



fincare
Small Finance Bank

Fincare Small Finance Bank

**Policy Name: Fair Practice Code – Deposits
Lenders Version:3**

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Fair Practices Code – Depositors & Lenders

1. Applicability:

1.1. Departments: All Departments

1.2. Product Lines: All Products

1.3. Function: All Functions

1.4. Staff: All Staff members

1.5. Geography: All

2. Context:

2.1. Compliance Context: This policy has been drafted on the basis of compliance obligations as detailed in Appendix I.

2.2. Governance Context:

2.2.1. Board: Applicable

2.2.2. Sub Committee of Board: Customer Service Committee of the Board

2.2.3. Management Committee: Standing Committee on Customer Service

2.2.3. Best Practice Context: Applicable

3. Policy Content:

All personnel carrying out their duties with regard to the General Banking operations function should ensure that they comply with the requirements of this policy.



4. Objective:

The Fair Practices Code sets the standards of practices that the bank will follow while dealing with individual customers. It provides protection to customers and explains how bank is expected to deal with customers in their day-to-day operations. The code contains practices and commitments as prescribed in RBI regulations and Code of Bank's Commitment to Customers as issued by Banking Codes and Standards Boards of India.

- Promote good and fair Banking practices by setting minimum standards in our dealings with customer.
- Increase transparency so that Customers can have better understanding what they can expect from the bank.
- Encourage market forces, through competition, to achieve higher operating standards.
- Promote a fair and cordial relationship between customer and Fincare Small Finance Bank
- Foster confidence in the Banking system.
- Promote safe and fair customer dealing in case of Banking in a digitized environment
- Increase awareness of customers and to enhance customer protection.

5. Key Commitments:

Bank promises to follow the below mentioned commitments while dealing with our customers:

Act fairly and reasonably in all its dealings with its customers by:

- Meeting the commitments and standards set in this code, for the products and services offered by the Bank, and in the procedures and practices the Bank follows.
- Making sure that the products and services offered by the Bank meet relevant laws and regulations in letter and spirit.
- Ensuring that the Banks dealing with the customers rest on ethical principles of integrity and transparency.
- Operating a secure and reliable Banking and payment systems.

Help our customers understand how our financial products and services work by:

- Giving information about them in any one or more of the following languages – Hindi, English and the appropriate local language.
- Ensuring that the customers are given clear information about the products and services, the terms and conditions and the interest rates/ service charges, which apply to them.



- Customer contact point to address the queries and effective resolution for the same.
- Correcting mistakes promptly/taking feedback and implementing changes to address customer queries.
- Prompt communication of responses from the customers.
- In case a customer is not satisfied with the way a complaint is handled Bank will guide the customer on how to take the complaint forward.

The Code will be publicized by the Bank through its website

6. Information Transparency:

Fincare Small Finance Bank will guide its customers in choosing products and services which meets the customer's requirements.

- Give the customer clear information explaining the key features of the services and products that the customer has shown interest in, including applicable interest rates, fees and charges.
- Give the customer information on type of products and services which the bank will offer which may suit the customer's needs.
- Bank will provide information on the Channels like Branches ,Net Banking , Mobile Banking and Website ,through which the products and services can be availed. The customer will also be informed on where further information on the products and services would be available.
- Giving the information on KYC norms for the Bank to comply with legal, regulatory and internal policy requirements.
- Guiding the customer on rights and responsibilities specific to the mode of operation under which the account is opened.
- Bank will recommend to all its customers to utilize the nomination facility at the time of opening deposit accounts or availing of a safe deposit locker/secured loan.

7. Interest Rates:

Bank will provide information to Customers on:

- Interest rates that apply to the products and services availed by Customer.
- Periodicity at which the Bank will pay interest on customer deposits or charge interest on the loan accounts.
- At the time of customer on-boarding, Bank will give information on the interest rates which apply to the accounts, and when Bank will pay interest on customer deposits or debit interest to the customer's loan accounts in accordance with the formula and conventions advised by Indian Bank's Association. Bank will explain how the Bank has applied interest to the customer's account.



