



Fair Practices Code for Lenders

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1. Policy Content

1.1. Preamble

Fair Practice Code for Lenders lays down a transparent and clear Policy regarding the transactions of the Bank with its borrowers, co-applicants and guarantors. It provides protection to customers and explains how bank is expected to deal with customers in their operations. The code contains practices and commitments as prescribed in RBI regulations and Code of Bank's Commitment to Customers as issued by Banking Codes and Standards Boards of India.

1.2. About the Code

- a) Promote good and fair banking practices by setting minimum standards in our dealings with customer;
- b) Increase transparency so that you can have a better understanding of what a customer can reasonably expect from us;
- c) Encourage market forces, through competition, to achieve higher operating standards;
- d) Promote a fair and cordial relationship between customer and Fincare Small Finance Bank;
- e) Foster confidence in the banking system.

2. Loans and Advances

2.1. General Information

- a. We will give you information explaining the key features of our loan
- b. We will advise you about the information / documentation we need from you to enable you to apply. We will also advise you what documentation we need from you with respect to your identity, address, employment, etc. and any other document that may be stipulated by statutory authorities (e.g. PAN details), in order to comply with legal and regulatory requirements.
- c. We will verify the details mentioned by you in the loan / credit card application by contacting you at your residence and / or on business telephone numbers and / or physically visiting your residence and/ or business addresses through agencies appointed by us for this purpose, if deemed necessary by us.
- d. If we offer you an overdraft, or an increase in your existing overdraft limit, tell you if your overdraft is repayable on demand or otherwise. We will, if required, also advise about the method of calculation of overdrawn amount and also the computation of interest.

- e. The bank will restrain from interference in the affairs of the borrowers except for what is provided in the terms and conditions of the loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the Bank or any action of the borrower jeopardizes the interest of the Bank).
- f. The bank will not discriminate on grounds of sex, caste and religion in the matter of lending. However, this does not preclude Bank from participating in credit-linked schemes framed for weaker sections of the society.
- g. In the matter of recovery of loans, the bank will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. In the case of recovery, Bank would resort to the usual measures as per laid down guidelines and extant provisions and would operate within the legal framework.
- h. In case of receipt of request for transfer of borrowal account, either from the borrower or from a bank/financial institution, which proposes to take- over the account, the consent or otherwise i.e., objection of the Bank, if any, will be conveyed within 21 days from the date of receipt of request.
- i. In case of selling of the asset to any other buyer/institution the Bank will inform the borrower. The borrower will be given prior notice of the same.

2.2. Applications for loans and their processing

- a. At the time of sourcing a loan product, we will provide as part of the loan application form, information about the interest rates along with the annualized rates of interest, whether floating or fixed, as also the fees/charges payable for processing, the amount of such fees refundable if loan is not sanctioned / disbursed, pre- payment options and charges, if any, penal rate of interest for delayed repayments, if any, conversion charges for switching your loan from fixed to floating rates or vice-versa, existence of any interest reset clause and any other matter which affects the interest of the borrower, so that a meaningful comparison with those of other banks can be made and an informed decision can be taken by you.
- b. We will provide you with a checklist of documents to be submitted (compliant with legal and regulatory requirements) along with the loan application form to enable you to submit the application complete in all respects. If required, we will assist you in filling up your loan application form.
- c. We shall invariably provide you with an acknowledgement of your loan application, whether submitted online or manually, indicating therein the time frame within which the application will be processed.
- d. Normally all particulars required for processing the loan application will be collected by us at the time of application. In case we need any additional information, we will contact you immediately.
- e. We will provide you the sanction letter detailing particulars of amount sanctioned and the terms and conditions.

- f. We will provide you an amortization schedule (schedule of repayment of principal and interest for the duration of the loan).
- g. We will also inform you whether you have an option to let equated monthly instalments stay constant and changed tenure or vice-versa when the interest rate changes.
- h. We will give written receipt for all documents to title taken as security/collateral for any loan.
- i. We will endeavor to send you a communication through letter / mail or SMS about the status of your account before it becomes an NPA.
- j. We will return to you all the securities / documents/title deeds to mortgaged property within 30 days of the repayment of all dues agreed to or contracted. If any right to set off is to be exercised for any other claim, we will give due notice with full particulars about the other claims and retain the securities/documents/title to mortgaged property till the relevant claim is settled/paid.
- k. In the event of our losing the securities / documents / title deeds you have provided to us when you availed a loan, we will compensate you for the loss.
- l. All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- m. Loan application forms in respect of priority sector advances up to Rs.2.00 lakhs to be comprehensive. It should include information about the fees/charges, if any, payable for processing, the amount of such fees refundable in the case of non-acceptance of application, pre-payment options and any other matter which affects the interest of the borrower, so that a meaningful comparison with that of other banks can be made and informed decision can be taken by the borrower.
- n. A system of giving acknowledgement for receipt of all loan applications will be devised. The Time frame within which loan applications up to Rs.2 lakhs will be disposed of should also be indicated in acknowledgement of such applications. A system to be devised to verify the loan applications within a reasonable period of time. If additional details / documents are required, bank to intimate the borrowers immediately.
- o. Loan application forms will include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other lenders can be made and informed decision can be taken by the borrower. The loan application form will indicate the documents required to be submitted with the application form.
- p. Shall provide acknowledgement for receipt of all loan applications.

- q. In case of rejection of loan application, irrespective of category of loans or threshold limits, the same would be conveyed along with the reasons to the loan applicant

2.3. Loan appraisal and terms/conditions

- a) The bank will ensure that there is proper assessment of credit application. Bank will not use margin and security stipulation as a substitute for due diligence on credit worthiness of the borrower.
- b) The bank will inform about the credit limit along with the terms and conditions thereof and keep the borrower's acceptance of these terms and conditions given with his full knowledge on record.
- c) Terms and conditions and other caveats governing credit facilities will be arrived at post negotiation with the loan applicant. The same will be documented and duly signed by officials of both parties. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement will be furnished to the borrower.
- d) As far as possible, the loan agreement will clearly stipulate credit facilities that are solely at the discretion of the Bank. These may include approval or disallowance of facilities, such as, drawings beyond the sanctioned limits, honouring cheques issued for the purpose other than specifically agreed to in the credit sanction, and disallowing drawing on a borrowal account on its classification as a non-performing asset or on account of non-compliance with the terms of sanction. It will also be specifically stated that the Bank does not have an obligation to meet further requirements of the borrowers on account of growth in business etc. without proper review of credit limits.
- e) In case of lending under consortium arrangement, the participating lenders will evolve procedures to complete appraisal of proposals in the time bound manner to the extent feasible, and communicate their decisions on financing or otherwise within a reasonable time.

2.4. Disbursement of loans including changes in terms and conditions

The bank will ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction. The bank will give notice of any change in the terms and conditions including interest rates, service charges etc. The bank will also ensure that changes in interest rates and charges are effected only prospectively.

Consequent upon such changes any supplementary deeds or documents that are required to be executed will be informed to the borrower. Further, availability/continuation of facility will be subject to execution of such deeds or documents.

2.5. Post disbursement supervision

- a) The bank would carry out post-disbursement supervision in accordance with normal banking practice, the terms of sanction, Bank's internal guidelines and the guidelines issued by the Reserve Bank of India from time to time.
- b) Before taking a decision to recall / accelerate payment or performance under the agreement or seeking additional securities, bank will give notice to borrowers, as specified in the loan agreement or a reasonable period, if no such condition exists in the loan agreement.
- c) Bank will release all securities on receiving payment of a loan or satisfaction of a loan, subject to any legitimate right or lien for any other claim the Bank may have against the borrowers. If such right of set off is to be exercised, borrowers shall be given notice about the same with full particulars about the remaining claims and the documents under which lenders are entitled to retain the securities till the relevant claim is settled/paid.

3. Complaints/Grievances

Complaints / Grievances and Feedback / Suggestions – Internal Procedures

- Bank would provide guidance to customer in case the customer wants to make a complaint: internal procedures, BO, Customers' meeting and branch level customer service meeting
- Bank will also guide a customer on how to take the complaint further if the customer is not satisfied.

Banking Customers can lodge complaint at:

- Register at Branch through e-complaint register.
- Contact the Branch Manager
- Call Contact Center (Banking Customers) Phone no. South: +91 85 72335644, Rest of India: +91 79 33564444

Banking Ombudsman Service and Other Avenues for Redressal

- If within 30 days of lodging a complaint with bank, a satisfactory response is not received from bank, the customer may pursue other avenues for redressal of grievances. The Banking Ombudsman appointed by the Reserve Bank of India under Banking Ombudsman Scheme 2006 (As amended up to July 1, 2017) maybe approached. Details of Banking Ombudsman are available in the Branch. Our staff will guide customers with the procedure in this regard.

Feedback and Suggestions

We request our customers to provide feedback on our service to help improve services.

Monitoring

- The Bank has a "Nodal Officer" to ensure compliance of the Code. Bank's internal auditing procedures to make sure we meet the Code.

- The Nodal Officer will co-operate with the Standing Committee setup at the Indian Banks' Association to monitor the "Bankers' Fair Practice Code".

Compliance of the Fair Practices Code and the functioning of the grievances redressal mechanism at various levels of controlling offices will be reviewed on a periodical basis. A consolidated report of such reviews may be submitted to the Board at regular intervals.

The Fair Practices Code will also be put on the website and will be given wide publicity.

MORE INFORMATION ABOUT THE CODE

Any queries about the "Bankers' Fair Practice Code" on which this Code is based maybe addressed to

Indian Banks' Association
Stadium House, Block II & III
Veer Nariman Road, Mumbai 400 020
Email: ibastadium@vsnl.net
Website: www.iba.org.in

A copy of the "Bankers' Fair Practice Code" on which this Code is based is available on the website of the Indian Banks' Association.