



BELSTAR MICROFINANCE LIMITED

CLIENT PROTECTION POLICY

@Reviewed by The Board of Directors on April 29, 2021



As a part of our “Client Protection Guidelines (CPG)” Belstar Microfinance Limited (“BML”) is committed to maintain privacy of client data. Client documents/information are kept with security at every stage of loan processing, disbursement and during the tenure of the loan. Due accountability has been fixed with every employee who are responsible for collection of client data, documents, photographs etc.

The CPG states that all MFIs, regardless of their form:

1. **Shall** display the Client Protection Code in all branches and offices, in plain view.
2. **Shall** endeavour to provide micro finance services to all eligible clients, as per RBI guidelines.
3. **Shall** educate clients, staff, and any persons acting on their behalf on the Code of Conduct and its implementation.
4. **Shall** disclose all terms and conditions to the client for all products/services offered, prior to disbursement, in any of the following ways:
 - a) Individual sanction letter
 - b) Loan card
 - c) Loan schedule
 - d) Passbook
 - e) Through Group/Centre meetings (Details can be printed on a paper and all borrowers can sign on the same as acknowledgement of their acceptance)
5. **Shall** communicate all the terms and conditions for all products/services in the official regional language or a language understood by clients.
6. **Shall** 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
7. **Shall** communicate in writing, charges levied for all financial services rendered.
8. **Shall** not collect fee on non-credit products/services without prior declaration to the client.
9. **Shall** declare all interest and fees payable as an all-inclusive APR and equivalent monthly rate.
10. **Shall** follow RBI’s guidelines with respect to interest charges and security deposit.
11. **Shall** obtain copies of relevant documents from clients, as per standard KYC norms. Additional documents sought must be reasonable and necessary for completing the transaction.
12. **Shall** indicate the time limit with which applicants/ customers can expect a decision on their application and sanctioned the time taken for disbursement of loan
13. **Shall** not bundle products, except for credit life, life insurance & live-stock insurance products. The terms of insurance should be transparently conveyed to the customer and must comply with RBI & IRDA norms. Consent of the client must be taken in all cases.
14. **Shall** conduct proper due diligence to assess the need and repayment capacity of client before making a loan and must only make loans commensurate with the client’s ability to repay.

15. **Shall** not be the 3rd lender to a client if the client has loans from 2 other lenders (irrespective of the source of loan).
16. **Shall** not breach the total debt limit for any client, as prescribed by the RBI or Central/State Governments.
17. **Shall** ensure that all employees follow company guidelines for interaction with clients.
18. **Shall** ensure that all staff and persons acting for the MFI or on behalf of the MFI:
 - a) Use courteous language, maintain decorum, and are respectful of cultural sensitivities during all interaction with clients.
 - b) **DO NOT** indulge in any behaviour that in any manner that would suggest any kind of threat or violence to clients.
 - c) **DO NOT** contact clients at odd hours, as per the RBI guidelines for loan recovery agents.
 - d) **DO NOT** visit clients at inappropriate occasions such as bereavement, sickness, etc., to collect dues.
19. **Shall** provide a valid receipt (in whatever form decided by the MFI) for each and every payment received from the borrower.
20. **Shall** follow approved company procedure to deal with client default sensitively.
21. **Shall** follow the debt restructuring mechanism adopted by the MFI for borrowers under liquidity stress.
22. **Shall** keep personal client information strictly confidential.
23. **Shall** disclose client information to a third party only under the following conditions:
 - a) Client has been informed about such disclosure and permission has been obtained in writing.
 - b) The following persons are authorised to access upon approval from Vice President or Chief Operations Officer:
 1. Company appointed external/statutory auditor.
 2. Representative from Credit Bureau.
 3. Representative from Regulator (RBI)
 4. Management representative of the company.
 5. Bankers who have funded the loan or lending relationship with company.
 6. Investors and Board of Directors of the company.
 7. Representative from MFIN or AKMI identified by senior management of the company.
24. **Shall** follow company approved process to raise clients' awareness of the options, choices, and responsibilities vis-à-vis financial products and services available.
25. **Shall** inform all new clients about the organization's policies and procedures.
26. **Shall** inform clients about the existence and purpose of feedback mechanisms and how to access them.