- The Bank will inform the customer about the changes in interest rates on the loan products within a fortnight of decision by any of the following means: e-mail, SMS, website, notice boards, statement of accounts.

8. Changes in Fees & Charges:

If the Bank increases any fee/charge or introduce new fee/charge, it will be notified through statements of accounts /e-mail /SMS alerts / notice board at Branches/website, the same will be notified to the customer one month prior to the revised charges becoming effective.

9. Changes in Terms and conditions:

- Bank will advise the customer on the relevant terms and conditions for the products/services the customer has asked Bank to provide.
- All terms and conditions will be fair and will set out the respective rights, liabilities, and obligations clearly and as far as possible in plain and simple language.
- Bank will notify the customer of changes in terms and conditions of deposits through any one or more channels: Account statements/ATMs, Notice Board at each Branch, email, website, Newspaper, SMS.
- Normally changes will be made with prospective effect giving notice of one month (30 Days).
- If the changes are to the customers' disadvantage, he/she may close the account at any time up to one month (30 days) from the date of the notice without having to pay revised charges or interest.

10. Advertising and Marketing:

- Bank will make sure that all its advertising and promotional material is clear, and not misleading.
- If the Bank avails the service of the third party for providing support services, the bank will make sure that they handle customer specific personal information with the highest degree of confidentiality and security.
- Bank telemarketing agent will not call those customers who have registered with the bank in the 'Do Not Call' registry.

11. Account Operation:



11.1. Statements :

- Bank shall invariably offer pass-book facility to all types of savings bank excluding a few products which are not eligible for the same. In case the bank offers the facility of sending statement of account and the customer chooses to get statement of account, bank shall issue monthly statement of accounts. The cost of providing such Passbook or Statements shall not be charged to the customer.
- To help the customer manage his/her account and check entries in it, Bank will provide the statement of account as per specific request given by the customer for specific frequency at the time of account opening.
- In case the customer requires statement at a frequency greater than the frequency defined by the product and our policy, Bank will make the statement available to the customer at a greater frequency at applicable charges.
- The customer will be able to see the last few transactions in his/her account through an ATM, Internet Banking facility and also through phone and mobile banking wherever such facilities are available.

11.2. Clearing Cycle / Collection Services:

- The Bank will provide a drop box facility to enable the customers to deposit cheques to be sent for collection. Necessary precaution will be taken to ensure that cheques deposited in the drop box are properly and promptly accounted for. However, the customer may, if they so desire, hand over cheques at the counter against acknowledgement instead of depositing in the drop box.
- Bank will inform its customers about the clearing cycle for local instruments and the outstation instruments including details such as when a customer can withdraw money after lodging collection instruments and when the customer will start to earn interest.
- Bank will pay compensation/ interest, as per the Cheque Collection / Compensation Policy for any delay in collection of instruments, without waiting for a demand from the customer.
- Bank will provide details, if the Bank offer immediate credit for outstation cheques, including the applicable terms and conditions, such as the limit up to which the instruments tendered by the customer can be credited immediately, operating accounts satisfactorily, etc.
- Bank shall pay interest on funds involved if collection is delayed beyond the normal period as stipulated by RBI.

11.3. Cash Transactions:

- Bank shall make all attempts to ensure the correctness of cash dispensed at Bank counters.
- Customers are advised to count and ensure correctness before leaving the cash counter.



- The customers shall be advised to avoid writing anything on the face of the notes and cooperate with the Bank by remitting notes in unstapled/unstitched conditions as required under RBI's Clean Note Policy.
- PAN card will be required if transaction above a limit exchange of mutilated Notes/Coins.

11.4. Direct debits and Standing Instructions:

Bank to act on any mandate given by account holders for Direct Debits (e.g. NACH) and other Standing Instructions in writing.

