

Do's and **Don'ts** for **Microfinance Field Officers**

Microfinance operations are anchored in the principles of responsible lending, transparency, fair conduct, and respect for customer dignity. As the first point of contact with borrowers, branch staff plays a pivotal role in translating these principles into everyday practice. Their conduct and decision-making directly influence customer trust, regulatory compliance, and the overall reputation of the institution and the sector.

In this context, this document outlines a set of Do's and Don'ts for branch staff to reinforce ethical behaviour, operational discipline and customer-centric practices across all stages of the loan lifecycle. The guidance is intended to promote uniform standards of conduct, safeguard borrower interests and strengthen responsible microfinance operations at the grassroots level.

Loan Process: Stage-wise Do's and Don'ts

Do's	Don'ts
A. Initial Meetings with the Customer – CGT, GRT, Group Formation etc.	
1. Confirm borrower consent and understanding before processing the loan.	1. Do not assume borrower's understanding without proper confirmation.
2. Maintain transparency about eligibility criteria, assessment and loan process.	2. Do not influence or pressurize borrowers to join a group.
3. Educate borrowers on the discipline of repayment, responsible borrowing and consequences of non-repayment or defaulting on loan instalments.	3. Do not engage with or rely on ring leaders or center leaders for decisions related to new customer enrolment or loan distribution.
4. Explain about loan terms, amount, interest rate, insurance premium & coverage etc. and the benefit of a good repayment culture to the borrowers.	4. Do not rush through CGT/GRT/other training sessions merely as a procedural formality.
B. Loan Appraisal, Underwriting and Disbursement	
5. Ensure collection of valid KYC and conduct credit bureau (CB) checks for all earning members of the household.	5. Do not accept a KYC document without original document verification. Ensure that the KYC is not misused for any other purpose.
6. Visit each member's house and conduct household-level income assessment as per company policy. Assess repayment capacity objectively and document findings accurately.	6. Do not manipulate/misrepresent household income data to meet eligibility norms and do not rely only on verbal confirmations.
7. Ensure borrowers receive loan card and other loan related documents as per company's policy.	7. Do not proceed with incomplete documentation.
8. Ensure transparent communication of net disbursed amount, deductions and other loan terms and conditions.	8. Do not provide incomplete or misleading information about loan pricing and other terms and conditions.
9. Ensure that the loan is availed strictly in customer's own account for her own use and not diverted or transferred to any other individual.	9. Do not obtain signatures from borrowers on blank forms.

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C. Loan Recovery	
10. Conduct centre meetings in a designated and appropriate location as per the pre decided and informed schedule.	10. Do not call borrowers/collect repayments at irregular or inappropriate hours against the company policy.
11. Repayments must be collected only at scheduled or designated places as per company guidelines.	11. Do not collect repayments at borrower's workplaces, any public places, or any other location in violation of the company policy. Avoid late night collections even if the borrower asks for the same.
12. Issue a receipt for loan repayment collections and update loan cards as per company's policy.	12. Do not delay or deny issuance of a receipt for any transaction.
13. Ensure proper attendance in centre meetings and report early stress indicators, if any.	13. Do not fabricate attendance in centre meetings or signatures in loan documents.
14. Maintain respectful and professional communication with the borrower and their household members.	14. Do not use intimidating or humiliating language.
15. Respect borrowers' dignity and talk in a pleasant, polite and non-aggressive manner.	15. Do not use coercion, intimidation, or public humiliation during recovery.
16. Maintain clear recovery related documentations (registers, files, receipts, digital databases etc.).	16. Do not confiscate borrower assets or belongings under any circumstances.
17. Always wear your company ID card and be dressed up appropriately.	17. Do not call customers at inappropriate times, such as during bereavements, illness, or social occasions.
18. Inform your seniors immediately in case you find any irregular activity/fraud/external disturbances affecting microfinance operations in the area.	18. Do not collect the recovery amount in your personal account and do not engage with customers on any personal, financial or social transaction.
19. Promptly deposit cash at the branch, bank or other avenues as instructed by the company.	19. Do not carry cash beyond company limits as this can pose risk of snatching.
D. Others	
20. Inform the supervisors or the audit team promptly in case any case of misappropriation/violation of company's processes by any other employee (s) comes to your notice.	20. Do not participate and/or ignore any violation of processes of the company by other employees.

Member REs are advised to ensure dissemination of this guidance to all field functionaries and incorporate the same within internal SOPs and monitoring frameworks.

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