

Transparent Pricing Initiative in Latin America

Sponsored by the Ford Foundation

MFTransparency will undertake pricing transparency training and data collection in four countries of South America (Argentina, Bolivia, Colombia and Ecuador) with support from the Ford Foundation. MFTransparency will conduct the *Transparent Pricing Initiative* in Bolivia and Ecuador during the first half of 2010 and in Argentina and Colombia by the end of 2010. Through this *Initiative* we will raise awareness about issues in transparent pricing through the following combination of activities:

Data Collection

MFTransparency will address pricing transparency in Latin America by collecting data on each microloan product provided by an MFI. We will publish this information in graphical and tabular form, depicting microloan products from every MFI operating within each of these four countries. The pricing data for each country will be accompanied by descriptive information and analysis to ensure that the information is understood within the specific context of each market.

Training on Pricing Transparency

MFTransparency will conduct training seminars in each country for MFIs, bankers, regulators and government officials to help explain the pricing curve for microfinance and to generate discussion on the impact of various regulations on client protection and access to finance for the very poor.

Development & Dissemination of Educational Materials

MFTransparency will develop training materials for MFIs, regulators, government officials and the press that will provide background and context in each local market for the data being presented. We will produce background notes and educational pieces for each specific audience that explain the unique price curve for each country's microfinance market.

By collecting data on prices for microfinance loan products, MFTransparency will provide an important service to an industry lacking a mechanism to ensure accurate reporting. This work addresses a fundamental component of client protection by enabling consumers to make informed decisions. It also facilitates the functioning of healthy free markets in which fair competition is possible. MFTransparency focuses on training and education of the broad range of stakeholders to create an environment in which transparency leads to a strengthening of the local microfinance industry. Through the *Transparent Pricing Initiative in Latin America*, MFTransparency seeks to further sustainable microfinance and expand access to microloans for the poor.

Get to know the countries included in the *Transparent Pricing Initiative in Latin America*:

- **Bolivia:** There is a policy in place which requires all MFIs to disclose all detailed information about interest rates, charges and fees in their contracts with clients.
- **Ecuador:** The Superintendent requires that interest only be accrued on the remaining balance of a loan (effectively outlawing flat interest rates).
- **Colombia:** The government runs a program called Banca de las Oportunidades to promote access to credit and develop a supportive regulatory framework for financial inclusion.
- **Argentina:** The microfinance market is at a nascent stage of development, making the potential impact of the *Transparent Pricing Initiative* especially great as instilling a framework for transparency early on will avoid many of the issues that more mature markets have suffered due to obscure pricing practices.

If you are interested in participating in the enabling *Transparent Pricing Initiative in Latin America* or would like more information please visit www.mftransparency.org or contact Jessica Haeussler at jessica@mftransparency.org.