
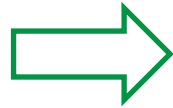


## The Digital-Native Essential Services Operator in West Africa



### An impact-first Mission

We provide affordable essential services to vulnerable and underserved population in Africa



### A Business Model designed for accessible services

- Pay As You Go
- Micro infrastructures, cost efficient
- Manage customer relationship, with human resources on the field and smart IT platform



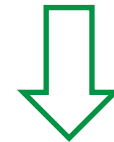
### Impact over many SDGs

**7 AFFORDABLE AND CLEAN ENERGY** SDG 7.1 : 100 000+ people with reliable access to clean electricity  
SDG 7.2 : 8 000+ MT CO<sub>2</sub> eq avoided

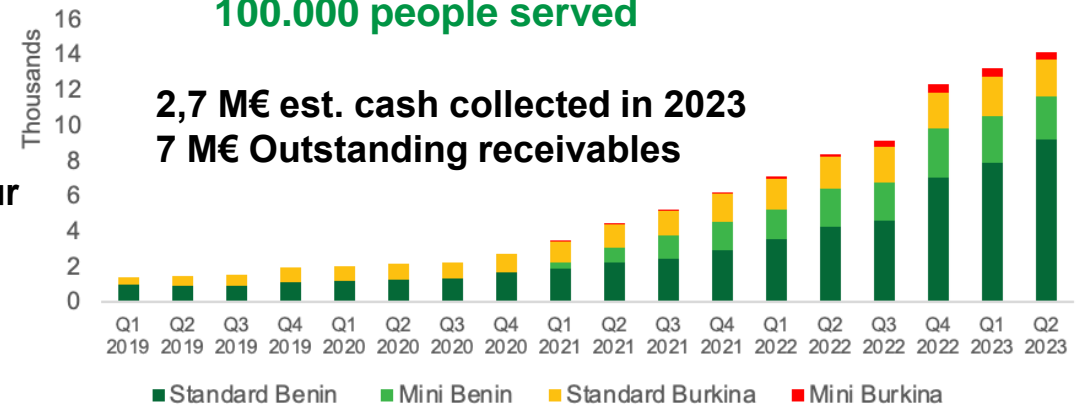
**8 DECENT WORK AND ECONOMIC GROWTH** SDG 8.5 : 1 200+ direct jobs created  
SDG 8.6 : 150+ Women & 450 U25

**5 GENDER EQUALITY** SDG 5.5 : 50% of Women in our local management teams

**1 NO POVERTY** SDG 1.4 : 61% of our customer lives below poverty line



### Steady growth over the years: 100.000 people served



## Discussion: Challenges Specific to PAYGo Solar

- Describe the PAYGo Sector. What are the key differences between microfinance and PAYGo Solar?
- Describe the consumer protection assessment tool
- What are the most common challenges regarding consumer protection in your sector?
- Examples from the field: agent management challenges
- Examples from the field: transparency challenges
- What lessons have you learned about how to mitigate consumer protection risk?
- Key Takeaways
- Q&A





## Key Takeaways:

# Pay As You Go (PAYGo) Solar

- The challenges of PAYGo Solar are :
  - Make the services accessible, technically and financially, through field operations and pay-as-you-go
  - Be profitable, through efficiency (operational excellency and digital) and good payments from customers (customer satisfaction, after sales services)
- Solar Home Systems operators cannot be excellent everywhere, yet.
- Good agent management is essential to customer satisfaction, which in turn is key to profitability.
- That means that we need to focus what we are: operators => customer satisfaction and therefore increase payments, hence improve portfolio quality.
- Ideally PAYGo providers would be able specialize in what we are good at – the operational/technical work – and financial service providers would partner to invest.
- The goal of consumer protection assessment tool is raise awareness and facilitate improvement.
- The success of consumer protection assessment tool will require multi-stakeholder engagement to promote and use the tool.



**MEET  
YOUR  
SPEAKER  
S!  
Agri-  
finance  
Panel**



■ **Thomas Kockmeyer,  
M&E and Impact  
Advisor, IDH  
Investment  
Management**



■ **Anne-Laure  
Behaghel, CP  
Pathway Director,  
SPTF**



■ **Lucia Spaggiari,  
Innovation  
Director, MFR**



## Our mission:

“Catalyzing private capital to strengthen smallholder value chains by building a track record of sustainable and scalable smallholder investments in emerging markets.”

Find out more on

<http://farmfitfund.org/>

Learn about the **CP Agri tool**



# Farmfit Fund

Managed by idh invest

- **Smallholder farmer-focused fund investing across various crops and in financial inclusion, agribusiness, and technology**
- **EUR 100M blended capital, investing with long-term debt and equity**
- **Managed by IDH Investment Management and part of IDH**





## Discussion: Challenges Specific to Agri-business

- Describe what makes the agri-business sector unique.
- What are the main types of risk that you observe today in agri-business related to customer protection?
- What is the Agri CP Tool?
- Why is the main purpose of the Agri CP Tool awareness raising rather than certification?
- Examples from the field: agri-business consumer protection challenges
- Q&A



## Key Takeaways: Agri-business

- Smallholder farmers are among the most vulnerable clients and face disproportionate levels of financial stress.
- The context requires a broad application of CP standards, including to financial service providers but also to other actors.
- Service coalitions pose the risk of accountability vacuums.
- Start by addressing client protection related to farmer repayment analysis, collateral, in-kind repayment, and partnerships/coalitions.
- The CP Agri Tool is aspirational, for the agricultural sector to embark on a CP pathway.
- The CP Agri Tool has the potential to become a reference tool for the whole sector We invite other stakeholders to test the tool in due diligence or perform a self-assessment and provide your feedback.
- It is worth engaging in this sector despite the client protection risk because there is high potential impact and so few actors doing this.



## Conclusion

- Risk / harm is happening
- Consumer protection reinforces long-term financial sustainability
- Tools are out there – use them!





**EUROPEAN  
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**THANK YOU**



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ADVANCING FINANCIAL INCLUSION