

## ***MFIN launches Revised Code of Conduct for Microfinance Institutions in India at Inclusive Finance India Summit 2015***

**New Delhi, 9<sup>th</sup> December 2015:** Microfinance Institutions Network (MFIN), the Self Regulatory Organisation (SRO) of the RBI regulated NBFC MFIs has launched the revised **Code of Conduct for Microfinance Institutions in India** today at the **Inclusive Finance India Summit 2015**.

The Microfinance Industry has evolved to play an enhanced role in the financial inclusion dialogue over the years. Consequently, the need for a consensus based industry framework, to ensure standardization and compliance in a uniform manner across all microfinance institutions is a natural corollary. One of the outcomes has been the formulation of a common Industry Code of Conduct (CoC). The first edition of a unified Industry CoC for the Microfinance Industry was put together in December 2011, and launched at the Microfinance India Summit 2011, in New Delhi by the two industry associations, Sa Dhan and Microfinance Institutions Network (MFIN).

Keeping in view the changes, there was a felt need for a revision of the existing CoC and MFIN took the initiative of facilitating and coordinating a multi-stakeholder Working Group, consisting of representatives from SIDBI, IFC, M-CRIL, Sa Dhan and MFIN to pull together the second edition of the Industry Code of Conduct. The need for multi-stakeholder buy-in is evident from the fact that there are several players in the microfinance ecosystem and it was imperative that all of them bought into and owned the revised CoC. The revision process involved each industry association consulting widely with its Members, multiple Working Group meetings and concalls and ratification from the Governing Boards of the two Industry Associations.

"The Microfinance Industry had last put together a joint Code of Conduct (CoC) in 2011. Since then the Microfinance Industry has gone through several changes with micro regulations specific to industry coming in, new compliance parameters, and both MFIN and Sa Dhan being notified as Self-Regulatory Organisations (SROs) for NBFC-MFIs by the Reserve Bank of India (RBI). This has given rise to the second iteration of the joint Code of Conduct and further strengthens the microfinance industry's commitment to uphold its core principles of client protection and responsible lending." said **Ms. Ratna Vishwanathan, Chief Executive Officer, MFIN**.

The salient features of the revised Code emphasise more robust standards on corporate governance, measures to reduce client overindebtedness, mandating use of Aadhaar over a period of two years, strengthening grievance redressal management and enforcement of the CoC through the SROs. All the changes, focus on the fundamental aspects of responsible business and enhanced client protection. The revised code also includes a supplementary document "MFIs Commitment to Customers" recommended by the Working Group which is



to be used as a separate one pager pull out, to be given to the customers at the time of loan disbursement.

All Microfinance Institutions are required to adhere to the core values of Microfinance and abide by the Code of Conduct laid down by the government and the regulators. MFIs should work towards the promotion of financial inclusion by providing financial services to clients of financially un-served and underserved households.

### **About Microfinance Institutions Network**

Microfinance Institutions Network (MFIN) is the premier industry association and Self-Regulatory Organisation (SRO) for the microfinance industry in India and its current membership/associates consists of 55 leading NBFC (Non-banking Financial Company) Microfinance Institutions (MFIs) in the country. The aggregate business of MFIN members constitutes over 90 per cent of the Indian microfinance industry (excluding SHGs). MFIN seeks to work closely with regulators and other key stakeholders to achieve larger financial inclusions goals through microfinance.

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