

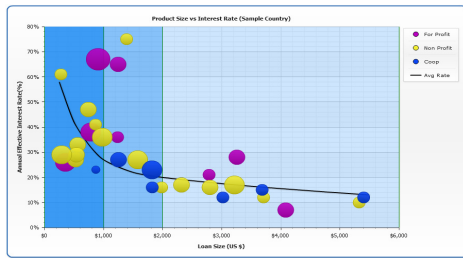
MFTransparency enables transparent communication between suppliers and consumers of microcredit products. We work on the country level to raise awareness



The Global Transparent Pricing Initiative
How MFIs Can Benefit from Participation

about issues in pricing transparency through our *Global Transparent Pricing Initiative*. As part of this initiative we present information on credit products and their prices in a clear and consistent fashion, allowing all microfinance stakeholders to work with a full understanding of the costs paid by clients. In addition to reporting pricing data, MFTransparency has undertaken the equally important role of developing and disseminating straightforward educational material to enable all microfinance stakeholders to better understand the concept and function of interest rates and product pricing.

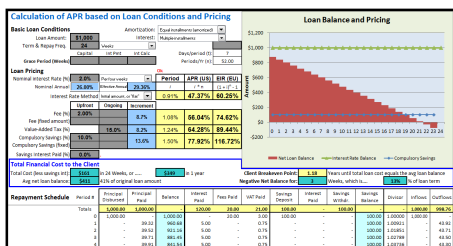
MFTransparency works closely with MFIs in the *Global Transparent Pricing Initiative*. These are some of the ways that MFIs benefit from participation:



Competitive edge: MFTransparency provides the opportunity for all MFIs to publish the details of their pricing all-at-once and country-by-country. This way there is no disadvantage for any participating institution, as its competitors are making their true prices public as well, all at the same time. In addition, the standardization of reporting we provide ensures that all microfinance products are comparable. Participating MFIs will

also have the opportunity to preview the pricing data for the entire market before it is available to the public. The combination of these efforts creates a market in which MFIs can compete fairly and effectively, advertising to their clientele – and their competitors’ clientele – with full knowledge of the role of their products relative to others in the market.

Visibility to funders: We have found that MFIs receive significant media publicity, both locally and internationally, for participating in our projects. This public recognition serves as a valuable way for MFIs to distinguish themselves from their competitors, attracting the attention of donors and investors as well as the global microfinance community.



Educational materials: MFTransparency develops and disseminates training modules and tools to educate MFIs on transparent pricing and interest rate calculation. One such tool is the APR/EIR Tool (pictured at left), an Excel-based tool that can be used to analyze the cost of a particular loan product. All materials are available for electronic download from our website

with permission to use without any cost.

Training on product pricing: In each country where we work, *MFTransparency* hosts training workshops on pricing transparency and interest rate calculations, providing MFIs with skills they can apply directly. In these workshops we also provide guidance on how to use our free pricing tools and training materials. A broad range of stakeholders in each local microfinance market are invited to these workshops, including MFIs, commercial banks, investors, regulators, MFI networks, raters and industry support organizations, making this a valuable networking opportunity for MFIs as well.

One-on-one meetings: Following the workshop and training session, *MFTransparency* offers MFIs private sessions to enhance the value of the training and educational tools. This is an opportunity for MFIs to learn the *MFTransparency* tools one-on-one, extend the skills and knowledge acquired in the workshop to other staff members and discuss the particulars of their institution's involvement in the *MFTransparency Transparent Pricing Initiative*. As these meetings typically involve an overview of the institution and its current challenges and goals, *MFTransparency* is able to explain transparent pricing in the specific context of the institution, preparing the institution for the data submission process and outlining exactly how the institution stands to benefit from transparency.



Certificate and seal of transparency: *MFTransparency* awards transparency certification to those MFIs that commit to educating their clients on pricing. This consists of both a certificate to be displayed in the MFI's offices as well as a seal of transparency logo to be used on the MFI's marketing materials and website. This is another valuable way for MFIs to distinguish themselves from their competitors, get the attention of investors and gain visibility within the international microfinance community. In addition, participating MFIs are identified on the *MFTransparency* website

(www.mftransparency.org) for implementing financial literacy.

Contribute to your local microfinance market: Participating in the *Transparent Pricing Initiative* offers MFIs an opportunity to contribute to the strengthening of their local market, by providing pricing data, implementing transparent pricing practices and educating clients about how to make informed borrowing decisions. All stakeholders benefit from transparent pricing, and through the *Transparent Pricing Initiative* MFIs can be the leaders of the sustainable development of their own microfinance industry.

If you are interested in participating in the Global Transparent Pricing Initiative or would like more information please contact Jordan Filko at jordan@mftransparency.org.