



# **Code of Ethics for the Microfinance Sector in Jordan**

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## Brief Introduction:

- Microfinance institutions agreed on the need to have a Code of ethics that sets the guidelines on how to deal with customers and employees, and the institutions relationships among each other, government authorities and the stakeholders.
- We assure that the main goal to finance small and Micro projects is to support and develop the people with limited income in the economy in the long term in a sustainable way.
- We seek to limit the poverty levels and improve the quality of life for families with limited income in Jordan and help to fight unemployment through spreading the culture of self-reliance and self-employment.
- We are committed to develop the making of small and micro projects financing in Jordan based on the best practices to strengthen the Microfinance sector through the development of the credit culture, keeping in mind the lending and collection activities and the relationship with the customers.
- We assure our continues trust that financing small and micro projects can improve income, assets and it can have many other benefits on the customer's living standards. But we admit and acknowledge that financing small and micro projects is not the only solution to solve poverty levels.
- We strive to improve our relationships with the regional and international institutions that support the microfinance sector.
- We believe that providing financial services to the families with limited income is one of the tools that help these families to overcome poverty levels.
- We understand the need for the Microfinance institutions to reach financial sustainability and increase its growth, but that should not negatively affect neither the environment nor the community in the region that we work in.
- We agree that the practitioners of the small and micro project loans should be ethically committed to this agreement.

## Standard of Practices with the Clients:

- Treat every customer with integrity and respect.
- Make sure that there isn't any unfair discrimination in any loan activity.
- Ensure that getting the financial service that is needed is done in an acceptable time.
- Pricing the products (loans) should be done according to the best-known practices, which achieves the social and financial goals of the Microfinance sector.
- Adopt the most effective and advanced responsible finance practices that support and enhance the living standards of the clients, and prevent the clients from over-indebtedness risks
- Acknowledge clients' complaints and seek to solve them in a highly effective manner that protect the rights of both the clients and the MFI.
- Inform the customer with the credit methods that are used, the policies and procedures to apply for a loan as well as the full cost of the procedure so they can take a rational decision.
- Prohibit any false marketing activities that may misguide the customer.
- Prohibit any non-legal collection activities.
- Prohibit the Microfinance institutions from making the customer engage in debt that he or she can't payback.
- Inform the customer that the decision to give a loan goes back to the Microfinance intuitions and that they have the right to reject the loan and inform the customer about the reason for the rejection decision.
- Require the Microfinance employees to have high quality standards specially if a conflict of interest, unethical or illegal behaviors rose.
- Provide communication channels that enable the customers to provide information about the service quality to the management.

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### **Standard of Practices with the Employees:**

- Provide growth and development opportunities, and invest in training and developing the personal capacities of employees.
- Provide a fair compensation.
- Ensure that the loan and collection procedures don't form any threats on the employees.
- Make sure that there isn't any unfair discrimination among employees.

### **Standard of Practices among the Microfinance Institutions:**

- Strengthen the joint cooperation to ensure a suitable environment that is based on the fact that the Microfinance Institutions are all partners in the economic development of the economic community and that they all complement each other.
- Sustain a high level of professionalism that is based on integrity, transparency and respect.
- Encourage the sharing of information, knowledge and expertise.
- Benefit by enhancing, empowering and strengthening the sharing information systems (Microfinance Credit Bureau) and use it as a tool to evaluate the customers and their ability to payback.
- Prevent mentioning or underestimating other peer Microfinance institutions while dealing with customers.
- Avoid "Headhunting" of employees because of its negative affect on the hunted Microfinance institution. In the case of employment, it is necessary to coordinate among these institutions.

- Give a fair and honest opinion when asked about another employees performance
- Promote accountability and financial transparency.

## **Standard of Practices with the Regulator (Central Bank of Jordan):**

- Each member must already adhere to the laws and guidance issued by the CBJ.
- Adhere to both the letter and spirit of the values and practices outlined in the CBJ rules and regulations.
- Work with CBJ to ensure a generally favorable regulatory environment.
- Work with the CBJ in order to ensure having an enable environment for the practices of the Microfinance Sector that includes the application of the best possible international practices.

## **Standard of Practices with the Association (Tanmeyah, Jordan Microfinance Network):**

- Acknowledge the association's collaborative structure that helps the MFIs set the standards and industry norms.
- Keep the Association updated with the latest information and numbers that is needed for analytics reasons.
- Ensure proactive activities from the association that helps implement the best international practices.
- Providing the needed support to the association that ensure the sustainability of the associations and the quality of the services provided.
- Develop an environment based on mutual respect, integrity, transparent and unbiased practices that helps the evolvment and development of the Microfinance Sector.
- Ensure that the MFIs are committed to the events of the association that includes: Capacity Building, Conferences, Social Activities,...etc.

- The association and the MFIs shall maintain strict confidence and security stand of all information and other related documents, based on the operation guidance and the directions of the association Board of Directors.

### **Standard of Practices with the Community:**

- Contribute in making a positive change in the living standards for the employees within the Microfinance institutions, and in the same time increase the chances of self-employment in the community by developing new employment opportunities.
- Contribute in the development of the society by developing productive employment opportunities that improve the living standards of the employees through the using of smart goals, social performance indicators and financial performance indicators.
- Believe in fair competition among all of the customers of the Microfinance institutions, treat everyone in an equal manner, and respect the privacy of the customers, their work culture and ethics.

### **Standard of Practices with the Environment:**

- Finance "Green" projects that are environmental friendly, support the sustainable development of the environment and prevent the foul using of natural resource.
- Encourage projects that work on recycling and preserve the nature environment.

### **Standard of Practices with the Investors and Funding Agencies:**

- Develop a work environment that is based on respecting one another.
- Insist on the important of financial transparency and growth transparency.

- Make sure that all reports are transparent enough to avoid any misleading facts at any time.

## **Standard of Practices with the Government:**

- The Government and the Microfinance institutions share the same goal, so it's important to build an atmosphere that is filled with mutual respect
- Develop ongoing communication channels to make the necessary adjustments to any policies related to the development of the Microfinance sector.
- Support the government's actions that aims to promote financial inclusion within the economy through employing advanced and efficient financial technology (Fintech) tools,
- Acknowledge that the government is not the direct provider of funds but it plays more of a supporter role.
- Keep updating and providing the needed information to the Government entities, the CBJ and all other stakeholders.



## Code of Ethics for the Microfinance Sector in Jordan



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