

## **FAIR PRACTICES CODE ON MICROFINANCE LOANS**

All loans provided without collateral to households with annual household income up to ₹3,00,000/- will be treated as Microfinance loans, regardless of the purpose or how the loan is processed.

Loans will be of collateral free nature and will not be linked with a lien on the deposit account of the borrower.

Bank will be submitting information regarding household income to the Credit Information Companies (CIC), as per the frequency approved by the Board.

Borrowers will not be charged any pre-payment penalty on Microfinance loans. Penalty, if any, for delayed payment shall be applied on the overdue amount, and not on the entire loan amount.

Interest rate for Microfinance loans will be linked to External Benchmark based Lending Rate. The maximum spread for interest rate for Microfinance loans is fixed at 12% and the maximum interest rate will be Repo rate + Operating cost+ 12%.

Any changes in interest rates or any other charges will be communicated to the borrower well in advance and these changes shall be effective only prospectively.

A summary of important loan terms (KFS) will be given to every borrower in a language they understand.

The loan agreement will be given in a standard form for Microfinance loans in a language understood by the borrower.

A loan card in vernacular language will be issued to the borrower which will include the following details:

- i. Information which adequately identifies the borrower;
- ii. Simplified factsheet on pricing;
- iii. All other terms and conditions attached to the loan;
- iv. Acknowledgements by the Bank of all repayments including instalments received and the final discharge; and
- v. Details of the grievance redressal system, including the name and contact number of the nodal officer of the Bank.

All information in the loan card will be provided in a language that the borrower is comfortable with.

Any non-credit product offered, such as insurance, will be provided only with the borrower's consent, and fee structure for such products shall be explicitly communicated to the borrower in the loan card itself.

Bank shall be accountable for inappropriate behaviour by its employees or employees of the outsourced agency and shall provide timely grievance redressal.

Recovery shall be made at a designated/central designated place decided mutually by the borrower and the Bank. However, field staff shall be allowed to make recovery at the place of residence or work of the borrower, if the borrower fails to appear at the designated/central designated place on two or more successive occasions.

Bank or its agent shall not engage in any harsh methods toward recovery.

Borrowers will be informed the details of recovery agents while initiating the process of recovery.

Details of the recovery agencies engaged by the Bank is updated on Bank's website.

In order to ensure an effective complaint redressal mechanism, the Bank has put in place a three tier complaint redressal system for all channel complaints.

- Tier 1: Complaint Registration with Customer Care:

Customers desirous of lodging complaint may take up the same with Bank's Customer Experience Group [customercare@sib.co.in,18004251809/18001029408], who will then take up the same with business unit concerned, for resolution.

The complainant will receive an auto acknowledgement instantaneously with a reference number, on receipt of the complaint at Bank's end.

- Tier 2: Escalation to Nodal Officer – Customer Relations Department:

In case of dissatisfaction with resolution provided at Stage 1 or the complaint remaining unresolved, it shall be escalated to Customer Relations Department for redressal.

Nodal Officer: An official at the level of AGM & above at CRD

Customer Relations Department

The South Indian Bank Ltd.

Head Office, Mission Quarters,

Thrissur – 680001

Tele: 0487-2420020

- Tier 3: Escalation to Principal Nodal Officer:

In case of dissatisfaction with resolution provided at Stage 2, a complaint may be escalated to Bank's Principal Nodal Officer, who shall be an official of the cadre of General Manager & above.

Principal Nodal Officer: An official at the level of GM & above

The South Indian Bank Ltd.

SIB Tower, Rajagiri Valley

Kakkanad, Ernakulam,

Kerala – 682 039

Tele: 0484- 393 9392

In the unlikely event of a customer not receiving a response within 30 days from the date of lodgment of the initial complaint, or in case of dissatisfaction with the response given by the Bank, he/she may approach the Banking Ombudsman.

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