11.5. Cheques Issued :

- Bank to maintain the copies/originals/images of cheques paid/collected from accounts for such periods as required by law.
- In case of a dispute about a cheque paid/collected from an account, Bank to provide a copy of the cheque (or the cheque) as evidence, provided the same is requested within a reasonable period after the entry has been made on the customer's account.
- Bank shall guide its customers on dealing with unpaid cheques and stale cheques.

11.6. Getting Records :

The Bank will, on request, make available to its customers, at a cost, records pertaining to the customer's transactions, provided this is within the prescribed preservation period of such record.

11.7. Protecting Accounts:

- Bank shall co-operate as a financial entity so that a customer enjoys secure and reliable Banking and payment systems with trust.
- Bank shall guide its account holders on ways and means to protect accounts from time to time. In case a cheque book or ATM / Debit Card has been lost or stolen or someone else knows the customers PIN or other security information, on receipt of such information the Bank will take adequate measures to stop payments of the cheque or blocking of the card.
- Bank shall promote Secure and reliable Banking and payment systems.
- Bank shall make best efforts to ensure that its customers enjoy secure and reliable Banking and payment systems which can be trusted.
- Bank will install CCTV, wherever feasible, for close surveillance as part of its security arrangements.



11.8. Cards and PINs :

- Bank to send cards to only those customers who have requested for the same or as a replacement to a card already held.
- Bank to provide more details of Debit Card / ATM transactions that an account holder is unable to recognize that appears on an account statement. In some instances, the bank may seek evidences, information on un-authorized transactions in the account.
- Bank to dispatch PIN separately from the card, except in the case of accounts opened under the Instant account (handover of instant Welcome Kit). The PIN will not be revealed to anyone else. Bank to guide the account holder through the process of changing / choosing his/her own PIN. This will make it easier for the account holder to remember the PIN.

11.9. Protecting your Account:

Privacy and Confidentiality of Account Details:

Bank to treat all personal account information as private and confidential (This will apply even after a customer discontinues his/her accounts with the Bank. Bank will not reveal transaction details of the customers' accounts to a third party, including entities in their group, other than in the following six exceptional cases where Bank is allowed to disclose.

- If the Bank is required to provide information as required by Law/Regulation/Customer assessment purposes.
- If there is a duty towards the public to reveal the information.
- If in the Bank's own interests require them to give the information (for example, to prevent fraud) but bank will not use this as a reason for giving information about the customers or accounts (including name and address) to anyone else, including other companies in our group, for marketing purposes

12. Guidelines to account holders – Safeguarding Accounts:

This section is all about what a customer can do to help prevent his/her accounts being misused.

Communication Links: Customers are required to inform the Bank as soon as possible when there is a change in Name, Address, Phone number, E-mail address

Checking your account: Bank shall recommend its customer to check statement regularly. If there is an entry, which seems to be wrong, the customer should inform Bank as soon as possible to investigate the same.



Taking care: The customer should take care of cheques, passbook, cards, PINs and other security information to help prevent fraud and protect his/her accounts.

- a) Customers are advised to immediately inform the Bank in case of loss of cheque book or card. In case the customer discovers that the information relating to PIN is known to someone else the customer should immediately change the PIN by accessing the respective channel or contact bank to regenerate the PIN.
- b) The customer can inform the Bank about the loss, by phone at the Contact Centre/register the same through Bank's website/ email and send a written confirmation to that effect immediately.
- c) The customer may be liable for misuses until the time the Bank has been notified.

- **Precautions while using Internet Banking facilities:**

- A. Customers should Visit Banks's Internet Banking site directly. Avoid accessing the site through a link from another site and verify the domain name displayed to avoid spoof websites.
- B. Customers should Ignore any e-mail asking for password or PIN.
- C. Bank shall advise the customer not to use cybercafé to access our Internet Banking site.
- D. Bank shall advise the customer to update the computer/device with latest anti-virus software regularly.
- E. Bank shall send out communications to customers as part of Customer awareness- Cyber threats & frauds on a regular frequency to ensure customers don't share any details to fraudsters involved in vishing, phishing, remote access requests, UPI frauds, fake webpages, search engines etc.

