

# DISCLOSURE TO CUSTOMERS





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# INTRODUCTION

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## Context

Providing relevant information to the customer (i.e. disclosure to the customer), is recognized as an important pillar of the customer protection (or responsible lending) principle in the microfinance industry. It serves several objectives for the customers as well as companies as under:

- a. Lays the foundation of trust between customer and the company for a long-term relationship
- b. Gives customer knowledge about the products and services to make informed choice aligned to her/his interests
- c. Gives customer access to ready information about her/his loan account (loan outstanding, processing fee and interest rate, frequency and date of her repayment schedule, instalment paid, instalment remaining and other necessary conditions)
- d. Informs customer about her rights and obligations including how to reach out the company for her/his grievances
- e. Ensures that lack of information is not mis-used by employees or others to 'misinform' the customer and therefore supports the company in dealing with frauds and corruption

Microfinance sector mostly provides credit to women from low-income households. Given these customers' economic-social-educational background, many customer's may proactively seek relevant information, not always, and need an assisted-proactive disclosure framework to ensure their access to right information.

Therefore, companies (NBFC-MFIs) based on regulation, industry standards and own advanced practices, follow a detailed framework of 'disclosure to customers' in the sector. Focus has been that all key information is fairly, timely and easily available to the customer in the places (website, branches, offices) and documents (loan application, loan agreement and loan card) accessed by her.

Under its Self-regulation work, MFIN conducts Third Part Evaluation (TPE) on its member NBFC-MFIs. During TPE, disclosures to customers are comprehensively evaluated among other things. In TPEs conducted so far, with respect to disclosure to customer, it is seen that:

- There are variations amongst NBFC-MFIs on adherence to 'disclosure to customers' as required by the RBI (Master Directions for NBFC-MFIs and FPC), Industry CoC and MFIN Directive
- There are advanced practices that go beyond the regulatory and industry standards and provide additional details in the interest of customers. These advanced practices were incorporated in the MFIN Customer Service Index (CSI) along with norms prescribed in regulation and Industry CoC

Based on above observations, we thought that a Guidance Note on 'Disclosure to Customer' comprehensively capturing regulatory and industry standards as well as advanced practices could support our member NBFC-MFIs to more effectively implement the regulatory standards and progressively move to higher standards with respect to 'disclosure to customers'. This **Guidance Note on Disclosure to Customers** is formulated with this background in mind.

We sincerely hope that Guidance Note meet its purpose and our member NBFC-MFIs find it useful.

**We also request the MFIN member NBFC-MFIs to review their existing 'disclosure to customers' based on this Guidance Note and make suitable changes, as required.**

For any clarification/suggestion, feel free to connect with us. We also invite you to send us your feedback and suggestion to improve the Guidance Note. You can connect with us at [sheetalprasad@mfinindia.org](mailto:sheetalprasad@mfinindia.org)

## Notes

In this Guidance Note, all regulatory (RBI Master Directions, RBI Fair Practices Code), Industry Standards (Industry Code of Conduct and MFIN Compendium of Directives and Advisories) and Advances Practices (MFIN Customer Service Index) related to 'disclosure to customers' are captured. For ease of implementation by member NBFC-MFIs, they are organized in six categories as under.

1. Website
2. Office
3. Branch
4. Loan Application
5. Loan Agreement/Sanction Letter
6. Loan Card

For members easy reference, all clauses related to disclosure to customers (in RBI Master Directions for NBFC-MFIs<sup>1</sup>, RBI Fair Practices Code (FPC)<sup>2</sup> for NBFCs, Industry Code of Conduct (CoC)<sup>3</sup> and MFIN Compendium of Directive and Advisories<sup>4</sup>, MFIN Customer Service Index) spread across different section and pages, are collated here, based on their requirement at different places and documents such as website, offices, branches, loan application form, loan agreement/sanction letter and loan card.

