Microfinance Institutions Network (MFIN)

MFIN and Sa-Dhan collaborate to launch ‘Code for Responsible Lending’ for microfinance industry

Coverage Report

16th September, 2019
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Micro Lenders Cap Total Loans to ₹1 lakh per Borrower

Kolkata: Lenders engaged in micro-lending, including large banks such as IndusInd and Kotak Mahindra, have come together to safeguard their loan asset by preventing over-leveraging of micro-borrowers. A common ‘Code for Responsible Lending’ has been unveiled on Monday to bar more than three lenders offering loans to a single borrower and capping the size of total lending to ₹1 lakh per borrower. This revised code has been in the works for the past year to expand the scope of it from a mere code of conduct for NBFC-MFIs to a code for the entire microcredit industry. “The introduction of the Code for Responsible Lending in microcredit is momentous for the sector. This is probably the first time globally where different entities are coming together to self-regulate in a voluntary fashion,” said Manoj Kumar Nambiar, chair at Microfinance Institutions Network (MFIN), the industry body for NBFC-MFIs.

At present, a diverse set of lenders such as NBFC-MFIs, banks, small finance banks, NBFCs and non-profit/security MFIs extend micro-loans to over five crore women borrowers.
Code for lending for microcredit industry

THREE SELF-REGULATORY ORGANISATIONS on Monday jointly released a code for responsible lending for the microcredit industry with an aim at bringing more transparency and address customer-centric issues. The Code for responsible lending (CRL) was launched by Microfinance Institutions Network (MFIN) and Sa-Dhan along with FIDC. The Code, launched at Sa-Dhan’s 15th Annual National Conference, aims to lay down uniform principles for customer-conduct in micro-credit, and is sector specific and entity agnostic.
Microfinance industry gets ‘Code for Responsible Lending’

The microfinance industry has taken a significant step towards enhancing transparency and credibility with the launch of the ‘Code for Responsible Lending’. The code, developed by the Microfinance Institutions Network (MFIN) in collaboration with the Ministry of Finance, aims to strengthen the microfinance sector by ensuring responsible lending practices.

The code, which is voluntary, seeks to address issues such as predatory lending, foreclosure, and re-lending of microfinance loans. It sets out guidelines for microfinance institutions to ensure that they maintain a high standard of ethics and responsibility. The code also encourages members to report any violations of the code to the regulatory bodies.

The launch of the code was held in association with the Indian Microfinance Nuclear (IMN) conference in New Delhi. The code has been welcomed by both the government and industry leaders as a major step towards strengthening the microfinance sector. The code is expected to be adopted by all microfinance institutions in the country.

Mohammad Hossain, Vice-Chairperson of the MFIN, said, “We are committed to ensuring that our members adhere to the highest standards of responsible lending. The code will help us achieve this goal and improve the way we do business.”

The code has been designed to be simple and easy to implement, and it is expected to be adopted by all microfinance institutions in the country. The code is expected to have a significant impact on the microfinance sector, helping to improve the quality of lending and ensuring that microfinance institutions are responsive to the needs of their customers.
MFIN, Sa-Dhan & IFDC release code for micro-credit industry

Responsible lending code issued for MFI players

New Delhi, Sept. 16: Three self-regulatory organisations on Monday jointly released a code for responsible lending for the micro-credit industry with an aim at bringing more transparency and address customer-centric issues.

The Code for Responsible Lending (CRL) was launched by Microfinance Institutions Network (MFIN) and Sa-Dhan along with IFDC.

The Code, launched at Sa-Dhan’s 10th Annual National Conference, aims to lay down uniform principles for customer conduct in micro-credit, and is sector specific and entity agnostic, MFIN said in a statement.

One of the major guidelines in CRL mandates that only three microcredit entities can lend to a client at the same time. This means that if a client has three active loans from any provider, then a fourth entity will not be able to lend to the client.

NBFC-MFIs are additionally required to ensure that not more than 2NBFC-MFIs lend to a customer. Moreover, prior to sanctioning of a loan, a micro-credit provider should ensure that the total indebtedness should not exceed Rs 1 lakh per customer, MFIN said.

In addition to the CRL, a revised Industry Code of Conduct (CoC) was also released for microfinance institutions (MFIs) that will act as a binding and compulsory set of principles in relation to lending practices, the release said.

“This is a significant self-regulatory step across all NBFC regulated entities and others that aims at safeguarding the interests of low-income customers through enhancing transparency and compliance.

“We are happy to note that over 90 entities have signed up for the CRL as ‘Responsible Lenders’ and are hopeful that soon all microfinance leaders will come forward to endorse and adhere to it,” said Manoj Nambiar, Chairperson, MFIN.

Vijayakala Das, Chair, Sa-Dhan added that the industry code has been strengthened in the areas of risk management, responsible lending and HR practices which include training and client education.

MFIN further said a significant development in the CRL adoption was the signing up of the Finance Industry Development Council (FIDC), the self-regulatory organisation for registered NBFCs. This makes the CRL more inclusive in its coverage, it added.

A wide range of providers such as NBFC-MFIs, banks, small finance banks (SFBs), NBFCs and Non-profit Bodies of MFIs under different regulatory framework, provide micro-credit to over 5 crore customers from low-income households.

