



March 15, 2016

Secretariat of the Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002 Basel
Switzerland

Re: Comment Letter on *Guidance on the application of the Core principles for effective banking supervision to the regulation and supervision of institutions relevant to financial inclusion*

Dear Sir/Madam,

The Microfinance CEO Working Group (the Working Group) is a collaborative effort by leaders from ten international organizations that promote microfinance around the world: Accion, BRAC, CARE, FINCA International, Freedom from Hunger, Grameen Foundation, Opportunity International, Pro Mujer, VisionFund International and Women's World Banking. The Working Group advocates in support of responsible microfinance and champions promising ideas and solutions for the industry. Today, the Working Group's networks collectively represent more than 230 microfinance institutions across 80 countries serving nearly 62 million clients.

The Working Group appreciates the opportunity to endorse the Basel Committee on Banking Supervision's recently released consultative document, *Guidance on the application of the core principles for effective banking supervision to the regulation and supervision of institutions relevant to financial inclusion* (the Guidance) as a relevant and useful tool for authorities with responsibility for financial consumer protection, particularly for unserved and underserved clients. Last year the Working Group published [Client Protection Principles: Model Law and Commentary for Financial Consumer Protection](#) (the Model Legal Framework), which applies many of the same principles of financial consumer protection identified by the Basel Committee in the Guidance. The Model Legal Framework provides a framework of suggested legislation and regulation for financial consumer protection in the microfinance and broader financial inclusion industry.

The Model Legal Framework was prepared with the assistance of New Perimeter, the nonprofit affiliate of global law firm DLA Piper, which provides pro bono legal assistance in underserved regions around the world. The firm worked in partnership with the in-house counsels from the Working Group member organizations to develop a legal framework based on the Smart Campaign's [Client Protection Principles](#). The seven Client Protection Principles set standards that clients should expect to receive when doing business with a microfinance institution, and cover such critical areas as transparency, fair and respectful treatment, privacy and prevention of over-indebtedness.

The Model Legal Framework draws upon a broad survey of financial inclusion practitioners, legal experts, and existing laws and regulations from countries across the globe and is intended for three main uses. First, it offers a template to help policymakers develop actual, enacted legislation. In its entirety, it can help policymakers build a complete legal regime for financial consumer protection or serve as a guide for policymakers who may only need to address particular legal or regulatory gaps. Second, the Model Legal Framework may be used to assess a jurisdiction's consumer protection laws and regulations. Third, it can serve as a resource for developing codes of conduct and guidelines, either for a single financial service provider or for groups or industry associations, on effective ways to promote consumer protection.

ACCION

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pro mujer

Maria Cavalcanti,
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Scott Brown,
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Women's World Banking
Mary Ellen Iskenderian,
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We encourage the Basel Committee to review the Model Legal Framework as a further resource in its efforts to strengthen the regulation, supervision and practices of financial service providers for the base of the pyramid. For more information, please contact Mary Chaffin, General Counsel of Accion, by phone at +1-617-625-7020 Ext. 1220 or via email at ModelLaw@MicrofinanceCEOWorkingGroup.org.

On behalf of the Working Group,

A handwritten signature in black ink, appearing to read "Sharlene R", is displayed on a light blue rectangular background.

Sharlene Brown
Executive Director