With respect to this Guidance Note, the following is noteworthy:

- RBI Master Directions and RBI Fair Practices Code describe the regulatory requirements. Industry Code of Conduct (CoC) and MFIN Directive is also obligatory requirement for the MFIN Member NBFC-MFIs. Clauses tagged as MFIN Customer Service Index (CSI<sup>5</sup>) are advanced practices for consideration of NBFC-MFIs
- **Guidance Note is limited to written disclosure targeted to the customers and does not cover oral disclosures (through trainings, employee interactions etc) and other company-level disclosures required by the law or other regulatory provisions for example Financial Performance, Annual Report, Rating Reports, Risk etc.**
- Further, companies may also have many other additional disclosures and clauses (for website, offices, branches, loan application form, loan agreement, loan card and company's marketing materials etc) based on their own policies and process.

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<sup>1</sup> <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/20BF010715FSCFC4543A097A94AA3B1B9133EBE9C602B.PDF>

<sup>2</sup> [http://mfinindia.org/wp-content/uploads/2011/07/Guidelines-Grievance\\_Redressal-Nodal1.pdf](http://mfinindia.org/wp-content/uploads/2011/07/Guidelines-Grievance_Redressal-Nodal1.pdf)

<sup>3</sup> <http://mfinindia.org/wp-content/uploads/2016/10/Industry-CoC-Changes.pdf>

<sup>4</sup> <http://mfinindia.org/wp-content/uploads/2016/10/Compendium-of-MFIN-Directives-and-Advisories-6th-July-18.pdf>

<sup>5</sup> It may be noted the relevant indicators of CSI reproduced in Annexure including requirements as per regulations, industry CoC, MFIN Directives as well as some advanced practices

# DISCLOSURES

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## Website

Company's website should have following 'disclosure to customers'

Sl no	Disclosure requirements	Drawn from	Clause/Page no
1	Fair Practices Code (FPC) of the company which is aligned with RBI's FPC	RBI FPC	2.A.vi.a (page 6)
2	The effective rate of interest charged	RBI FPC	2.B.i.e (page 9)
3	Grievance Redressal System set-up by the company	RBI FPC	2.B.i.e (page 9)
4	Customer Grievance Redressal Mechanism (CGRM) of the company including the following:	MFIN CSI	26
i	Channels available to customers at the company level to register complaints		
ii	Escalation process including MFIN and RBI		
iii	Expected Turnaround time at every level of escalation		
iv	CGRM number and contact details of company's Customer Grievance Redressal Officer		
v	MFIN CGRM number to escalate complaints		
vi	Contact details of DNBS, Regional RBI Office (where company is registered) to escalate complaints		
5	Details of all loan products offered as under	MFIN CSI	19
i	<i>Amounts</i>		
ii	<i>Annualised interest rate on a reducing balance basis</i>		
iii	<i>Processing fees</i>		
iv	<i>Tenure</i>		
v	<i>Repayment frequency</i>		
vi	<i>Purpose</i>		

## Office

**Company's office (Head/Regional/Zonal) should have following 'disclosure to customers'**

Sl no	Disclosure requirements	Drawn from	Clause/Page no
1	Fair Practices Code (FPC) of the company which is aligned with RBI's FPC in vernacular language	RBI FPC	2.B.i.a (page 9)
2	The effective rate of interest charged	RBI FPC	2.B.i.e (page 9)
3	Declaration that the company will be accountable for preventing inappropriate staff behaviour and timely grievance redressal	RBI FPC	2.B.i.f (page 9)
4	Commitment to transparency and fair lending practices	RBI FPC	2.B.i.b (page 9)
5	Grievance Redressal System set-up by the company	RBI FPC	2.B.i.e (page 9)
6	The name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the company	RBI FPC	2.A.vi.a (page 6)
7	If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI (complete contact details), under whose jurisdiction the registered office of the NBFC falls	RBI FPC	2.A.vi.b (page 6)
8	Client Protection Guidelines in English and the local language	CoC	18
9	Customer Grievance Redressal Mechanism (CGRM) of the company including the following:	MFIN CSI	26
i	Channels available to customers at the company level to register complaints		
ii	Escalation process including MFIN and RBI		
iii	Expected Turnaround time at every level of escalation		
vi	CGRM number and contact details of company's Customer Grievance Redressal Officer		
v	MFIN CGRM number to escalate complaints		
vi	Contact details of DNBS, Regional RBI Office (where company is registered) to escalate complaints	MFIN CSI	19
10	Details of all loan products offered as under		
i	Amounts		
ii	Annualised interest rate on a reducing balance basis		
iii	Processing fees		
iv	Tenure		
v	Repayment frequency		
vi	Purpose		

