
MONEDO FINANCIAL SERVICES PVT. LTD.

FAIR PRACTICES CODE

Contents
1. Background
2. Objective of the Code
3. Application of the Code
4. General
5. Grievance Redressal Mechanism
6. Adoption of Best Practices
7. Deviation
8. Review and Revision

Background

Monedo Financial Services Private Limited (“Monedo”) is registered as Non-Banking Finance Company with the Reserve Bank of India (“RBI”). The Reserve Bank of India (RBI) has issued Master Directions – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions 2023 dated 17th October 2023 which requires all applicable NBFCs to put in place Fair Practices Code (“Code”) based on the guidelines outlined therein.

Objective of the Code

This Code sets the minimum fair practice standards to be followed by all the employees and representatives of Monedo while dealing with its customers/ borrowers (“customers”). The Code also provides details of information to be communicated to customers/borrowers and details the manner in which Monedo and its employees and representatives are expected to deal with customers/ borrowers on a day to day basis. The primary objectives of the Code are as follows:

- Ensure fair practices while dealing with customers and promote good, fair and trustworthy practices by setting up minimum standards;
- Provide greater transparency in all transactions, thereby enabling customers to have a clear understanding of the products and services (including the terms and conditions of such products and services) offered by Monedo and make informed decisions;
- Ensure that customers are advised of the terms and conditions of products/ services provided in a comprehensive manner for their consideration prior to commitment of a transaction;
- Monitor and administer customer accounts in a fair and transparent manner consistent with the terms and conditions of the facility provided;
- Recovery and enforcement, where necessary, is conducted following due process of law.
- Ensure compliance of applicable regulations prescribed by RBI relating to fair practices
- Build customer confidence in Monedo.

Application of the Code

This Code shall apply to all categories of products and services offered by Monedo and shall be abided by the employees of Monedo and such other persons authorized to represent Monedo.

Applications for loans and their processing

Monedo shall ensure that

- All communication to the customers shall be in English and if the same is not understood by the customers, in vernacular language, or a language as understood by the customers.
- The loan application form and annexure thereto shall include necessary information which affects the interest of the customer to facilitate the customer to compare similar terms and conditions offered by other NBFCs, thus enabling the borrower to take an informed decision based on the aforesaid comparison.
- The customer is provided with the loan application form, inter alia, including broad features, terms and conditions governing the loan, indicating the primary list of documents including KYC documents required to be submitted with the application form.
- The customer is informed of the documents required to be submitted along with the application form.

- An acknowledgment is provided to customers by way of an electronic message upon the successful receipt of loan application along with time frame within which loan applications will be disposed of.

Loan appraisal and terms/conditions

- Monedo shall convey to the borrower in writing, in English and if the same is not understood by the customers, in either vernacular language or a language as understood by the borrower, by way of a sanction letter and through the loan agreement, the amount of limit sanctioned along with all the terms and conditions including annualized rate of interest and method of application. Monedo shall maintain a record of the borrower's acceptance of these terms and conditions.
- Monedo shall specify, in bold, the penal charges for late repayment, if any, in the sanction letter and in the loan agreement executed with the borrower.
- At the time of sanction and/or disbursement of the loan amount, Monedo shall furnish a copy of loan agreement along with all enclosures quoted in the loan agreement to the borrower through the registered email address provided by the borrower in the loan application form.
 - At the time of sanction, Monedo shall clearly communicate to the borrowers about the possible impact of change in interest rate on the loan leading to changes in EMI and/or tenor or both.
 - The loan agreement including its annexures shall clearly mention the quantum and reason for penal charges that may be applicable.