- **Cancelling Payment:**

If an account holder wants to cancel a payment or series of payments authorized by the account holder (cheque issued but not yet paid, direct debit), the customer should do the following:

- A. To issue stop payment advice of a cheque or cancel standing instruction given, or a direct debit, the account holder should give a request to us in writing.
- B. A direct debit may be cancelled by giving us or the originator the instruction in writing – account holders are advised to do both.

(The request for cancellation of payment should be given with enough notice to allow us the time to act on the cancellation request)

- **Liability of Losses:**



- A. If an account holder acts fraudulently or without reasonable care causing the loss to the account holder, Bank will not be liable for such loss.
- B. An account holder's liability to any misuse on his/her account/card is limited, the amount stipulated in the terms and conditions governing the issue of the card/account.
- C. The account holder will be liable for misuses on account of loss of PIN or compromise of password or of other secured information until the time that the Bank has been notified and the Bank has taken steps to prevent such misuse.
- D. Please refer Customer Grievance Redressal policy for Liability of losses to Customer.

13. Loans and Advances:

13.1. General Information :

- a) The Bank will give the information to the customers explaining the key features of our loans and advances.
- b) The Bank will advise the customer about the information/documentation needed from the customer to enable them to apply. The Bank will also advise the customer on the documentation needed with respect to customer identity, address, employment, etc. and any other document that may be stipulated by statutory authorities (e.g. PAN details), in order to comply with legal and regulatory requirements.
- c) The Bank will verify the details mentioned by the customer in the loan application by contacting the customer at their residence and / or on business telephone numbers and /or physically visiting their residence and/ or business addresses through agencies appointed by the Bank for this purpose, if deemed necessary by the Bank.
- d) If the Bank offers an overdraft, or an increase in the existing overdraft limit, the Bank will inform the customer if their overdraft is repayable on demand or otherwise. The Bank will, if required, also advise about the method of calculation of overdrawn amount and also the computation of interest.
- e) The Bank will restrain from interference in the affairs of the borrowers except for what is provided in the terms and conditions of the loan sanction documents (unless new information, not earlier disclosed by the borrower, has come to the notice of the Bank or any action of the borrower jeopardizes the interest of the Bank).



- f) The Bank will not discriminate on grounds of gender, caste and religion in the matter of lending. However, this does not preclude Bank from participating in credit-linked schemes framed for weaker sections of the society.
- g) In the matter of recovery of loans, the Bank will not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans, etc. In the case of recovery, Bank would resort to the usual measures as per laid down guidelines and extant provisions and would operate within the legal framework.
- h) In case of receipt of request for transfer of borrower account, either from the borrower or from a Bank/financial institution, which proposes to take- over the account, the consent or otherwise i.e., objection of the Bank, if any, will be conveyed within 21 days from the date of receipt of request.
- i) In case of selling of the asset to any other buyer/institution the Bank will inform the borrower. The borrower will be given prior notice of the same.

13.2. Applications for loans and their processing :

- a) At the time of sourcing a loan product, the Bank will provide as part of the loan application form, information about the interest rates along with the annualized rates of interest, whether floating or fixed, as also the fees/charges payable for processing, the amount of such fees refundable if loan is not sanctioned / disbursed, pre-payment options and charges, if any, penal rate of interest for delayed repayments, if any, conversion charges for switching the customer`s loan from fixed to floating rates or vice-versa, existence of any interest reset clause and any other matter which affects the interest of the borrower, so that a meaningful comparison with those of other Banks can be made and an informed decision can be taken by the customer.
- b) The Bank will provide the customer with a checklist of documents to be submitted (compliant with legal and regulatory requirements) along with the loan application form to enable the customer to submit the application complete in all aspects. If required, the bank will assist the customer in filling up their loan application form.
- c) The Bank shall invariably provide the customer with an acknowledgement of their loan application, whether submitted online or manually, indicating therein the time frame within which the application will be processed.
- d) Normally all particulars required for processing the loan will be collected by the Bank at the time of collecting the application. In case the Bank needs any additional information, the Bank will contact the customer immediately.



