

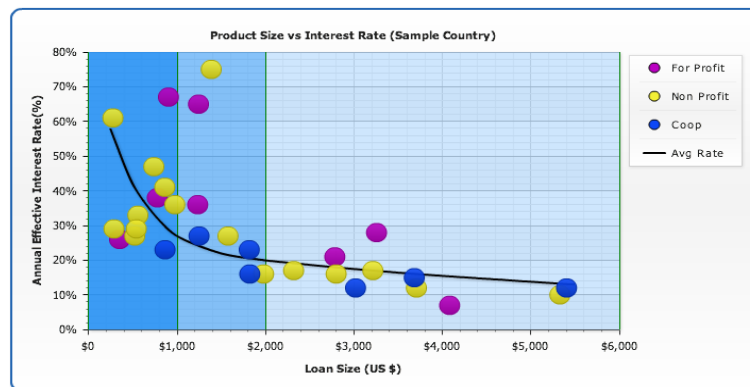
## About Us

MF*Transparency* will enable transparent communication between suppliers and consumers of microcredit products. We will 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, MF*Transparency* will undertake 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.

By providing a valuable component necessary to free markets and currently virtually absent in microfinance – transparent, open communication about the true cost of the product – MF*Transparency* will be the venue for the microfinance industry to publicly demonstrate its commitment to transparency, integrity and poverty alleviation. Our ultimate goal is to provide essential information necessary for healthy free market conditions.

## Approach

MF*Transparency's* paramount value is, indeed, *transparency*. All operational rules, calculations, and data sources are made public. MF*Transparency* also operates on the principle of reporting solely objective and verifiable information. The website simply discloses the repayment schedules for each product that MFIs offer and calculates the prices of those products in Annual Percentage Rate (APR) and Effective Interest Rate (EIR) terms. Additionally, the pricing information of each product will be presented in graphical forms that demonstrate the relationship between loan size and interest rate in that specific market.



All APR and EIR pricing calculations will come directly from actual repayment schedules for each product offered by the MFIs. Our goal is that all repayment schedules be provided directly from the MFI in order to confirm accuracy of the information and minimize complications and misunderstandings that can occur when communication passes through multiple channels. We will ask for supplemental basic product information as well, but most of the supplement information is not essential to the APR calculation.

Please visit our website, [www.mftransparency.org](http://www.mftransparency.org), for more information on APR and EIR calculations, our data collection process and how we plan to promote pricing transparency in the microfinance industry.

## Implementation and Current Activities

MF*Transparency* began its operations with methodology pilot projects in **Peru** and **Bosnia**. Data collection and analysis in these two countries will be complete by late October and a CGAP-published report is forthcoming. We will phase in our coverage, focusing at first on a limited number of countries and then expanding country-by-country to global reporting. Analysts will work in teams to review the data and will cross-check data with information available from other sources.

In each country we work in, we develop relationships and work with MFIs, networks, associations, regulators, government agencies, consumer protection advocates, academics, investors, donors, and other institutional stakeholders. Each actor plays a specific and important role in the promotion of pricing transparency.

We have recently completed data collection work in **Cambodia** and conducted training on interest rate transparency for MFIs, industry support organizations and regulators in **Bangladesh**. MF*Transparency* is scheduled to conduct data collection in **Azerbaijan** and **Kenya** beginning in October. Respectively, these countries mark the first Central Asia and African countries for MF*Transparency*'s initiative.

Simultaneously, MF*Transparency* is developing several APR/EIR calculation tools with accompanying educational guides and papers. All educational materials produced by MF*Transparency* will be available to the public as well as shared with MFIs who submit data to our initiative.

There are three primary ways your organization can become more actively involved in MF*Transparency*'s initiative to promote transparency in pricing:

1. **Endorse MFT.** We invite you to sign our endorsement statement, committing to transparency in pricing and education of MF stakeholders. Please visit [www.mftransparency.org](http://www.mftransparency.org) for more information on how to endorse us.
2. **Participate in or Sponsor Country Operations.** MFIs can actively participate by submitting their data when MF*Transparency* launches the initiative in their country. Through relationship or financial support, you can sponsor data collection efforts in specific countries. We work with government agencies, networks, associations, donors, investors, academics and other stakeholders in every project country and always welcome new partnerships.
3. **Partner to Develop or Distribute Educational Materials.** We are looking for partners to develop educational materials, either in the form of co-authoring materials, allowing us to distribute your materials or hosting pricing & transparency workshops with MFT.

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