Disbursement of loans including changes in terms and conditions

- In the event of any change in the terms and conditions of the loan (including disbursement schedule, interest rates, service charges, prepayment charges etc.), Monedo shall give notice to the borrower in English and if the same is not understood by the customers, in the vernacular language, or a language as understood by the borrower regarding such change. Such change shall be communicated through the registered email address provided by the borrower in the loan application form.
- All changes in the interest rates and charges shall be affected only prospectively and communicated to the borrower.
- Monedo shall ensure that any decision to recall and/or accelerate payment or performance shall at all times be in consonance with the terms and conditions of the loan agreement executed with the borrower.
- Monedo shall give reasonable time to the borrowers before recall of the loan or asking for accelerating the payment or performance subject to the terms and conditions contained in the loan agreement and/or other related documents.
- Monedo shall communicate to the borrower on the email id provided by the borrower about any increase in EMI/ tenor or both on account of change of interest rate.
- Monedo shall provide option to the borrowers to switch over from floating rate to a fixed rate at the time of reset of interest rates and any associated charges for switching shall also be communicated. Monedo shall release all securities of a borrower only upon repayment of all dues by such borrower, or upon realization of the outstanding amount of the borrower's availed loan, subject to any legitimate right or lien for any other claim which Monedo may have against its borrower. If such right of set off is to be exercised, the borrower will be given notice (through the registered email address provided by the borrower in the loan application form) about the same with full particulars about the remaining claims and conditions under which Monedo shall be entitled to retain the securities till the relevant claim is settled or paid by the borrower.

- Monedo shall issue a 'no-objection certificate' to the borrower upon the repayment of all sums arising under loan agreement/closure of the loan and upon the completion of all related formalities thereunder.

Treatment of Collateral post closure

- The collaterals lying with Monedo may be released within reasonable time on receipt of full and final repayment of loans subject to any legitimate right or lien and set off for any other claim that Monedo may have against the borrowers. If such right of set off is to be exercised, the borrower shall be given notice about the same with full particulars about the remaining claims and the conditions under which Monedo is entitled to retain the collaterals till the relevant claim is settled / paid.
- In case where the borrower has availed facility allowing the borrower to borrow/draw monies within the overall amount sanctioned as and when needed by the borrower, the collateral may be retained by Monedo for operational convenience and also to protect interest from potential defaults by the borrower and to protect the interest of Monedo.

Loans sourced over Digital Lending Platforms

Wherever Monedo engages or does outsourcing of digital lending platforms as their agents to source borrowers and/ or to recover dues, it shall follow the following instructions:

- To disclose the names of digital lending platforms engaged as agents on the website of Monedo.
- b) Digital lending platforms engaged as agents shall be directed to disclose upfront to the customer, the name of Monedo on whose behalf they are interacting with him.
- c) A copy of the loan agreement along with a copy each of all enclosures quoted in the loan agreement shall be furnished to all borrowers.
- d) There shall be effective oversight and monitoring be ensured over the digital lending platforms engaged by Monedo. e) Adequate efforts shall be made towards creation of awareness about the grievance redressal mechanism.

General

- Monedo shall refrain from interference in the affairs of its borrower except for the purposes provided in the terms and conditions of the loan agreement executed with such borrower or in compliance with applicable law. Monedo shall not be required to comply with such requirement in the event that new information, not earlier disclosed by the borrower has come to the notice of Monedo or unless in accordance with the agreement in writing between Monedo and the borrower or in compliance with a legal obligation.
- Monedo will connect with the borrower on phone only during working hours and ensure that there is no harassment to the borrower from Monedo.
- In case of receipt of request from the borrower for transfer of loan account, the consent or otherwise i.e. objection of Monedo, if any, shall be conveyed to such borrower within 21 (twenty one) days from the date of receipt of the borrower's request. Such transfer will be as per transparent contractual terms in consonance with all the applicable laws.
- In the matter of recovery of outstanding dues of its borrower, Monedo shall not resort to undue harassment viz. persistently bothering the borrowers at odd/late hours or behaving rudely or aggressively, or use of muscle power for recovery of loans etc. Monedo shall take necessary steps to ensure that its employees and other representatives are adequately trained to deal with customers/borrowers in an appropriate manner.

- Monedo shall not discriminate on the grounds of gender, caste, or religion, visually impaired or physically challenged applicants on the ground of disability in extending products, services, facilities, etc. except as permitted under law like participating in schemes framed for different sections of the society.
- Monedo shall become a member of all CICs as mandated by the Reserve Bank of India.
- Monedo do promote usage of electronic payments systems in its business transactions.

Confidentiality

- Unless authorized by the customer, Monedo shall treat all the personal information of its customers as private and confidential.
- Monedo may not reveal transaction details of the borrowers to any other entity except under the following exceptional circumstances:
 - Monedo has its duty to provide the information by statutory or regulatory laws including information to statutory bodies, law enforcement agencies, Credit Information Companies, RBI and or other banks/financial institutions, any other state, central or any other regulatory body, including courts and tribunals having jurisdiction.
 - Customer has authorized Monedo in writing, to provide such information.
 - If it is in the public interest to disclose such customer information.
 - If its interest requires Monedo to provide this information (eg. Fraud prevention).
 - If the borrower defaults to meets its obligation towards Monedo.

