

Kashf Foundation- Code of Conduct for Consumer Protection

First and foremost Kashf Foundation has a clear commitment to benefit the lives of poor people and believes in firm ethical principles which strongly reflect the social aspects of financial inclusion. The most important feature of this code is to ensure that at all times the dignity and esteem of low income clients is upheld and at no juncture of the relationship or contact with Kashf Foundation or its staff, the respect of the client is compromised. At Kashf Foundation, we believe that our service quality and our contact with our clients should be transparent, respectful, positive and long term.

Keeping this in view, the following code of conduct is built on three main principles:

Truth-in-lending: With respect to the provision of financial services, the goals of consumer protection are based on the questions of transparency or "truth-in-lending" practices aimed at ensuring the consumer understands the terms of the loans she or he might receive and/or the terms and conditions of all deposit or other auxiliary services. Truth-in-lending practices typically provide clients with accurate, comparable and transparent information about the cost of loans and the returns on deposits.

Abusive or inappropriate lending and debt collection practices: With respect to the delivery and collection of loans, the goals of consumer protection tend to focus on ensuring that the microfinance lender treats its customers fairly and with appropriate regard for the customers' dignity and welfare, thus avoiding any abusive or otherwise inappropriate lending or debt collection practices.

Customer Satisfaction: With respect to access to services, the goals of consumer protection ensure that the client is the focus of all aspects of product design and delivery thus providing clients with regular access to repeat loans at an affordable and a fair price. Microfinance is truly about relationship banking, where long term contact with clients should be based on good faith in meeting all obligations to clients and in adhering to the rules and regulations of all agreements.

Kashf Foundation Principles of Consumer Protection

1. **Quality of Service:** We will treat every customer with dignity and respect. We will be fair, disciplined and respectful in the provision of our services at all times. Furthermore, we will provide services that are convenient to the client and in as timely a manner as possible. We will not turn away any deserving client and will service repeat clients as quickly as possible. We will also be respectful of cultural and gender differences.
 - i. We will interact with clients in an acceptable language and dignified tone at all times.
 - ii. We will listen to clients at all times and be considerate of their privacy when they come to us with queries or concerns.
 - iii. We will service potential clients and new clients to the best of our ability and within the parameters of our policies and procedures.
 - iv. We will not discriminate on the basis of gender, religion, sect or any other affiliation.
 - v. We will take adequate care to design products and delivery channels which are easy to use by our clients and do not harm them.

2. **Transparent, Fair and Affordable Pricing:** We will give clients complete, accurate and understandable information regarding the terms of all financial services, including the true costs of borrowing, and, the costs and benefits of other services like insurance and deposits. We will promote practices that ensure clients have the information they need to make informed choices.
 - i. We will provide the terms and conditions of all our financial services in detail during the client mobilization process and ensure these are repeated and clearly understood by clients before loan disbursement.
 - ii. We will establish adequate procedures for disclosure of all financial services by ensuring that these are provided in simple terms in a language that is understood by the clients. These terms will be clearly mentioned in the KF passbook for ease of reference.
 - iii. We will inform clients if and when there is a change in fees/charges and interest rates through direct contact s and by putting notices in strategic places such as branches.
 - iv. We will educate clients about their responsibilities towards us as clients (payments and otherwise), as well as any and all facets of our services.

3. **Protection from Unethical Debt Collection Practices:** While we understand that debt collection practices must include energetic pursuit of defaulters, we will treat customers with dignity and will prevent abusive collection practices which deprive customers of their basic rights. We will promote practices that protect our clients from unethical, illegal, predatory, discriminatory and deceptive services.
 - i. We will avoid collection at inappropriate occasions such as bereavement or death in the family or other such calamitous occurrences for making calls/visits to collect dues.
 - ii. We will maintain decency and decorum during a collection of dues visit to a client and scrupulously avoid any demeanor which would indicate any kind of threat or violence.
 - iii. We will only pursue ethical, just and fair means to recover overdue amounts.
 - iv. We will never enter clients' houses without their permission or when they are not present, and neither will we take any asset that belongs to the client in lieu of recovery.
 - v. We will not pursue any unjustified legal action against our clients, since we are committed to upholding their dignity and their respect at all times.

4. **Privacy of Customer Information:** We need to safeguard and protect client information at all times. We do not believe in disclosing client information without their knowledge and their consent.
 - i. We will keep personal client information strictly confidential.
 - ii. We will explain the purpose of obtaining this information to the client prior to collection.
 - iii. We will not divulge client information to a third party (such as a credit bureau) without their written consent and authorization.

5. **Ethical Conduct of Staff:** We believe in ensuring that all contact and relationship with our client is transparent and driven by Kashf Foundation's code of ethics. We hold our employees to a high standard with respect to conflicts of interest and unethical behavior, especially behavior that harms customers. Employees who breach these standards will be sanctioned.
 - i. We believe in 100% honesty in all that we do.
 - ii. We will abide by Kashf Foundation's do's and don't's for employees at all times.
 - iii. We will ensure that all officers and employees of our organization are aware of, and adhere to, the values and practices outlined in this code.

- iv. We mandate our internal audit department to audit compliance with this code of consumer protection and submit a report to our Board of Directors at the end of every financial year detailing the extent of compliance, specifically indicating any deviations and reasons thereof.
6. **Grievance Redressal Mechanisms:** We believe in listening to our clients and ensuring their concerns and grievances are addressed effectively. We are committed to providing formal channels of communication with customers through which customers can give feedback on our service quality.
- i. We will provide a robust customer grievance redressal system to address customers complaints in a timely manner.
 - ii. We will inform clients about the existence of these mechanisms and how to access them.
 - iii. We will provide easily accessible complaint and suggestion systems through a dedicated phone number for clients in case they have complaints and/or suggestion along with establishing a complaint handling system to address issues efficiently.

7. Prevention of Over indebtedness: We believe in taking adequate care in all phases of customer credit processes to determine that client has the capacity to repay without becoming overindebted.

- i. We will assess customer's financial situation (income and expenses), credit requirement, repayment capacity and indebtedness before disbursement.
- ii. We will take information from the customer, Credit Information Report (CIR) and/or field level intelligence before disbursing a loan.
- iii. We will disburse the loan commensurate with the customer's ability to repay.