## Branch

Company's branch should have following 'disclosure to customers'

Sl no	Disclosure requirements	Drawn from	Clause/Page no
1	Fair Practices Code (FPC) of the company which is aligned with RBI's FPC in vernacular language	RBI FPC	2.B.i.a (page 9)
2	The effective rate of interest charged	RBI FPC	2.B.i.e (page 9)
3	Commitment to transparency and fair lending practices	RBI FPC	2.B.i.b (page 9)
4	Declaration that the company will be accountable for preventing inappropriate staff behaviour and timely grievance redressal	RBI FPC	2.B.i.f (page 9)
5	Grievance Redressal System set-up by the company	RBI FPC	2.B.i.e (page 9)
6	The name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the company	RBI FPC	2.A.vi.a (page 6)
7	If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI (complete contact details), under whose jurisdiction the registered office of the NBFC falls	RBI FPC	2.A.vi.b (page 6)
8	Client Protection Guidelines in English and the local language	CoC	18
9	Details of all loan products offered as under	MFIN CSI	19
i	Amounts		
ii	Annualised interest rate on a reducing balance basis		
iii	Processing fees		
iv	Tenure		
v	Repayment frequency		
vi	Purpose		
10	Pricing of loan involves only three components viz; interest charge, processing charge and insurance premium (which includes administrative charges in respect thereof)	MFIN CSI	22
11	Customer Grievance Redressal Mechanism (CGRM) of the company including the following:	MFIN CSI	26
i	Channels available to customers at the company level to register complaints		
ii	Escalation process including MFIN and RBI		
iii	Expected Turnaround time at every level of escalation		
iv	CGRM number and contact details of company's Customer Grievance Redressal Officer		
v	MFIN CGRM number to escalate complaints		
vi	Contact details of DNBS, Regional RBI Office (where company is registered) to escalate complaints		

## Loan Application

Company's Loan Application should have following 'disclosure to customers'

Sl no	Disclosure requirements	Drawn from	Clause/Page no
1	Necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower	RBI FPC	2.A.i.b(page 3)
2	Documents required to be submitted with the application form	RBI FPC	2.A.i.b(page 3)
3	Acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgement	RBI FPC	2.A.i.b(page 3)
4	Following details of the product being offered to the customer	MFIN CSI	32
i	Amounts		
ii	Annualised interest rate on a reducing balance basis		
iii	Processing fees		
iv	Tenure		
v	Repayment frequency		
vi	Purpose		
vii	Other terms and conditions of the loan		
5	List of KYC documents to be submitted by customers	MFIN CSI	33
6	Consent to check customer's credit data with credit information companies (CICs)	MFIN CSI	33
7	Written acknowledgement to the customer on receipt of the loan application	MFIN CSI	34
8	Company's written acknowledgement provided to the customers captures the following	MFIN CSI	35
i	Time frame within which loan applications will be disposed		
ii	CGRM number of the company		

## Loan Agreement

As per RBI FPC, company should provide a copy of loan agreement, preferably in vernacular, along with a copy each of all enclosures quoted in loan agreement, to customer in language understood by them, at the time of sanction/disbursement of loan, for each loan disbursed, stating all terms and conditions of the loan.

**Company's Loan Agreement should have following 'disclosure to customer'**

Sl no	Disclosure requirements	Drawn from	Clause/Page no
1	Amount of loan sanctioned	RBI FPC	2.A.ii(page 3)
2	Annualised rate of interest on a reducing balance basis	RBI FPC	2.A.ii(page 3)
3	The NBFCs should give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. NBFCs should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement	RBI FPC	2.A.iii.a (page 4)
4	All the terms and conditions of the loan	RBI FPC	2.B.i (page 9)
5	Pricing of the loan involves only three components viz; the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof)	RBI FPC	2.B.ii (page 9)
6	There will be no penalty charged on delayed payment	RBI FPC	2.B.iii (page 9)
7	No Security Deposit / Margin is being collected from the borrower	RBI FPC	2.B.iv(page 9)
8	Borrower cannot be a member of more than one SHG / JLG,	RBI FPC	2.B.v (page 9)
9	The moratorium period between the grant of the loan and the due date of the repayment of the first instalment (as guided by the NBFC-MFIs (Reserve Bank) Directions, 2011	RBI FPC	2.B.vi (page 10)
10	Assurance that the privacy of borrower data will be respected	RBI FPC	2.B.vii (page 10)
11	Company is accountable for preventing inappropriate staff behaviour and timely grievance redressal	RBI FPC	2.B.i.f (page 9)
12	Privacy of customer data will be respected and that no customer data will be shared with any third party without taking customer consent unless required by regulations	CoC	27
13	No security deposit / margin/ other charges are collected from the customer by itself or by third parties as a condition to avail the loan	MFIN CSI	21
14	Commitment to transparency and fair lending practices as prescribed by RBI	MFIN CSI	28

## Loan Card

As per RBI Master Directions, company should provide loan card in vernacular language to the customer for every loan disbursed. **Company's Loan Card should have following 'disclosure to customers'**

Sl no	Disclosure requirements	Drawn from	Clause/Page no
1	Commitment to transparency and fair lending practices as prescribed by RBI	RBI FPC	2.B.i.b (page 8)
2	The effective rate of interest charged	RBI FPC	2.B.ii.c.i (page 10)
3	All the terms and conditions of the loan	RBI FPC	2.B.ii.c.ii (page 10)
4	Information which adequately identifies the borrower	RBI FPC	2.B.ii.c.iii (page 10)
5	Acknowledgement of all repayments including instalments received and the final discharge	RBI FPC	2.B.ii.c.iii (page 10)
6	Prominently mention the grievance redressal system set up by the MFI and also the name and contact number of the nodal officer	RBI FPC	2.B.ii.c.iv (page 10)
7	Non-credit products issued shall be with full consent of the borrowers and fee structure shall be communicated in the loan card itself	RBI FPC	2.B.ii.c.v (page 10)
8	No security deposit / margin/ other charges are collected from the customer by itself or by third parties as a condition to avail the loan	MFIN CSI	20
9	Grant of loan is not linked to any other product /services offered by the company or third party	MFIN CSI	21
10	Pricing of the loan involves only three components viz; the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof)	MFIN CSI	22
11	No penalty is charged on delayed payment	MFIN CSI	23
12	CGRM number and contact details of company's Customer Grievance Redressal Officer	MFIN CSI	26.iv
13	MFIN CGRM number to escalate complaints	MFIN CSI	26.v
14	Contact details of DNBS, Regional RBI Office (where company is registered) to escalate complaints	MFIN CSI	26.vi

Moving towards the superior standards of 'disclosure to customers' is a continuous process and works at different levels. Companies should continuously review the 'disclosure to customers' to ensure that they meet the customer's need to know in the most suitable and convenient way have most updated information about the products and services aligned to regulatory and industry standards

There are several ways in which companies can achieve this.

- A dedicated resource should clearly map out the list of 'disclosure to customers' across full set of customer interface, written (website, offices, branches, loan application, loan agreement, loan card and other marketing materials) as well as those communicated orally by its employees
- List of disclosures should be vetted by the senior management team as well as legal and compliance team
- Design and visibility are critical consideration while putting out the disclosures to customers. It must be ensured that critical aspects are prominently displayed for easy access by the customers. For example, key elements should be easily accessible on the website through quick links, key branch displays should be prominently displayed in the customer sitting area, interest rate and key conditions can be written in bold on loan documents
- Field employee should be adequately trained on various disclosures for them to be able to support the customer for any queries and clarifications
- A periodic review of disclosures to ensure they are updated and aligned to regulatory and industry standards
- Internal Audit team should check the compliance with disclosure requirements across locations and documents and flag the lapses

## ANNEXURES (relevant clauses)

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Disclosure requirements in RBI Master Directions for NBFC-MFIs<sup>6</sup>, RBI Fair Practices Code (FPC)<sup>7</sup> for NBFCs, Industry Code of Conduct (CoC)<sup>8</sup> and MFIN Compendium of Directive and Advisories<sup>9</sup> are captured here. Clauses related to disclosure to customers, spread across different section and pages are collated based on their requirement at different places (such as website, offices, branches, loan application form, loan agreement/sanction letter and loan card).

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<sup>6</sup> <https://rbidocs.rbi.org.in/rdocs/notification/PDFs/20BF010715FSCFC4543A097A94AA3B1B9133EBE9C602B.PDF>

<sup>7</sup> [http://mfinindia.org/wp-content/uploads/2011/07/Guidelines-Grievance\\_Redressal-Nodal1.pdf](http://mfinindia.org/wp-content/uploads/2011/07/Guidelines-Grievance_Redressal-Nodal1.pdf)

<sup>8</sup> <http://mfinindia.org/wp-content/uploads/2016/10/Industry-CoC-Changes.pdf>

<sup>9</sup> <http://mfinindia.org/wp-content/uploads/2016/10/Compendium-of-MFIN-Directives-and-Advisories-6th-July-18.pdf>

## RBI Master Directions for the NBFC-MFIs

### Website

- The effective rate of interest charged by the NBFC-MFI should be prominently displayed in all its offices and in the literature issued by it and on its website.

### Office

- The effective rate of interest charged by the NBFC-MFI should be prominently displayed in all its offices and in the literature issued by it and on its website.

### Branch

- The effective rate of interest charged by the NBFC-MFI should be prominently displayed in all its offices and in the literature issued by it and on its website.

### Loan Card

- Every NBFC-MFI should provide to the borrower a loan card reflecting
  - › the effective rate of interest charged;
  - › all other terms and conditions attached to the loan;
  - › information which adequately identifies the borrower; and
  - › acknowledgements by the NBFC-MFI of all repayments including instalments received and the final discharge;
- All entries in the Loan Card should be in the vernacular language.

## RBI Fair Practices Code for NBFCs

### Website

- Fair Practices Code (which should preferably be in the vernacular language or a language as understood by the borrower) based on the guidelines outlined hereinabove should be put in place by all NBFCs with the approval of their Boards within one month from the date of issue of this circular. NBFCs will have the freedom of drafting the Fair Practices Code, enhancing the scope of the guidelines but in no way sacrificing the spirit underlying the above guidelines. The same should be put up on their web-site, if any, for the information of various stakeholders.
- The effective rate of interest charged and the grievance redressal system set up by the NBFC-MFI should be prominently displayed in all its offices and in the literature issued by it (in vernacular language) and on its website.

### Office

- The FPC in vernacular language shall be displayed by an NBFC-MFI in its office and branch premises
- The effective rate of interest charged and the grievance redressal system set up by the NBFC-MFI should be prominently displayed in all its offices and in the literature issued by it (in vernacular language) and on its website
- A declaration that the MFI will be accountable for preventing inappropriate staff behaviour and timely grievance redressal shall be made in the loan agreement and also in the FPC displayed in its office/branch premises
- A statement shall be made in vernacular language and displayed by NBFC-MFIs in their premises and in loan cards articulating their commitment to transparency and fair lending practices

### Branch

- The FPC in vernacular language shall be displayed by an NBFC-MFI in its office and branch premises
- The effective rate of interest charged and the grievance redressal system set up by the NBFC-MFI should be prominently displayed in all its offices and in the literature issued by it (in vernacular language) and on its website
- A statement shall be made in vernacular language and displayed by NBFC-MFIs in their premises and in loan cards articulating their commitment to transparency and fair lending practices
- A declaration that the MFI will be accountable for preventing inappropriate staff behaviour and timely grievance redressal shall be made in the loan agreement and also in the FPC displayed in its office/branch premises
- At the operational level, all NBFCs have to display the following information prominently, for the benefit of their customers, at their branches / places where business is transacted:
  - › The name and contact details (Telephone / Mobile nos. as also email address) of the Grievance Redressal Officer who can be approached by the public for resolution of complaints against the Company
  - › If the complaint / dispute is not redressed within a period of one month, the customer may appeal to the Officer-in-Charge of the Regional Office of DNBS of RBI (complete contact details), under whose jurisdiction the registered office of the NBFC falls.

### Loan Application

- Loan application forms should include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other NBFCs can be made and informed decision can be taken by the borrower. The loan application form may indicate the documents required to be submitted with the application form

- The NBFCs should devise a system of giving acknowledgement for receipt of all loan applications. Preferably, the time frame within which loan applications will be disposed of should also be indicated in the acknowledgement

### Loan Agreement

- The NBFCs should convey in writing to the borrower in the vernacular language as understood by the borrower by means of sanction letter or otherwise, the amount of loan sanctioned along with the terms and conditions including annualised rate of interest and method of application thereof and keep the acceptance of these terms and conditions by the borrower on its record
- NBFCs should give notice to the borrower in the vernacular language or a language as understood by the borrower of any change in the terms and conditions including disbursement schedule, interest rates, service charges, prepayment charges etc. NBFCs should also ensure that changes in interest rates and charges are effected only prospectively. A suitable condition in this regard should be incorporated in the loan agreement
- In the loan agreement the following shall be disclosed:
  - › all the terms and conditions of the loan
  - › that the pricing of the loan involves only three components viz; the interest charge, the processing charge and the insurance premium (which includes the administrative charges in respect thereof)
  - › that there will be no penalty charged on delayed payment
  - › that no Security Deposit / Margin is being collected from the borrower
  - › that the borrower cannot be a member of more than one SHG / JLG
  - › the moratorium period between the grant of the loan and the due date of the repayment of the first installment
  - › an assurance that the privacy of borrower data will be respected
  - › a declaration that the MFI will be accountable for preventing inappropriate staff behaviour and timely grievance redressal shall be made in the loan agreement and also in the FPC displayed in its office/branch premises

### Loan Card

- the effective rate of interest charged
- all other terms and conditions attached to the loan
- information which adequately identifies the borrower and acknowledgements by the NBFC-MFI of all repayments including instalments received and the final discharge
- the loan card should prominently mention the grievance redressal system set up by the MFI and also the name and contact number of the nodal officer
- non-credit products issued shall be with full consent of the borrowers and fee structure shall be communicated in the loan card itself
- a statement shall be made in vernacular language and displayed by NBFCMFIs in their premises and in loan cards articulating their commitment to transparency and fair lending practices

## Industry Code of Conduct

### Branch

- Shall display the Client Protection Code in all branches and offices in English and the local language, in plain view

### Office

- Shall display the Client Protection Code in all branches and offices in English and the local language, in plain view

### Loan Card

- MFIs must provide a valid receipt (in whatever form decided by the MFI) for each and every payment received from the borrower and record the payment in the loan passbook/loan card with the client.

### Other

- MFIs must disclose all terms and conditions to the client for all products/services offered, prior to disbursement, in accordance with the Reserve Bank of India's (RBI) fair practices code through the following documents.
  - a. Individual sanction letter
  - b. Loan card
  - c. Loan schedule
  - d. Passbook
- MFIs must communicate all the terms and conditions for all products/services in the official regional language or a language understood by clients.
- At the minimum, the MFI must disclose the following terms:
  - a. Rate of interest on a reducing balance method
  - b. Processing fee
  - c. Any other charges or fees howsoever described
  - d. Total charges recovered for insurance coverage and risks covered
- MFIs must communicate in writing, charges levied for all financial services rendered. Fee on non-credit products/services will be collected only after prior declaration to the client.
- Formal records of all transactions must be maintained in accordance with all regulatory and statutory norms
- Where a loan is not sanctioned against an accepted application, MFIs must disclose the reasons for rejection
- MFIs must display contact number and address of SRO (as applicable) nodal official and details of the grievance redressal system of the SRO
- MFIs must inform clients about the existence and purpose of these mechanisms and how to access them.

## MFIN Directive for display of MFIN Customer Grievance Redressal Mechanism (CGRM)

### Website

- NBFC-MFIs' CGRM policy to include MFIN CGRM under information on the escalation levels. CGRM Policy along with details of MFIN CGRM should be available on the website of the company.

### Branch

- NBFC-MFI to display MFIN CGRM number on loan cards, and branches, and in vernacular language, as required.

### Loan Card

- NBFC-MFI to display MFIN CGRM number on loan cards, and branches, and in vernacular language, as required.