— PTI
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“This is a significant self-regulatory step across all RUs regulated entities and others that aims at safeguarding the interests of low-income customers through enhancing transparency and compliance. We are happy to note that over 20 entities have signed up for the CRL as ‘Responsible Lenders’ and are hopeful that soon all microfinance lenders will come forward to endorse and adhere to it,” said Manoj Nambiar, Chairperson, MFIN.

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कोड फॉर रिस्पासिबल लेंडिंग पेशा

संवाददाता द्वारा:

मुंबई. माइक्रोक्रेडिट इंटरनेटीय सेक्टर के मंत्री और स-प्रशासन, माइक्रोक्रेडिट उद्योग के लिए आरोपित आदेश निर्देशक संगठन और उद्योग संस्थाओं ने एक सीमित समय के साथ मिलकर माइक्रो क्रेडिट उद्योग के लिए "कोड फॉर रिस्पासिबल लेंडिंग" उद्योग के लिए अनुच्छेद ज्ञानवितरण में सहयोग किया है।

सीआरएल के अलावा मिश्रित फाइनेंशियल संस्थाओं के लिए संचालन पूर्वाधिकार आयोग ने छात्रों को जन्मदिन का ज्ञान वितरण की उल्लेखित संस्थाओं के संबंध में काम किया है।
MFIN and Sa-Dhan collaborate to launch ‘CRL’ for micro-credit industry

NEW DELHI, SEPT 16

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एमफिन और स-धन ने माइक्रो फाइनेंस उद्योग के लिए ‘कोड फॉर रिस्पार्डिसिबल लेंडिंग’ को लॉन्च करने के लिए साधि की

नई दिल्ली। माइक्रो फाइनेंस इन्स्ट्र्यूमेंस नेटवर्क (एएमएसआईएन) और स-धन माइक्रो फाइनेंस उद्योग के लिए आवश्यक रूप से मानवता प्राप्त आयुश्यक संस्थाओं और संस्थाओं ने एक आयुस्तीती के साथ सीआरएस (सीआरएस) के लिए किए। सीआरएस के अलावा इसकी पहली संस्थाओं के लिए सामान्य सशक्त लेंडिंग शॉर्ट अवधि के लिए फाइनेंस संस्थाओं के लिए एक समान स्वाभाविक स्थान है।

यह लोकतन्त्र दिल्ली में स-धन के 15 वर्षों के अधिकारीय सम्मेलन में किया गया। सीआरएस का उद्देश्य माइक्रो प्राइडिट में नवीनित संस्थाओं के लिए एक समान रूप से संस्थान के लिए एक समान स्वाभाविक शॉर्ट अवधि की गई। इसे अन्तर्राष्ट्रीय संस्थाओं के संबंध में गठबंधन वापसी को पहले रूप में काम लेने का इस्तेमाल किया जा सकता है।

सीआरएस के अलावा भारतीय माइक्रो फाइनेंस संस्थाओं के लिए समस्यासंगत और रोचक आवश्यकताओं के लिए एक समान शॉर्ट अवधि की गई। इसके अलावा बाकी हिंदुस्तान और अन्तर्राष्ट्रीय संस्थाओं के संबंध में गठबंधन वापसी को पहले रूप में काम लेने का इस्तेमाल किया जा सकता है।

माइक्रो फाइनेंस इन्स्ट्र्यूमेंस नेटवर्क ने संयुक्त राज्य अमेरिका में अन्तर्राष्ट्रीय संस्थाओं के संबंध में गठबंधन वापसी को पहले रूप में काम लेने के लिए एक समान स्वाभाविक शॉर्ट अवधि की गई। इसके अलावा बाकी हिंदुस्तान और अन्तर्राष्ट्रीय संस्थाओं के संबंध में गठबंधन वापसी को पहले रूप में काम लेने का इस्तेमाल किया जा सकता है।
सूर्ख दित अवस्था के लिए जबाबदेह अवस्था
प्राप्त गण का तोक नहीं जाती

नवीं हिंदी टीवी आईए.

बीएस-स्ट्रीमिंग

पाली की चौथी टर्म ने छेड़े कर्म देने वाले छात्रों के
लिये सोमवार को जबाबदेह रिंग आयुष्टरा
साहित्य समिति जारी की है। इस साहित्य का
मकबरा श्रेणी में पहुँचने वाले छात्र और छात्राओं
से संबंध मुद्दों का समाधान करना है।

सीमित समय के लिए कर्म निर्देश संगठन
(सीएसएन) को नागरिकता नीति देखभाल
(प्रविष्टि) और शासक ने

प्रविष्टि (सांस्कृतिक रूपसे देखभाल
कार्यालय) के माध्यम से किया गया।

प्रविष्टि ने एक ब्लॉग में कहा कि
सात-बाँध के 15वें वीडियो पक्षी पत्रकारों
में जाती संख्या में छेड़े कर्म में प्राप्त
अवधारणा की लेकर एक समय सिद्धांत तय
किया गया है। सीएसएन के तहत यह प्रकरण
किया गया है कि सूर्ख दित दे दें नाहीं कंपनी
नवीन इकाई ही एक कर्म में एक प्राइवेट को
कर्म दे सकती है। नवीन अपने प्राइवेट
ने छेड़े कर्म देने वाले संस्थानों से छेड़े कर्म दे
कर महीने इकाइयों को नाहीं दे पाए।

प्रविष्टि ने कहा कि कर्म देने से पहले
छेड़े कर्म देने वाली इकाई को यह सुनिश्चित
सारांश क्षेत्र चलाए बने प्राइवेट कर्म एक लाख
रूपये से अधिक नहीं हो।
एमफिन ओर स्थ-धन ने कोट फॉर रिस्पार्टएक्वेल लेडिंग को लंच करने के लिए साध्की की

जयपुर, अ.स.। माइक्रोफाइनिंग इंस्टीट्यूट पेर्सेप्टिव्स नेटवर्क (एयरएफआईएन) और स-पन, माइक्रोफाइनिंग उद्योग के लिए आरक्षवाद द्वारा मनाका-प्रति आरक्ष-निर्धारक संगठनों और उद्योग संगठनों ने एसआईडीती के साथ निर्देश माइक्रो एयरइंडेक्चर लेडिंग के लिए कोट सी फॉर रिस्पार्टिंग सिफ्टिंग लिंक (सीआईएस) उठाया जा रहा है। इस दिन की नई दिनी में स-पन के 15वें वर्ष के रीतीमंत्र निर्धारण में किया गया। सीआईएस का अर्थव्यवस्था माइक्रो-निर्धारक में ग्राहक संघात के लिए एक दमपूर्व परम्याः तेजी करना है, और इस क्षेत्र के विकास के लिए यह व्यापकता क्षेत्र-विद्वान और वित्तपन-निर्धारक है। सीआईएस के अलावा, स्थाई रूप से फाइनेंस संस्थाओं के लिए संबंधित भूमिका आर्थिक संस्थाओं (संस्थाओं) भी जल्दी की गयी। जो की वित्तविद्या की पद्धतियों के संदर्भ में बहुत महत्वपूर्ण और आर्थिक मिलभारम विकास के रूप में कमजोर करती है। ग्राहक संघात, वित्तपन-निर्धारक, अम्बेडकर ने कहा कि, माइक्रोफाइनिंग संस्थाओं ने पिताने नये राष्ट्र में जब्तें वुध सम्पत्ति की है और नए सलंग-में विविधता-कंपनियों के जोड़के के के बदल परिशुद्ध में उन्नति बढ़ती है।
एमफैन और स-धन ने माइक्रोफाइनिट
उद्योग के लिए कोड फॉर रिस्परा‌सिबल
लॉडिंग को लॉन्च करने के लिए साथ की।

माइक्रोफाइनिट इंडस्ट्रीज़ ने बेवर्क्‌
(एमएफआईएच) और स-धन, माइक्रोफाइनिट उद्योग के लिए आर्थिक सहयोग का विवादित बातचीत, का समाप्त करने के लिए एमएफआईएच के साथ किया। साथी के साथ मिलकर, उद्योग की स्थिति को और उधारण के माध्यम से एमएफआईएच के साथ हेतु विवादित उद्योग के लिए एक हेतु रिस्परा‌सिबल लॉडिंग (सीआरएल) के साथ विवादित हुए।

लोकी तहत यहाँ दिल्ली में त-धन के 15वें वार्षिक राष्ट्रीय अर्धसाल में किया गया। सीआरएल का उल्लेख माइक्रोफाइनिट में वीडियो के लिए एक समय सिद्धांत तैयार करना है, और वह उसके लिए क्षेत्र-विश्वस्त और कंपनी के लिए अधिक प्रभावी बनाए जाएगा।

सीआरएल के अनुसार, इससे जिनमें फाइल्स संबंधित एवं (एमएफआईएच) के लिए रंगभूमि आर्थिक भारी सर्टिफिकेट (सीआरएल) के लिए सहयोग स्थापित करना है।

दोनों के साथ एक विवादित बातचीत करते रहे हैं, जहाँ से उद्योग के क्षेत्र के लिए एक समय सिद्धांत तैयार नहीं है।
एमफिन और स-धन ने माइक्रो-फाइनिंग उद्योग के लिए कोड फॉर सिस्टमिसेशन लॉन्च करने के लिए सप्ताह की भी बोध अनुभव सभादरमा माइक्रोफाइनिंग हेतू यूजर्स नेटवर्क एपएफएडेन और स.धन माइक्रोक्लासिजम उद्योग के लिए आरोप द्वारा मान्यता प्राप्त करने के लिए मिलकर माइक्रो कोडिंग उद्योग के लिए कोड फॉर सिस्टमिसेशन लॉन्च करने को उपलब्ध नही है। यह तत्काल के नई दिनों में स.धन के 15वें बारिष्ठ राहत व सम्मानार्थ में हुआ। सोसाइटी का उद्देश्य माइक्रो.कोडिंग में ग्राहक संचालन के लिए एक समान सिद्धांत तैयार करना है और यह व्यवसायिक विनिमय और अंतर्राष्ट्रीय विनिमय है। सोसाइटी के अंतर्गत निर्माण करने वाली एपएफएडेन के लिए संचालित आयात के अलावा साधारण निर्धारण और जानकारी की जानकारी भी है। यह कोड फॉर सिस्टमिसेशन के लिए माइक्रो-फाइनिंग उद्योग की सेवाएं अपने अधिकारियों के लिए प्रभावित है।
Lenders of micro loans to follow a responsibility code

Lenders engaged in micro lending including large banks such as IndusInd and Kotak Mahindra have come together to safeguard their loan asset by preventing over-leveraging of micro borrowers. A common ‘Code for Responsible Lending’ has been unveiled Monday to bar more than three lenders offering loans to a single borrower and cap the size of total lending to Rs 1 lakh per borrower. This revised micro finance code has been on the works for the past one year to expand the scope of it from a mere code of conduct for NBFC-MFIs to a code for the entire micro-credit industry.

“Introduction of the Code for Responsible Lending in microcredit is momentous for the sector. This is probably the first time globally where different entities are coming together to self-regulate in a voluntary fashion,” said Manoj Kumar Nambiar, chair at Microfinance Institutions Network (MFIN), the industry body for NBFC-MFIs.

Despite success of microfinance in improving access to credit, there have been reports of micro loan customers borrowing from individual money lenders at high rates to pay back loans taken from institutional lenders. Reserve Bank of India defines a microfinance customer as a person who has annual household income of Rs 1 lakh in rural India and Rs 1.6 lakh in urban India.
The code is aimed at keeping indebtedness of poor borrowers under check which would in turn improve the quality of loan assets for lenders. The code bars lending to a borrower whose loan has turned non-performing. No lending will also be allowed without update credit bureau report.

At present, a diverse set of lenders such as NBFC-MFIs, banks, small finance banks, NBFCs and non-profit/section 8 MFIs -- under different regulatory framework, extend micro loans to over five crore women borrowers from low-income households.

To start with, 90 entities have joined in to adhere the code. Nambiar said that besides IndusInd Bank and Kotak Mahindra Bank, several other big lenders are expected to endorse it.

The code was launched at Sa-Dhan’s, which is the first industry association for all microfinance firms, annual national conference held in New Delhi. The industry association for registered NBFCs have also endorsed the code making it more inclusive. The size of Indian microfinance market has grown to Rs 1.91 lakh crore at the end of June with banks holding 40.9% share of it. NBFC-MFIs are the second largest provider of micro-credit accounting for 30.2% share. SFBs have total share of 17%, NBFCs 10.8% and other MFIs account for 1% share in the microfinance sector.
MFIN, Sa-Dhan release code for responsible lending for micro-credit industry

Three self-regulatory organisations on Monday jointly released a code for responsible lending for the micro-credit industry with an aim at bringing more transparency and address customer-centric issues. The Code for Responsible Lending (CRL) was launched by Microfinance Institutions Network (MFIN) and Sa-Dhan along with FIDC.

The Code, launched at Sa-Dhan's 15th Annual National Conference, aims to lay down uniform principles for customer-conduct in micro-credit, and is sector specific and entity agnostic, MFIN said in a statement.

One of the major guidelines in CRL mandates that only three microcredit entities can lend to a client at the same time.

This means that if a client has three active loans from any provider, then a fourth entity will not be able to lend to the client.

NBFC-MFIs are additionally required to ensure that not more than 2NBFC-MFIs lend to a customer. Moreover, prior to sanctioning of a loan, a micro-credit provider should ensure that the total indebtedness should not exceed Rs 1 lakh per customer, MFIN said.
In addition to the CRL, a revised industry Code of Conduct (CoC) was also released for microfinance institutions (MFIs) that will act as a binding and compulsory set of principles in relation to lending practices, the release said.

"This is a significant self-regulatory step across all RBI regulated entities and others that aims at safeguarding the interests of low-income customers through enhancing transparency and compliance."

"We are happy to note that over 90 entities have signed up for the CRL as "Responsible Lenders" and are hopeful that soon all microfinance lenders will come forward to endorse and adhere to it," said Manoj Nambiar, Chairperson, MFIN.

Vijayalakshmi Das, Chair, Sa-Dhan added that the industry code has been strengthened in the areas of risk management, responsible lending and HR practices which include training and client education.

MFIN further said a significant development in the CRL adoption was the signing up of the Finance Industry Development Council (FIDC), the self-regulatory organization for registered NBFCs.

This makes the CRL more inclusive in its coverage, it added.

A wide range of providers such as NBFC-MFIs, banks, small finance banks (SFBs), NBFCs and Non-profit/Section 8 MFIs, under different regulatory framework, provide micro-credit to over 5 crore customers from low-income households.

"Building on key regulatory customer-protection measures as described in RBI Master Directions for NBFC-MFIs, RBI Fair Practice Code for Banks and NBFCs, Industry Code of Conduct and RBI Charter of Customer’s Rights for micro-credit sector, CRL includes most critical elements which are required to be adopted by providers while delivering micro-credit loan," MFIN said.

As per MFIN’s first quarter 2019-20 Micrometer report, the entire microfinance industry has witnessed a growth of 42.9 per cent year-on-year.

Banks hold 40.9 per cent share of the total micro-credit while NBFC-MFIs are the second largest provider of micro-credit accounting for 30.2 per cent share. SFBs have total share of 17 per cent, NBFCs 10.8 per cent and other MFIs account for one per cent share.
Microfinance industry gets ‘Code for Responsible Lending’

Microfinance Institutions Network (MFIN) and Sa-Dhan, the RBI-recognised self-regulatory organisation and industry association for the microfinance industry, along with FIDC, have jointly released the ‘Code for Responsible Lending’ (CRL) for the micro credit industry. The CRL was launched at Sa-Dhan’s 15th Annual National Conference in New Delhi on Monday.

The CRL is sector-specific and entity-agnostic. In addition to the CRL, a revised industry Code of Conduct (CoC) was also released for Microfinance Institutions (MFIs) that will act as a binding and compulsory set of principles with respect to lending practices.

Manoj Nambiar, Chairperson, MFIN, said: “This is a significant self-regulatory step across all RBI-regulated entities and others that aims at safeguarding the interests of low-income customers through enhancing transparency and compliance.

“We are happy to note that more than 90 entities have signed up for the CRL as ‘responsible lenders’, and are hopeful that soon all microfinance lenders will come forward to endorse and adhere to it.”

Vijayalakshmi Das, Chair, Sa-Dhan, said: “This launch is in line with our objective of furthering responsible finance across the entire sector. Many lenders of diverse legal form are coming on board,
as the code engages with all those catering to the same microfinance client. It will bring about a level-playing field for all and ensure that client protection is more adequately addressed.

“Meanwhile, the industry code has been strengthened in the areas of risk management, responsible lending, and HR practices, which includes training and client education.”

Tie up with FIDC

A significant development in CRL adoption was the signing up of the Finance Industry Development Council (FIDC), the self-regulatory organisation for registered NBFCs. This makes CRL more inclusive in its coverage.

Raman Aggarwal, Chairman, FIDC, said: “We are pleased to sign the Code for Responsible Lending, along with MFIN and Sa-Dhan. The NBFC sector has been going through a challenging scenario for the last one year where banks, which are the major source of funding, have become risk-averse.

“CRL will be a step in the right direction to restore confidence in the non-banking lending community, as this will bring better discipline and harmony among the asset financing, loan financing and micro financing NBFCs.”
The Code for Responsible Lending (CRL) was launched by Microfinance Institutions Network (MFIN) and Sa-Dhan along with HDFC. The Code, launched at Sa-Dhan’s 19th Annual National Conference, aims to lay down uniform principles for customer conduct in micro-credit, and sector specific and entity specific, MFIN said in a statement.

One of the major guidelines in CRL mandates that only one microcredit entity can lend to a client at the same time. This means that if a client has three active loans from any provider, then a fourth entity will not be able to lend to the client.

NBFC MFIs are additionally required to ensure that not more than 2NBFC MFIs lend to a customer. Moreover, prior to sanctioning of a loan, a micro-credit provider should ensure that the total indebtedness should not exceed Rs 1 lakh per customer; MFIN said.

In addition to the CRL, a revised Industry Code of Conduct (CoC) were also released for microfinance institutions (MFIs) that will act as a binding and compulsory set of guidelines in relation to lending practices, the release said.

“**This is a significant regulatory step across all NBFC regulated entities and others that are at safeguarding the interests of low-income customers through enhancing transparency and compliance.**

“We are happy to note that over 90 entities have signed up for the CoC, so “Responsible Lending” and we hope that soon all microfinance industry will come forward to endorse and adhere to it,” said M. Namboodiri, Chairperson, MFIN.

Vijayakrishnan Das, Chair, Sa-Dhan added that the industry code has been strengthened in the areas of risk management, responsible lending and FRM practices which reduce the risk and client education.

MFIN further said a significant development in the CRL, which was the revised co-
MFIN, Sa-Dhan release code for responsible lending for micro-credit industry

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The Code, launched at Sa-Dhan’s 15th Annual National Conference, aims to lay down uniform principles for customer-conduct in micro-credit, and is sector specific and entity agnostic, MFIN said in a statement.

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NBFC-MFIs are additionally required to ensure that not more than 2NBFC-MFIs lend to a customer. Moreover, prior to sanctioning of a loan, a micro-credit provider should ensure that the total indebtedness should not exceed Rs 1 lakh per customer, MFIN said.
In addition to the CRL, a revised industry Code of Conduct (CoC) was also released for microfinance institutions (MFIs) that will act as a binding and compulsory set of principles in relation to lending practices, the release said.

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Vijayalakshmi Das, Chair, Sa-Dhan added that the industry code has been strengthened in the areas of risk management, responsible lending and HR practices which include training and client education.

MFIN further said a significant development in the CRL adoption was the signing up of the Finance Industry Development Council (FIDC), the self-regulatory organization for registered NBFCs.

This makes the CRL more inclusive in its coverage, it added.

A wide range of providers such as NBFC-MFIs, banks, small finance banks (SFBs), NBFCs and Non-profit/Section 8 MFIs, under different regulatory framework, provide micro-credit to over 5 crore customers from low-income households.

"Building on key regulatory customer-protection measures as described in RBI Master Directions for NBFC-MFIs, RBI Fair Practice Code for Banks and NBFCs, Industry Code of Conduct and RBI Charter of Customer’s Rights for micro-credit sector, CRL includes most critical elements which are required to be adopted by providers while delivering micro-credit loan," MFIN said.

As per MFIN’s first quarter 2019-20 Micrometer report, the entire microfinance industry has witnessed a growth of 42.9 per cent year-on-year.

Banks hold 40.9 per cent share of the total micro-credit while NBFC-MFIs are the second largest provider of micro-credit accounting for 30.2 per cent share. SFBs have total share of 17 per cent, NBFCs 10.8 per cent and other MFIs account for one per cent share.
Microfinance Industry To Self-Regulate With Code For Responsible Lending

Three self-regulatory organisations on Monday jointly released a code for responsible lending for the micro-credit industry with an aim at bringing more transparency and address customer issues.

The Code for Responsible Lending was launched by Microfinance Institutions Network and Sa-Dhan along with Finance Industry Development Council.

The Code, launched at Sa-Dhan’s 15th Annual National Conference, aims to lay down uniform principles for customer-conduct in micro-credit, and is sector specific and entity agnostic, MFIN said in a statement.

One of the major guidelines in code mandates that only three micro-credit entities can lend to a client at the same time.

This means that if a client has three active loans from any provider, then a fourth entity will not be able to lend to the client.

Non-banking microfinanciers are additionally required to ensure that not more than two NBFC-microfinance institutions lend to a customer. Besides, prior to sanctioning of a loan, a micro-credit provider should ensure that the total indebtedness should not exceed Rs 1 lakh per customer, MFIN said.
In addition to the responsible code, a revised industry Code of Conduct was also released for microfinanciers that will act as a binding and compulsory set of principles in relation to lending practices, the release said.

“This is a significant self-regulatory step across all RBI regulated entities and others that aims at safeguarding the interests of low-income customers through enhancing transparency and compliance,” said Manoj Nambiar, Chairperson, MFIN. “We are happy to note that over 90 entities have signed up for the CRL as "Responsible Lenders" and are hopeful that soon all microfinance lenders will come forward to endorse and adhere to it.”

Vijayalakshmi Das, Chair, Sa-Dhan added that the industry code has been strengthened in the areas of risk management, responsible lending and human resource practices which include training and client education.

MFIN further said a significant development in the CRL adoption was the signing up of the FIDC, the self-regulatory organisation for registered NBFCs.

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MFIN, Sa-Dhan collaborate to launch ‘Code for Responsible Lending’ for microfinance industry

Microfinance Institutions Network (MFIN) and Sa-Dhan, the RBI recognized self-regulatory organisations and industry associations for the microfinance industry, along with FIDC, have jointly released ‘Code for Responsible Lending’ (CRL) for the micro-credit industry. The launch was done at Sa-Dhan’s 15th Annual National Conference in New Delhi. The CRL, which aims to lay down uniform principles for customer-conduct in micro-credit, is sector specific and entity agnostic. In addition to the CRL, a revised industry Code of Conduct (CoC) was also released for Microfinance Institutions (MFIs) that will act as a binding and compulsory set of principles w.r.t. lending practices.

According to Manoj Nambiar, Chairperson, MFIN, “Microfinance sector has seen a robust growth over the last few years and after the segregation of various entities in this segment, the landscape has evolved markedly. While it has added to the overall expansion of the industry, it has also presented us with a challenge where there is no uniform regulation for different regulated entities serving micro-credit clients. This is a significant self-regulatory step across all RBI regulated entities & others that aims at safeguarding the interests of low-income customers through enhancing transparency and compliance. We are happy to note that over 90 entities have signed up for the CRL as "Responsible Lenders" and are hopeful that soon all microfinance lenders will come forward to endorse and adhere to it.”
Speaking on the launch, Vijayalakshmi Das, Chair, Sa-Dhan, said, “This launch is in line with our objective of furthering responsible finance across the entire sector. Many lenders of diverse legal form are coming on-board, as the Code engages with all those catering to the same microfinance client. It is hoped to bring about a level playing field for all and ensure client protection is more adequately addressed. Meanwhile the Industry Code has been strengthened in the areas of risk management, responsible lending and HR practices which includes training and client education.”

A significant development in the CRL adoption was the signing up of the Finance Industry Development Council (FIDC), the Self-Regulatory Organization for Registered NBFCs. This makes the CRL more inclusive in its coverage.

Mr Raman Aggarwal, Chairman - FIDC, said, “We are pleased to sign the Code for Responsible Lending along with MFIN and Sa-Dhan. The NBFC sector has been going through a challenging scenario for the last one year where banks, which are the major source of funding, have become risk averse. CRL shall be a step in the right direction to restore the confidence in the Non-Bank lending community, as this shall bring better discipline and harmony among the Asset Financing, Loan Financing and Micro Financing NBFCs.”

Over the last two decades, the micro-credit sector has successfully mainstreamed itself as a key delivery channel to provide credit to low-income households. Currently a wide range of Providers such as NBFC-MFIs, Banks, SFBs, NBFCs and Non-profit/Section 8 MFIs, under different regulatory framework, provide micro-credit to over 5 crore customers from low-income households. Building on key regulatory customer-protection measures as described in RBI Master Directions for NBFC-MFIs, RBI Fair Practice Code for Banks and NBFCs, Industry Code of Conduct and RBI Charter of Customer’s Rights for micro-credit sector, CRL includes most critical elements which are required to be adopted by providers while delivering micro-credit loan.
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NBFC-MFIs are additionally required to ensure that not more than 2NBFC-MFIs lend to a customer. Moreover, prior to sanctioning of a loan, a micro-credit provider should ensure that the total indebtedness should not exceed Rs 1 lakh per customer, MFIN said.
"We are happy to note that over 90 entities have signed up for the CRL as "Responsible Lenders" and are hopeful that soon all microfinance lenders will come forward to endorse and adhere to it,” said Manoj Nambiar, Chairperson, MFIN.

Vijayalakshmi Das, Chair, Sa-Dhan added that the industry code has been strengthened in the areas of risk management, responsible lending and HR practices which include training and client education.

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In addition to the CRL, a revised industry Code of Conduct (CoC) was also released for microfinance institutions (MFIs) that will act as a binding and compulsory set of principles in relation to lending practices, the release said. "This is a significant self-regulatory step across all RBI regulated entities and others that aims at safeguarding the interests of low-income customers through enhancing transparency and compliance.

"We are happy to note that over 90 entities have signed up for the CRL as "Responsible Lenders" and are hopeful that soon all microfinance lenders will come forward to endorse and adhere to it," said Manoj Nambiar, Chairperson, MFIN. Vijayalakshmi Das, Chair, Sa-Dhan added that the industry code has been strengthened in the areas of risk management, responsible lending and HR practices which include training and client education.

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MFIN, Sa-Dhan Collaborate to Launch ‘Code for Responsible Lending’ for Micro-Finance Industry

Microfinance Institutions Network (MFIN) and Sa-Dhan, the RBI recognized self-regulatory organisations and industry associations for the microfinance industry, along with FIDC, have jointly released ‘Code for Responsible Lending’ (CRL) for the micro-credit industry.

The launch was done today at Sa-Dhan’s 15th Annual National Conference in New Delhi. The CRL, which aims to lay down uniform principles for customer-conduct in micro-credit, is sector specific and entity agnostic. In addition to the CRL, a revised industry Code of Conduct (CoC) was also released for Microfinance Institutions (MFIs) that will act as a binding and compulsory set of principles w.r.t. lending practices.

According to Mr. Manoj Nambiar, Chairperson, MFIN, “Microfinance sector has seen a robust growth over the last few years and after the segregation of various entities in this segment, the landscape has evolved markedly.

While it has added to the overall expansion of the industry, it has also presented us with a challenge where there is no uniform regulation for different regulated entities serving micro-credit clients.

This is a significant self-regulatory step across all RBI regulated entities & others that aims at safeguarding the interests of low-income customers through enhancing transparency and compliance.
We are happy to note that over 90 entities have signed up for the CRL as “Responsible Lenders” and are hopeful that soon all microfinance lenders will come forward to endorse and adhere to it."

Speaking on the launch, Ms Vijayalakshmi Das, Chair, Sa-Dhan, said, “This launch is in line with our objective of furthering responsible finance across the entire sector. Many lenders of diverse legal form are coming on-board, as the Code engages with all those catering to the same microfinance client.

It is hoped to bring about a level playing field for all and ensure client protection is more adequately addressed. Meanwhile the Industry Code has been strengthened in the areas of risk management, responsible lending and HR practices which includes training and client education.”

A significant development in the CRL adoption was the signing up of the Finance Industry Development Council (FIDC), the Self-Regulatory Organization for Registered NBFCs. This makes the CRL more inclusive in its coverage. Mr Raman Aggarwal, Chairman – FIDC, said, “We are pleased to sign the Code for Responsible Lending along with MFIN and Sa-Dhan. The NBFC sector has been going through a challenging scenario for the last one year where banks, which are the major source of funding, have become risk averse.

CRL shall be a step in the right direction to restore the confidence in the Non-Bank lending community, as this shall bring better discipline and harmony among the Asset Financing, Loan Financing and Micro Financing NBFCs.”

Over the last two decades, the micro-credit sector has successfully mainstreamed itself as a key delivery channel to provide credit to low-income households. Currently a wide range of Providers such as NBFC-MFIs, Banks, SFBs, NBFCs and Non-profit/Section 8 MFIs, under different regulatory framework, provide micro-credit to over 5 crore customers from low-income households. Building on key regulatory customer-protection measures as described in RBI Master Directions for NBFC-MFIs, RBI Fair Practice Code for Banks and NBFCs, Industry Code of Conduct and RBI Charter of Customer’s Rights for micro-credit sector, CRL includes most critical elements which are required to be adopted by providers while delivering micro-credit loan.

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Further, the revised industry Code of Conduct (CoC) released by MFIN and Sa-Dhan for the microfinance sector aims to enhance responsible lending behavior and practices which is central to customer welfare. Given that customers of micro-credit may not always fully understand the product and its impact, it is imperative that providers take greater responsibility to ensure that customers’ interests are protected through internalizing these practices.

Both CRL and CoC aim at promoting and advancing ‘responsible lending’ practices in the microfinance. A microfinance customer as defined by the RBI (for NBFC-MFIs) is a person with an annual household income of Rs 1 lakh in rural India and Rs 1.6 lakhs in urban India.
As per MFIN’s Q1FY20 Micrometer report, the entire microfinance industry has witnessed a growth of 42.9% YoY. Banks hold 40.9% share of the total micro-credit universe while NBFC-MFIs are the second largest provider of micro-credit accounting for 30.2% share. SFBs have total share of 17.0%, NBFCs 10.8% and other MFIs account for 1% share in the microfinance universe.
MFIN, Sa-Dhan jointly launch ‘Code for Responsible Lending’ for microfinance industry

Microfinance Institutions Network (MFIN) and Sa-Dhan, the Reserve Bank of India recognised self-regulatory organisations and industry associations for the microfinance industry, along with Finance Industry Development Council (FIDC), have jointly unveiled the ‘Code for Responsible Lending’ (CRL) for the micro-credit industry.

The launch was done today at Sa-Dhan’s 15th Annual National Conference in New Delhi. The CRL, aims to ensure uniform principles for customer-conduct in micro-credit. It is sector-specific and entity agnostic.

Further, a modified industry Code of Conduct (CoC) was also introduced for Microfinance Institutions (MFIs) that will act as a binding and compulsory set of principles w.r.t. lending practices.

According to Manoj Nambiar, Chairperson, MFIN, “Microfinance sector has seen a robust growth over the last few years and after the segregation of various entities in this segment, the landscape has evolved markedly. While it has added to the overall expansion of the industry, it has also presented us with a challenge where there is no uniform regulation for different regulated entities serving micro-credit clients. This is a significant self-regulatory step across all RBI regulated entities & others that aims at safeguarding the interests of low-income customers through enhancing transparency and compliance. We are happy to note that over 90 entities have signed up for the CRL as “Responsible Lenders” and are hopeful that soon all microfinance lenders will come forward to endorse and adhere to it.”
Vijayalakshmi Das, Chair, Sa-Dhan, said, “This launch is in line with our objective of furthering responsible finance across the entire sector. Many lenders of diverse legal form are coming on-board, as the Code engages with all those catering to the same microfinance client. It is hoped to bring about a level playing field for all and ensure client protection is more adequately addressed. Meanwhile, the Industry Code has been strengthened in the areas of risk management, responsible lending and HR practices which includes training and client education.”

A significant move in the CRL adoption was the participation of the Finance Industry Development Council (FIDC), the Self-Regulatory Organisation for Registered NBFCs. This increases CRL’s inclusivity in its coverage.

Raman Aggarwal, Chairman – FIDC, said, “We are pleased to sign the Code for Responsible Lending along with MFIN and Sa-Dhan. The NBFC sector has been going through a challenging scenario for the last one year where banks, which are the major source of funding, have become risk-averse. CRL shall be a step in the right direction to restore the confidence in the Non-Bank lending community, as this shall bring better discipline and harmony among the Asset Financing, Loan Financing and Micro Financing NBFCs.”

For the last two decades, the microcredit sector has effectively mainstreamed itself as a key point of delivery to offer credit to low-income households. As of now, a plethora of Providers such as NBFC-MFIs, Banks, SFBs, NBFCs and Non-profit/Section 8 MFIs, under the various regulatory framework, ensure micro-credit to over five crore customers from low-income households.

Building on key regulatory customer-protection measures as described in RBI Master Directions for NBFC-MFIs, RBI Fair Practice Code for Banks and NBFCs, Industry Code of Conduct and RBI Charter of Customer’s Rights for the micro-credit sector, CRL includes most critical elements which are required to be adopted by providers while delivering micro-credit loan.

One of the pivotal guidelines in CRL mandates that only three microcredit entities can lend to a client at the same. This means that if a client has three active loans from any Provider, then a fourth entity will not be able to lend to the client.

NBFC-MFIs are additionally required to ensure that not more than 2 NBFC-MFIs lend to a customer. Moreover, prior to sanctioning of loan, a micro-credit provider should ensure that the total indebtedness should not exceed Rs 1 lakh per customer.

Besides, the revised industry Code of Conduct (CoC) unveiled by MFIN and Sa-Dhan for the microfinance sector focuses on enhancing the responsible lending activities and practices which is central to customer welfare.

Going by the fact that customers of micro-credit may not always pose complete understanding of the product and its impact, it is crucial that providers take larger responsibility to ensure that customers’ interests are protected through internalizing these practices.

Both CRL and CoC are focused on highlighting and advancing ‘responsible lending’ practices in microfinance. A microfinance customer as defined by the RBI (for NBFC-MFIs) is one that holds an annual household income of Rs 1 lakh in rural India and Rs 1.6 lakhs in urban India.
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Micro lenders cap total loans to ₹1 lakh per borrower

Lenders engaged in micro lending, including large banks such as IndusInd and Kotak Mahindra, have come together to safeguard their loan asset by preventing over-leveraging of micro borrowers. A common ‘Code for Responsible Lending’ has been unveiled on Monday to bar more than three lenders offering loans to a single borrower and cap the size of total lending to ₹1 lakh per borrower. This revised code has been in the works for the past year to expand the scope of it from a mere code of conduct for NBFC-MFIs to a code for the entire micro-credit industry.

“The introduction of the Code for Responsible Lending in microcredit is momentous for the sector. This is probably the first time globally where different entities are coming together to self-regulate in a voluntary fashion,” said Manoj Kumar Nambiar, chair at Microfinance Institutions Network (MFIN), the industry body for NBFC-MFIs.

At present, a diverse set of lenders such as NBFC-MFIs, banks, small finance banks, NBFCs and non-profit/section 8 MFIs extend micro loans to over five crore women borrowers.
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