- e) The Bank will provide the customer with the sanction letter detailing particulars of amount sanctioned and the terms and conditions.
- f) The Bank will provide the customer an amortization schedule (schedule of repayment of principal and interest for the duration of the loan).
- g) The Bank will also inform the customer whether they have an option to let equated monthly instalments stay constant and changed tenure or vice-versa when the interest rate changes.
- h) The Bank will give written receipt for all documents to title taken as security/collateral for any loan.
- i) The Bank will send the customer a communication through letter/mail/SMS about the status of their account immediately after it becomes an NPA.
- j) The Bank will return to the customer all the securities/documents/title deeds to mortgaged property within 30 days of the repayment of all dues agreed to or contracted. If any right to set off is to be exercised for any other claim, the Bank will give due notice with full particulars about the other claims and retain the securities/documents/title to mortgaged property till the relevant claim is settled/paid.
- k) In the event of the Bank losing the securities/documents/title deeds the customer have provided while availing loan, the Bank will compensate the customer for the cost incurred for recreation of the documents/title deeds. In case of Gold Loan, the Bank shall make good the amount for a sum not exceeding the assessed value of the security as certified by our valuer at the time of availing the facility.
- l) All communications to the borrower shall be in the vernacular language or a language as understood by the borrower.
- m) Loan application forms in respect of priority sector advances up to Rs.2.00 lakhs to be comprehensive. It should include information about the fees/charges, if any, payable for processing, the amount of such fees refundable in the case of non-acceptance of application, pre-payment options and any other matter which affects the interest of the borrower, so that a meaningful comparison with that of other banks can be made and informed decision can be taken by the borrower.
- n) A system of giving acknowledgement for receipt of all loan applications will be devised. The Time frame within which loan applications up to Rs.2 lakhs will be disposed of should also be indicated in acknowledgement of such applications. A system to be devised to verify the loan applications



within a reasonable period of time. If additional details/documents are required, Bank to intimate the borrowers immediately.

- o) Loan application forms will include necessary information which affects the interest of the borrower, so that a meaningful comparison with the terms and conditions offered by other lenders can be made and informed decision can be taken by the borrower. The loan application form will indicate the documents required to be submitted with the application form.
- p) Shall provide acknowledgement for receipt of all loan applications.
- q) In case of rejection of loan application, irrespective of category of loans or threshold limits, the same would be conveyed along with the reasons to the loan applicant

13.3. Loan Appraisal and terms/conditions :

- a) The Bank will ensure that there is proper assessment of credit application. Bank will not use margin and security stipulation as a substitute for due diligence on credit worthiness of the borrower.
- b) The Bank will inform about the credit limit along with the terms and conditions thereof and keep the borrower's acceptance of these terms and conditions given with his full knowledge on record.
- c) Terms and conditions and other caveats governing credit facilities will be arrived at post negotiation with the loan applicant. The same will be documented and duly signed by officials of both parties. A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement will be furnished to the borrower.
- d) As far as possible, the loan agreement will clearly stipulate credit facilities that are solely at the discretion of the Bank. These may include approval or disallowance of facilities, such as, drawings beyond the sanctioned limits, honoring cheques issued for the purpose other than specifically agreed to in the credit sanction, and disallowing drawing on a borrower account on its classification as a non-performing asset or on account of non-compliance with the terms of sanction. It will also be specifically stated that the Bank does not have an obligation to meet further requirements of the borrowers on account of growth in business etc. without proper review of credit limits.
- e) As specified vide RBI circular DBR.Leg.No.BC.64/09.07.005/2014-15 dated January 22, 2015, Bank should provide a clear, concise, one-page key fact statement/fact sheet, as per prescribed format in Annex, to all individual borrowers at every stage of the loan processing as well as in case of any change in any terms and conditions. The same shall also be included as a summary box to be displayed in the credit agreement.



