

Equitas Small Finance Bank

Fair Practice Codes towards Microfinance Borrowers

The Fair Practices Code (FPC) will be displayed in all offices and on the website. The FPC will be issued in a language understood by the borrower. A standard form of loan agreement in a language understood by the borrower will be used for microfinance loans.

The Bank will provide a loan card to the borrower either in physical or digital form incorporating the following:

- i. Information which adequately identifies the borrower;
- ii. Simplified factsheet on pricing;
- iii. All other terms and conditions attached to the loan;
- iv. Acknowledgements by the Bank of all repayments including instalments received and the final discharge; and
- v. Details of the grievance redressal system, including the name and contact number of the nodal officer of the Bank.

All entries in the loan card should be in a language understood by the borrower.

No collateral is required for availing microfinance loans. There are no pre-payment penalties nor overdue charges in case of microfinance loans. The applicable processing fee shall be communicated explicitly at the time of on-boarding and same will part of loan documentation including the fact sheet.

Issuance of non-credit products shall be with full consent of the borrowers and fee structure for such products shall be explicitly communicated to the borrower in the loan card itself.

Training of Staff

The Bank will follow the board-approved policy regarding the conduct of employees and system of their recruitment, training and monitoring. The Bank shall provide necessary training on tools and techniques for the employees to effectively deal with the customers. Training to employees shall include programs to inculcate appropriate behaviour towards customers. Conduct of employees towards customers will also be incorporated appropriately in their compensation matrix.

Field staff will be trained to make necessary enquires regarding the income and existing debt of the household. Training, if any, offered to the borrowers shall be free of cost.

Outsourced Activities

Micro Finance loans shall be sourced through all channels including Business Correspondent and Digital Channels. A declaration that the Bank will be accountable for inappropriate behavior by its employees or employees of the outsourced agency and will provide timely grievance redressal, will be made in the loan agreement and also in the FPC displayed in office/ branch premises/ website.

Recovery of Loans

The Bank will put in place a mechanism for identification of the borrowers facing repayment related difficulties, engagement with such borrowers and providing them necessary guidance about the recourse available.

Recovery will be made at a designated/ central designated place decided mutually by the borrower and the Bank. However, field staff will be allowed to make recovery at the place of residence or work of the borrower if the borrower fails to appear at the designated/ central designated place on two or more successive occasions.

The Bank and its agent will not engage in any harsh methods towards recovery. Without limiting the general application of the foregoing, following practices shall be deemed as harsh:

- Use of threatening or abusive language
- Persistently calling the borrower and/ or calling the borrower before 9:00 a.m. and after 6:00 p.m.
- Harassing relatives, friends, or co-workers of the borrower
- Publishing the name of borrowers
- Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation
- Misleading the borrower about the extent of the debt or the consequences of non-repayment

The Bank will also have a dedicated mechanism for redressal of recovery related grievances. In case of any grievance or complaint of inappropriate behaviour against the Business Correspondent or its employees, Borrower may contact Customer Service Department of Equitas Small Finance Bank Limited (ESFB) on Toll Free number 18001032977 or mail their grievance or complaint to customerservice@equitasbank.com. The details of this mechanism shall be provided to the borrower at the time of loan disbursement.

Engagement of Recovery Agents

The Bank will have a due diligence process in place for engagement of recovery agents, which shall, inter alia, cover individuals involved in the recovery process. The Bank will ensure that the recovery agents carry out verification of the antecedents of their employees, including police verification. The Bank will also decide the periodicity at which re-verification of antecedents will be resorted to. The notice and the authorization letter shall, among other details, also include the contact details of the recovery agency and the Bank.

The Bank will provide the details of recovery agents to the borrower while initiating the process of recovery. The agent will also carry a copy of the notice and the authorization letter from the Bank along with the identity card issued to him by the Bank or the agency.

The up-to-date details of the recovery agencies engaged by the Bank will also be hosted on the website.