Interest Rate and Other Charges

- Monedo shall devise appropriate internal principles and procedures for determining interest rates and processing and other relevant charges.
- Interest rates and other relevant charges applied to the customer/borrower shall be based on internal credit scoring done by Monedo.
- Monedo shall adopt an annualized interest rate model (refer RBI Guideline on Digital Lending RBI/2022-23/111 DOR.CRE.REC.66/21.07.001/2022-23 dated September 02, 2022) considering relevant factors such as cost of funds, margin and risk premium etc. and determine the rate of interest to be charged for the products/services which shall be communicated to the customers/borrowers in the sanction letter. The rate of interest and approach for gradation of risk and rationale for charging interest rate shall be made available through the Monedo's interest rate policy, which will be available on Monedo's website.
 - The quantum and reason for penal charges shall be clearly disclosed in the loan agreement and most important terms & conditions / Key Fact Statement (KFS).
 -

Grievance Redressal Mechanism

- In the present competitive environment, Monedo acknowledges that excellent customer service is an important tool for sustained business growth. At Monedo, customer service and satisfaction are the prime focus and the aim is to provide prompt and efficient service is essential not only to attract new customers, but also to retain existing ones. To make Monedo's grievance redressal mechanism more meaningful and effective, a structured system has been put in place. This system will ensure that the redressal sought is just and fair and is in accordance with the applicable laws.

The board of directors of Monedo shall periodically review the compliance of this Code and the functioning of the grievance's redressal mechanism at various levels of management.

Monedo shall ensure that following details are prominently displayed at its place of business and on its website.

- Procedure for receiving and addressing complaints and suggestions.
- Name, address, contact number and e-mail address of Grievance Redressal Officer, who can be approached for redressal of the complaint, along with the details of the officer-in-charge of the Regional Office of Department of Non-Banking Supervision of RBI under whose jurisdiction the registered office of Monedo falls and details of the RBI Ombudsman portal
- Time frame for resolving customer complaints together with escalation matrix for escalating the complaint in case the complaint is not resolved to the satisfaction of the customer/borrower within the specified time period. In any event, that customer/borrower may file an appeal with the officer-in-charge of the Regional Office of India, Department of Non-Banking Supervision of RBI under whose jurisdiction the registered office of Monedo falls or on the RBI Ombudsman portal if the complaint/dispute is not redressed within a period of 1 (one) month.

Adoption of Best Practices

The Company shall ensure compliance with the following best practices laid down by the Reserve Bank of India through notification dated 27th June 2014:

- Submission of updated records to CIC on timely basis and that no instances of repayment, including that of the last instalment, are left unreported;
- Centralising issuance of NOC and providing information to CICs;
- Appointment of Nodal Officer for dealing with CICs;
- Customer grievance redressal should be given top priority especially in respect of complaints relating to updation/alteration of credit information;
- Grievance redressal in respect of credit information should be integrated with the existing systems for grievance redressal. Aspects relating to customer grievances pertaining to credit information may also be an integral part of customer service policy;
- Abidance by the period stipulated under CICRA and the Rules and Regulations framed thereunder in respect of updation, alteration of credit information, resolving disputes, etc. Procedure prescribed under Rule 20 and 21 of the Credit Information Companies Rules, 2006 in this regard should be adhered to. Deviations from stipulated time limits should be monitored and commented upon in the periodical reports/reviews put up to the Board/Committees of Board on customer service.
- At least monthly updation of credit information with CICs.
- Provide all customer/ borrower information to CICs.
- Mandatorily use Credit Information Reports in credit appraisal process;
- No rejection of loans to New to Credit Customers due to unavailability of credit history;
- Constitute a Consumer Protection Committee under Board of Directors for consumer complaints redressal.

Deviation

No deviation to this Code shall be accepted.

Review and Revision

The Board shall be responsible for the administration, interpretation, application, review and amendment of this Code at its own discretion or as may be required by extant RBI Regulations. The Code will be reviewed on annual basis.