

Fair Practice Code



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1. Objective:

The Code covers the standard of conduct and ethics being practiced at vector under the guidelines of regulatory bodies.

2. Scope and coverage:

It specifies standards code of conduct, compliance and expected behaviour and actions from the employees at all levels including interns, contract, temporary, part-time and permanent employees.

3. Introduction:

Vector Finance is a Non Banking Finance Company (NBFC) registered with the Reserve Bank of India (RBI) under section 45 IA of Reserve Bank of India Act, 1934. A private limited company, Vector Finance works as a micro-finance institution (MFI), providing loans to micro enterprises for income generation purposes. It is also a member of Sa-Dhan, and MFIN, Self-Regulatory Organisations for Microfinance Institutions.

The company is regulated by RBI guidelines and Industry Code of conduct laid by the self-Regulatory Organisations in coordination with RBI. The Reserve Bank vide its circular dated **July, 01, 2015 , RBI /201516/16 DNBR (PD) CC. No. 054/03.10.119/2015-16**, issued guidelines on Fair Practices Code (FPC) for all NBFCs to be adopted by them while doing lending business. The guidelines inter alia, covered general principles on adequate disclosures on the terms and conditions of a loan and, also adopting a non-coercive recovery method.

Adhering the Code of Conduct of the Industry and Code of Responsible Lending (CRL) in Micro – Credit, Vector Finance Pvt. Ltd. reinforce the commitment of adopting fair practices in lending, being transparent to our customers and practices ethical business standards to establish valuable relationship with the customers.

4. Key coverage point

4.1 Display:

Fair Practice Code is displayed in all our branches, regional, and head offices as well as on the company website i.e. on vectorfinance.in.

4.2 Transparency of policy:

Our policy and practices are reasonably transparent and fair. All the communications with the borrowers be in vernacular language. We educate our customers about Terms and Conditions of the loan including rate of interest, loan tenure and applicable charges in the language they understand (vernacular language) during two days compulsory group training (free) so that they can make a conscious and well informed decision.

4.3 Verification:

All applications are verified and processed before sanctioning the loan. Company's staff are trained to make necessary enquires, check credit worthiness, borrower's income, repayment capacity and KYC based on RBI guidelines.

4.4 Customers Trustworthiness:

To prevent over-indebtedness, we have partnered with Credit Bureau Agencies, in addition to the internal records, the data of each client with respect to their current debt levels and repayment history will be used to assess eligibility for loan.

4.5 Credit Bureau Check:

The application goes through internal procedure for assessment under Credit Bureau check before it is approved. Applications which doesn't passes Credit bureau assessment are automatically rejected. Rejected applicant are informed about their ineligibility of getting loan on very next day.

4.6 Staff Training:

We focus on quality service and train our staff adequately to withhold organization's values and treat our customer respectfully. All our employees go through a structured training program on processes, policies and client handling (behaviour) to ensure defined and structured information passes to our customer. We ensure our staffs treat our customer respectfully and address their concerns/dispute on priority.

4.7 Clarity of Communication and Understanding:

In order to establish clear communication with our customer we provide all the information (in vernacular language) in sanction letter/loan card during the disbursement. Loan card consists the Terms and Conditions of the loan as communicated during CGT.

4.8 Centrally Disbursement:

All the Sanctions and disbursement of loan is to be done centrally through Head office post verification at branch and Cluster level.

4.9 Privacy of Customers:

We respect individual's privacy and assure our customer that privacy of their data will be maintained. However, a written consent is being obtained for using this information for sharing it with Credit Bureau Agencies.

4.10 Loans without Collateral:

Loans are provided without any collateral for "qualifying assets" as described under RBI guidelines. Neither we charge any foreclosure charges / prepayment penalties to our customers. We refrain from interfering in borrower's affairs except utilization if loan amount for the purposes provided in the loan agreement.

4.11 Place of Collection of EMIs:

All the EMI collection is made on designated meeting centers at the scheduled meeting time. We do not resort to undue harassment viz; persistently bothering our customers at odd hours, use muscle power or rude behaviour from our staff for recovery of loan. Our staff makes a visit at the place of residence or work of the borrower only if borrower fails to

appear at central designated place on two or more successive occasions.

4.12 Grievance Redressal System:

We have an efficient multilayer grievance redressal system to address our customers concerns. We have appointed nodal officers at branch and HO levels, this will ensure that disputes and grievances will heard and resolved within a given time period. We have a designated grievance redressal officer at Head office who can be reached at the contact details provided on borrower's loan card.

4.13 Adherence to Compliances:

To ensure the company adhere to all the compliances of the industry, we have dedicated and structured audit and compliance team. A designated nodal officer at Head office ensure periodic inspection and audit of all process and policies at reasonable frequency.

4.14 Loan Agreement /Loan Card:

Company shall adopt a board approved standard form of loan agreement and loan card ,the loan agreement shall be preferably be in vernacular language and shall cover all points as per RBI Master Circular Dated July,01,2015,RBI/201516/16,DNBR (PD) CC. No. 054/03.10.119/2015-16.

4.15 Interest rate Model:

Company shall adopt an interest rate model taking into account relevant factors such as cost of funds, margin and risk premium etc. and determine the rate of Interest to be charged for loans and advances. The rate of Interest should be annualised rates so that the borrower is aware of the exact rates that would be charged to the account.

4.16 Fair Practice Committee:

The company shall constitute a Fair Practice Committee by one Board Members for implementation and monitoring of fair practice code in a ethical way. The board of directors should also provide for periodical review of the compliance of the Fair Practice Code and the functioning of the grievance redressal mechanism at regular interval. A consolidated report of such review will be submitted to the Board at regular intervals.

