

## **“Importance of Customer-centric approach in the post moratorium period,” says MFIN**

*Issues Advisory to its Members*

**1 September, 2020** - Based on interactions with members, Microfinance Institutions Network (MFIN), the premier industry association for microfinance and an RBI-recognized Self-Regulatory Organization (SRO) has issued an advisory to its Members on important steps to bear in mind while engaging with borrowers after the moratorium ends on 31<sup>st</sup> August 2020. The detailed advisory is a reiteration of points covered in Industry Code of Conduct and Code of Responsible Lending such as fair interactions with borrowers, ensuring transparency, and training for employees engaging with borrowers, among several others and also covers safeguards for Covid.

MFIN Members are RBI-regulated entities including NBFC-MFI, Banks, Small Finance Banks, Business Correspondents and NBFCs who provide microcredit to low income households. With COVID 19 impacting the livelihood of these BOP borrowers, the RBI had announced an initial Moratorium till 31<sup>st</sup> May 2020 and later extended it for a period of three months till the 31<sup>st</sup> August 2020.

**Dr Alok Misra, CEO and Director, MFIN said,** *“This is an extremely critical time for all of us and we need to tread carefully. While the moratorium is ending, there could be borrowers who might be facing stress. All providers agree that we must continue to show empathy with these borrowers and allow them time to get on their feet, even though credit discipline is important. Simultaneously, we need to handhold those who availed the moratorium and are willingly to repay with relevant documents; revised loan card, accrued interest amount, changes in repayment amounts, schedule, tenure, among others.”*

**Dr Misra further added,** *“While a lot of points mentioned in the Advisory are a part of the Code of Conduct and the Code of Responsible Lending, it was felt important to reiterate them so that the industry collectively ensures that customers’ interests are protected. In this context, training of employees on customer interactions will become exceedingly important. Feedback from field indicates resumption of economic activity and demand for credit from clients.”*

MFIN, as an SRO, has a Customer Grievance Redressal Mechanism (CGRM) in place wherein any customer can complain on its toll-free number 1800 102 1080. MFIN CGRM is available in 12 languages and customers from any state, anywhere in the country can call on the toll-free number between 9:30 am to 5:30 pm. Members are encouraged to display this number in their branches and print/stamp it on their loan cards to allow customers to access the SRO if they wish to.

### **About Microfinance Institutions Network (MFIN)**

MFIN is a premier industry association comprising 55 NBFC-MFIs and 39 Associates including Banks, Small Finance Banks (SFBs) and NBFCs. It is also the Self-Regulatory Organization (SRO) for the regulated NBFC-MFI. By virtue of bringing the NBFC-MFIs under one common umbrella, MFIN acts as a bridge between them and the regulators to build a dialogue for greater transparency, better policy frameworks and stronger client protection standards for responsible lending, thus enabling the microfinance industry to partake in meeting the larger financial inclusions goals.



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