13.4. Disbursement of loans including changes in terms and conditions:

The bank will ensure timely disbursement of loans sanctioned in conformity with the terms and conditions governing such sanction. The bank will give notice of any change in the terms and conditions including interest rates, service charges etc. The bank will also ensure that changes in interest rates and charges are affected only prospectively.

Consequent upon such changes any supplementary deeds or documents that are required to be executed will be informed to the borrower. Further, availability/continuation of facility will be subject to execution of such deeds or documents.

13.5. Post disbursement supervision :

a) The Bank will carry out post-disbursement supervision in accordance with normal Banking practice, the terms of sanction, Bank's internal guidelines and the guidelines issued by the Reserve Bank of India from time to time.

b) Before taking a decision to recall/accelerate payment or performance under the agreement or seeking additional securities, Bank will give notice to borrowers, as specified in the loan agreement or a reasonable period, if no such condition exists in the loan agreement.

c) Bank will release all securities on receiving payment of a loan or satisfaction of a loan, subject to any legitimate right or lien for any other claim the Bank may have against the borrowers. If such right of set off is to be exercised, borrowers shall be given notice about the same with full particulars about the remaining claims and the documents under which lenders are entitled to retain the securities till the relevant claim is settled/paid.

13.6. Further Assistance :

Complaints / Grievances and Feedback / Suggestions – Internal Procedures

- Bank shall provide guidance to its customer in case the customer wants to make a complaint: internal procedures, BO, Customers' meeting and branch level customer service meeting
- Bank will also guide a customer on how to take the complaint further if the customer is not satisfied.

Bank's Customers can lodge a complaint at:

- Register at Branch through e-complaint register.



- Contact the Branch Manager
- Call Contact Center (Banking Customers)
- Customer Redressal form at Website .

13.7. Feedback and Suggestions:

The bank requests the customers to provide feedback on our service to help improve services.

Monitoring

- Bank shall have a “Nodal Officer” to ensure compliance of the Code. Bank’s internal auditing procedures shall make sure to meet the Code.
- The Nodal Officer shall co-ordinate with the Standing Committee setup at the Indian Banks’ Association to monitor the “Bankers’ Fair Practice Code”.

Compliance of the Fair Practices Code and the functioning of the grievance’s redressal mechanism at various levels of controlling offices will be reviewed on a periodical basis. A consolidated report of such reviews may be submitted to the Board at regular intervals.

The Fair Practices Code will also be put on the website and will be given wide publicity.

14. Document Control :

Compliance Department will be the custodian of this policy.

The contents of this Policy are confidential and are intended for internal use by Fincare Small Finance Bank only.

This Policy should always be kept in a safe place and must not be copied or revealed to third parties (i.e. persons not employed by Fincare Small Finance Bank) without the express written permission from Compliance Department.

Distribution of this Policy, in whole or in part, should come through an official request to the Head of Compliance Department.

15. Review of the Policy :



The policy will be reviewed annually. Revision of this policy is the principal way of formalizing changes and adjustments in the Fair Practice Code at Fincare Small Finance Bank. Such revisions provide flexibility to the process at Fincare Small Finance Bank and ensure that the Policy remains relevant at all times.

This policy shall be reviewed every year unless some changes occur in the Fair Practice Code which requires immediate changes to be made in the Policy. Any changes in the RBI regulations in relation with the policy will be applicable to the Bank and will be followed Mutatis Mutandis and will not require specific Board approval.

The Branch Operations Department will review change requests and either recommend / reject any proposed revisions. The Branch Operations Department Head / Committee / Board will review the recommendation and either accepts / rejects the proposed revision. If accepted, the Branch Operations Department will ensure that appropriate revisions are incorporated, and a new version is circulated to relevant users.

16. Document Review and Approval: