

Fair Practice Code for Retail Microfinance

English

Fair Practice Code for Retail Microfinance

As directed by the Reserve Bank of India, from time to time through its circulars, the Bank has adopted Fair Practice Code for retail microfinance borrowers as approved by the Board of Directors. The salient features of the same are:

i) Applications for Loan

In the loan application form, the Bank shall provide comprehensive information including information about fees and charges, if any, payable for processing and amount of such fees refundable in case of non-acceptance of loan application, prepayment options and other matters which affects the interest of the borrowers, irrespective of the amount of loan sought by them. The application form will be provided in the language understood by the borrower.

ii) Processing

- a. The Bank shall provide acknowledgement for receipt of all loan applications indicating the time frame within which the application will be disposed of.
- b. The Bank shall verify the loan application and if additional details / documents are required; these will be sought from the applicant.
- c. The Bank will process the application without delay. In case the application is turned down, the Bank will convey the reasons for rejection within one month via physical or digital communication to the applicant.

iii) Loan Appraisal and Terms and Conditions

- a. The sanctioning authority will be expected to ensure proper assessment of the credit application as per the extant instructions and credit policy of the bank. The availability of adequate margin and security will not be a substitute for due diligence on the creditworthiness of the borrower.
- b. All the terms and conditions and other caveats will be duly communicated by the Bank to the borrower in writing.
- c. The bank would convey to the borrower/guarantor the credit limit along with the terms and conditions thereof in the language understood by the borrower and obtain the borrower's/guarantor's acceptance of these terms and conditions given with his/her full knowledge on record.
- d. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement would be furnished to the borrower in the language understood by the borrower.
- e. The sanction letter / loan agreement will clearly state that the credit facilities will be extended solely at the discretion of the Bank.
- f. Any fees/charges payable by the borrower to the Bank and/ or its partner/ agent shall be explicitly disclosed in the factsheet. The borrower shall not be charged any amount which is not explicitly mentioned in the factsheet.
- g. Bank shall prominently display the minimum, maximum and average interest rates charged on microfinance loans in all its offices, in the literature (information booklets/ pamphlets) issued by it, if any and details on its website
- h. Interest rates and other charges/ fees on microfinance loans should not be usurious.
- l. The amount of fees to be refunded under certain circumstances shall be governed by extant RBI guidelines.
- j. 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.
- k. Bank shall provide a loan card to the borrower in the language understood by them which shall incorporate 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 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

iv) Disbursement of loans including changes in Terms and Conditions

- a. The Bank would ensure timely disbursement of loans sanctioned in conformity of terms and conditions governing such sanction.
- b. Any changes in the terms and conditions of the sanction such as interest and charges will be notified to the borrower before effecting the changes.
- c. Any changes in interest rate and charges will be effected only prospectively after giving due notice to the borrower.

v) Post Disbursement Supervision

- a. The post disbursement supervision, if any, will be stipulated at the time of issue of the sanction letter. The sanction letter would also mention whether the Bank or the borrower will bear the cost of supervision.
- b. Before taking a decision to recall / accelerate payment or performance under the agreement, the Bank will give notice to borrowers, as specified in loan agreement or a reasonable period, if no such condition exists in the loan agreement.
- c. To ensure collateral-free nature of the microfinance loan, the loan shall not be linked with a lien on the deposit account of the borrower-

vi) Others

- a. The Bank will not interfere in the affairs of the borrowers except for conditions stipulated in the terms and conditions of the loan sanction documents.
- b. In case any information not disclosed earlier by the borrower has come to the notice of the Bank, the Bank will have the right to elicit the necessary information from the borrower and initiate action to protect its interest.
- c. While, the Bank may participate in credit-linked schemes framed for weaker sections of the society, the Bank shall not discriminate on grounds of sex, caste and religion in the matter of lending.
- d. Bank or its agent shall not engage in any harsh methods towards recovery such as:

- (i) Use of threatening or abusive language

- (ii) Persistently calling the borrower and/ or calling the borrower before 9:00 a.m. and after 6:00 p.m.

- (iii) Harassing relatives, friends, or co-workers of the borrower

- (iv) Publishing the name of borrowers

- (v) Use or threat of use of violence or other similar means to harm the borrower or borrower's family/ assets/ reputation

- (vi) Misleading the borrower about the extent of the debt or the consequences of non-repayment.

- e. In the case of receipt of request for transfer of borrowal account, either from the borrower or from other banks / FIs which propose to take over the loan, the Banks' consent or objection, if any, shall be conveyed within 21 days from the date of receipt of request.

- g. The Bank shall be accountable for inappropriate behaviour by its employees or employees of the outsourced agency and shall provide timely grievance redressal. A declaration in this matter shall also be made in the loan agreement.

vii) Grievance RedressalChannel available for customers to report grievance

Level 1:

Level 1 includes call center numbers: 1860-419-5555, 1860-500-5555 or can contact the nearest Axis bank branch. Bank has defined turnaround time of 10 days for a response

The Toll-free number shall be communicated via the Loan card also to the borrowers.

Level 2:

The borrower may also contact the Nodal officer of the Bank if the customer is not satisfied with the response offered to the customer in Level 1

The Mr. Caesar Pinto,

Nodal Officer,

Axis Bank Ltd, NPC 1,

5th Floor, "Gigaplex",

Plot No I.T.5, MIDC,

Airoli Knowledge Park,

Airoli, Navi Mumbai-400708

Email: - nodal.officer@axisbank.com

Ph. No. 080-61865200

Timings: 9:30 AM to 5:30 PM Monday to Saturday (except second and fourth Saturdays and Bank holidays)

The Bank will acknowledge the receipt of the complaint and will ensure that a response is provided within a period of 10 days

Bank shall have a dedicated mechanism for redressal of recovery related grievances.

This Fair Practise Code (FPC) shall be displayed in all the Microfinance operating offices and on the Banks website. The FPC will be issued in a language understood by the borrower.