## Customer Service Index (CSI)

17	Company displays the Customer Protection guidelines (CPG) of Industry Code of Conduct (CoC)			Branch (in vernacular)			
18	Company displays the Fair Practices Code (FPC) of the company fully aligned with RBI Guidelines on FPC		Website	Branch (in vernacular)			
19	Company displays the details of all loan products offered						
i	<i>Amounts</i>		Website	Branch			
ii	<i>Annualised interest rate on a reducing balance basis</i>		Website	Branch			
iii	<i>Processing fees</i>		Website	Branch			
iv	<i>Tenure</i>		Website	Branch			
v	<i>Repayment frequency</i>		Website	Branch			
vi	<i>Purpose</i>		Website	Branch			
20	Company states that no security deposit / margin/ other charges are collected from the customer by itself or by third parties as a condition to avail the loan					Loan Agreement (in vernacular)	Loan Card (in vernacular)
21	Company states that grant of loan is not linked to any other product /services offered by the company or third party					Loan Agreement (in vernacular)	Loan Card (in vernacular)
22	Company states that pricing of loan involves only three components viz; interest charge, processing charge and insurance premium (which includes administrative charges in respect thereof)			Branch (in vernacular)		Loan Agreement (in vernacular)	Loan Card (in vernacular)

23	Company states that no penalty is charged on delayed payment					Loan Agreement (in vernacular)	Loan Card (in vernacular)
24	Company states that the moratorium (between the grant of the loan and the due date of the repayment of the first instalment) is not less than the frequency of repayment					Loan Agreement (in vernacular)	
25	Company displays all terms and conditions attached to the loan					Loan Agreement (in vernacular)	Loan Card (in vernacular)
26	Company displays the Customer Grievance Redressal Mechanism (CGRM) of the company including the following:						
i	<i>Channels available to customers at the company level to register complaints</i>		Website	Branch (in vernacular)			
ii	<i>Escalation process including MFIN and RBI</i>		Website	Branch (in vernacular)			
iii	<i>Expected Turnaround time at every level of escalation</i>		Website	Branch (in vernacular)			
iv	<i>Displays the company's CGRM number and contact details of company's Customer Grievance Redressal Officer</i>		Website	Branch (in vernacular)			Loan Card (in vernacular)
v	<i>Displays the MFIN CGRM number to escalate complaints</i>		Website	Branch			Loan Card (in vernacular)
vi	<i>Displays the contact details of DNBS, Regional RBI Office (where company is registered) to escalate complaints</i>		Website	Branch (in vernacular)			Loan Card (in vernacular)

27	Company states that privacy of customer data will be respected and that no customer data will be shared with any third party without taking customer consent unless required by regulations					Loan Agreement (in vernacular)	
28	Company states commitment to transparency and fair lending practices as prescribed by RBI			Branch (in vernacular)		Loan Agreement (in vernacular)	Loan Card (in vernacular)
29	Company states the company will be accountable for preventing inappropriate employee behaviour and timely grievance redressal			Branch (in vernacular)		Loan Agreement (in vernacular)	
<b>32</b>	Company's loan application captures the following details of the product being offered to the customer	Amounts	Annualised interest rate on a reducing balance basis	Processing fees	Tenure	Repayment frequency	Purpose
33	Company provides loan application to the customers capturing	List of KYC documents to be submitted by customers	KYC information accurately and in line with RBI/MFIN KYC standards	Consent to check customer's data with credit information companies (CICs)	States other terms and conditions of the loan		
34	Company provides written acknowledgement to the customer on receipt of the loan application	No	Yes				
35	Company's written acknowledgement provided to the customers captures the following	Time frame within which loan applications will be disposed	CGRM number of the company				
38	Company discloses the reasons for rejection to the customer in case the loan is not sanctioned against an accepted application	No	Yes				

40	Company provides loan agreement/sanction letter to the customers capturing the following	Amount of loan sanctioned	Annualised rate of interest on a reducing balance basis				
41	Company provides a copy of loan agreement to customer in language understood by them, for each loan disbursed, stating all terms and conditions of the loan	No	Yes				
42	Company provides loan card to customers in vernacular language for each loan disbursed which displays key terms and conditions of the loan	No	Yes				
43	Company records all repayments received and the final discharge in loan card	No	Yes				

**For any suggestion/clarification/query, please contact**

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