

FAIR LENDING PRACTICES CODE (FLPC)

Fair Lending Practices Code, a voluntary code, adopted by State Bank of Indore, detailed below, has been adopted in compliance with Reserve Bank of India guidelines and is subject to amendments in future. Any amendments made to Fair Lending Practices Code, will appear in the webpage of the Bank and may be construed as due notice to the public thereof.

1. PREAMBLE

Scope:

1. (a) **FAIR LENDING PRACTICES CODE (FLPC for short)** is a voluntary code adopted by our Bank, which aims to achieve synchronization of best practices while dealing with **Customers** in India. It aims to provide valuable inputs to **Customers** and facilitates effective interaction of customers with the Bank.

Extent:

1 (b) **FLPC** would be applicable in the Bank from the date it is placed in the Bank's website or is otherwise publicised through the media.

FLPC contains 8 important declarations from us, the spirit of which pervades the entire **FLPC** provisions.

2. Important declarations :

The Bank declares and undertakes

- To provide in a professional manner, efficient, courteous, diligent and speedy services in the matter of retail lending.
- Not to discriminate on the basis of religion, caste, sex, descent or any of them.
- To be fair and honest in advertisement and marketing of Loan Products.
- To provide customers with accurate and timely disclosure of terms, costs, rights and liabilities as regards loan transactions.
- If sought, to provide such assistance or advice to customers in contracting loans.
- To attempt in good faith to resolve any disputes or differences with customers by setting up complaint redressal cells within the organization.
- To comply with all the regulatory requirements in good faith.
- To spread general awareness about potential risks in contracting loans and encourage customers to take independent financial advice and not act only on representation from banks.

3. FAIR PRACTICES

3.1 Product Information :

- a) A prospective customer would be given all the necessary information adequately explaining the range of loan products available with the Bank to suit his/her needs.
- b) On exercise of choice, the customer would be given the relevant information about the loan product of choice.
- c) The Customer would be explained the processes involved till sanction and disbursement of loan and would be informed of timeframe within which all the processes will be completed ordinarily at our Bank.
- d) The Customer would be informed of the names and phone numbers of branches and the persons whom he can contact for the purpose of loan to suit his needs.
- e) The Customer would be informed the procedure involved in servicing and closure of the loan taken.

3.2 Interest Rates

3.2.1 Interest Rates for different loan products would be made available through and in any one or all of the following media, namely :

- a) In our Bank's Web site
- b) Over phone, if Tele Banking services are provided
- c) Through prominent display in the branches and at other delivery points
- d) Through other media from time to time

3.2.2 Customers would be entitled to receive periodic updates on the interest rates applicable to their accounts.

3.2.3 On demand, Customers can have full details of method of application of interest.

3.3 Revision in Interest Rates :

- a) The Bank would notify immediately or as soon as possible any revision in the existing interest rates and make them available to the customers in the media listed in para 3.2.1
- b) Interest Rate revisions to the existing customers would be notified within 3 working days from the date of change.

3.4 Default Interest/Penal Interest :

- a) The Bank would notify clearly about the default interest/penal interest rates to the prospective customers.

3.5 Charges :

- a) The Bank would notify details of all charges payable by the customers in relation to their loan account.

- b) The Bank would make available for the benefit of prospective customers all the details relating to charges generally in respect of retail products in the media as specified in **Para 3.2.1**.
- c) Any revision in charges would be notified in advance and would also be made available in the media as listed in **Para 3.2.1**.
- d) Our Bank would clearly specify the charge account for interest and charges, wherever necessary and get a mandate for debiting the said charge account along with the documentation.

3.6 Terms and Conditions for Lending :

- a) The Bank would ordinarily give an acknowledgement of receipt of loan request and if demanded by the customer, a copy of the application form duly acknowledged would also be given, as soon as the customer chooses to buy a product or service of his choice.
- b) Immediately after the decision to sanction the loan, the Bank would show draft of the documents that the customer is required to execute and would explain, if demanded by the customer, the relevant terms and conditions for sanction and disbursement of loan.
- c) Loan Application forms, Draft documents or such other papers to be signed by a customer shall contain all the terms and conditions relating to the product or service of his choice.
- d) Reasons for rejection of loan application would be conveyed to all categories of loan applicants irrespective of any threshold limits including credit card applications in writing, which in the opinion of the bank have led to rejection of the loan application.
- e) Before disbursement of loan and on immediate execution of the loan documents, the Bank shall deliver a copy of the documents to the customers.
- f) The Bank would convey consent within 21 days from the date of receipt of request or otherwise i.e. objection, if any, in case of receipt of request for transfer of borrowal account, either from the borrower or from a bank/financial institution, which proposes to takeover the account.
- g) In the matter of recovery of loans, the Bank would not resort to undue harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans.
- h) Loan application forms would be comprehensive and would include information about the fees/charges, if any, payable for processing, the amount of such fees refundable in case of non-acceptance of application, pre payment options and any other matter which affects the interest of the borrower.

3.7 Account Practices :

- a) The Bank would provide regular statement of accounts, unless not found necessary by the customers.

- b) The Bank would notify relevant due dates for application of agreed interest, penal interest, default interest, and charges if they are not mentioned in the Loan applications, documents or correspondence.
- c) The Bank would notify in advance any change in accounting practices which would affect the customer, before implementation.

3.8 Information Secrecy

- a) All personal information of the customer would be confidential and would not be disclosed to any third party unless agreed to by customer. The term 'Third party' excludes all Law enforcement agencies, Credit Information Bureau, Reserve Bank of India, other banks/ financial & lending institutions.
- b) Subject to above Para, customer information would be revealed only under the following circumstances,
 - If Our Bank is compelled by law
 - If it is in the Public Interest to reveal the information
 - If the interest of our Bank require disclosure

3.9 Financial Distress :

- a) The Bank would sympathetically reckon cases of customer's financial distress.
- b) Customers would be encouraged to inform about their financial distress as soon as possible
- c) The Bank would adequately train the operational staff to give patient hearing to the customers in financial distress and would try to render such help as may be possible in their view.

3.10 Grievance Redressal

- a) The Bank would have Grievance Redressal Cell/Department/Centre within the organization.
- b) The Bank would make available all the details, namely;
 - Where a complaint can be made
 - How a complaint should be made
 - When to expect a reply
- Whom to approach for redressal of grievance etc.

to the customers individually on demand and through the media listed in **Para 3.2.1** Response to a complaint whether positive or negative or requiring more time for redressal would generally be given within a maximum period of four weeks from the date of receipt of complaint, unless the nature of complaint is such that requires verification of voluminous facts and figures.