

Section 3: Fair Practice Code of IBL for customers originated through Business Correspondents (BC)

Introduction

IndusInd Bank Ltd. ("IBL" or "We" or "Our") believes that access to basic financial services can significantly augment economic opportunities for families in economically weaker sections of the society and in turn help the said section to improve their lives: IBL provides financial services to the said families and uses its network to give them access to goods and services that they need and generate income to improve the standard of living. IBL pursues its business objective by adhering to its following core values:

- ✓ **Right Focus - Customer first:** Our products, processes, and people are all focused on creating the highest value for the Customer. This includes being respectful to Customers, understanding the needs of Customers, and being transparent with Customers.
- ✓ **Right Means - Ethics always:** We will always follow ethical practices in all our relationships, including following the law both in letter and spirit. This includes not offering bribes, not paying or taking commissions, or any other short-cuts
- ✓ **Right Way - Consistent quality:** We will have standardized processes as this will enable us to reach out to the most Customers cost effectively. We will foster innovation but in a way that ensures consistent quality.

Adherence to the highest standards of integrity, transparency, fair practice, and ethical behavior are fundamental to our business model.

Our Bank's commits as under:

- Treat all its Customers with all fairness and respect.
- All communications (Verbal or Written) with the Customers are in the vernacular language or in a language as understood by the Customer.
- Will not discriminate its Customers based on caste, language, creed, religion, and gender.
- Will sanction Microfinance Loan which is defined as a collateral free loan given to a household having an annual household income up to Rs. 3,00,000/- For this purpose, the household shall mean an individual family unit, i.e. Husband, wife, and their unmarried children.)
- Will limit the outflows on account of repayment of monthly loan obligations of a household to a maximum of 50% of the monthly household income for microfinance loans.
- Shall submit timely and accurate data to the CICs.

Loan Application, Appraisal/Sanction, Disbursement, and Terms & Conditions:

- Provides training free of cost and makes the Customers fully aware of the procedure and systems related to loan / other products, prior to disbursement of loans.
- Includes all necessary information in the loan application form in a clear and transparent manner so that it can be understood by the Customer.
- IBL provides an acknowledgment for receipt of all loan applications, communicated loan sanction status and furnishes a copy of loan document.
- Will ensure that all transactions are done in a transparent manner including sanction and disbursement of loans.

Disclosures in Loan Terms & Conditions / Loan card / Key Factsheet:

IBL provides every Customer, with a copy of Loan Terms & Conditions and a passbook/loan card containing a repayment schedule, a simplified factsheet on pricing, and Terms & Conditions for the loans disbursed.

- IBL charges an interest rate as per the Board approved pricing policy and Product programs. in line with the regulatory and Statutory guidelines.
- IBL charges processing fee as per the Board approved pricing policy and Product programs in line with the regulatory guidelines.
- Discloses the rate of interest, processing fee, and insurance premium in the simplified key factsheet and all other terms and conditions in the loan application form, loan card, etc.
- Acknowledgment of all repayments including installments received and the final discharge;
- IBL gives notice to the Customer of any change in the terms and conditions including the disbursement schedule, interest rates, and service charges. etc., if any. Changes in interest rates and charges shall be effected prospectively.
- IBL will have a standard form of Loan Terms & Conditions for Microfinance and Non- MFI loans in a language understood by the borrower.
- IBL gives the option to opt for credit shield insurance to its customer and collects only the applicable term insurance premium from customers who opted, as charged by the insurer for the insurance cover of the customer and her spouse, as applicable for the loan amount and tenure;
- Installment frequency for Microfinance loans is Daily, Weekly, Fortnightly/Bi-weekly, or Monthly/ 4 weekly repayment as per the option of the borrower.
- Moratorium if provided shall not be less than the frequency of repayment selected by the borrower.

Non-Coercive Methods of Recovery:

- IBL or Its BC Staff/Agent will not engage in any harsh methods towards recovery, following practices shall be deemed as harsh.
 - IBL does not indulge in coercive practices during the collections or resort to harassment of Customers under any circumstances viz.; persistently bothering the Customers at odd hours (before 9 a.m. and after 6 p.m.), use of abusive language, using muscle power for recovery of loans, etc.

- Harassing relatives, friends, or co-workers of the borrowers.
- Use or threat of use of violence or other similar means to harm the borrower or borrower's family/assets/reputation.
- Misleading the borrowers about the extent of the debt or the consequences of non-repayment.
- Publishing the name of borrowers.
- IBL may use outsourced recovery agents for recovery of the loans as per the board approved policy on outsourcing in line with the RBI circular. Bank shall be accountable for inappropriate behavior by its employee or employees of outsourced agency or employees of BC and shall provide timely grievance redressal through a mechanism for redressal of recovery related grievances.
- BC/Agents field staff will be allowed to make recovery at the place of residence or work of the Customer only if the borrower fails to appear at a central designated place on two or more successive occasions.

General:

- IBL does not interfere in the affairs of the Customers except for the purposes provided in the terms and conditions of the Loan Terms & Conditions.
- IBL will not charge foreclosure charges / pre-payment penalties on Microfinance loans sanctioned.
- Penal charges can be charged for delayed payment on the overdue amount and not on the entire loan amount to the Customer. A disclosure to that effect will be made in the simplified fact sheet.
- IBL will keep the Customer information confidential and the same will not be shared with anybody except agencies approved by regulators/Government authorities as per the policy of the Bank and in cases of legal compliance.
- IBL has a multi-level grievance redressal mechanism, including the name & contact number of the Nodal officer of the bank.
- FPC is displayed by the bank in all its BC branches in a language understood by the customer & website.
- BC Staff is duly trained and equipped to handle the customer, product, and process related to all loans including Microfinance (enquiries regarding the income and existing debt of the household). Training for employees includes a program to inculcate appropriate behavior towards customers.
- IBL will ensure that the Issuance of non-credit products will be with the full consent of the borrowers and the fee structure for such products will be explicitly communicated to the borrower in the loan card itself.

- IBL will disclose pricing related information and the fees charges to the prospective borrower in the factsheet and no charges will be levied which is not explicitly mentioned in the factsheet.
- The products offered should be appropriate to the needs of the customer and based on an assessment of the customer's financial circumstances and understanding.

Complaints / Grievances and Feedback / Suggestions

For detailed information, you may refer to the Grievance Redressal Policy available on our website.