

Palla Credit Limited High Level Brief

Executive Summary

Palla Credit Limited, a non-deposit taking microfinance institution, is dedicated to providing essential financial services to under-served populations. With a primary focus on low-income individuals and small business owners. Our core mission is to extend credit services to individuals in business, offering them valuable opportunity to access financial resources that would otherwise be unavailable due to lack of collateral. Central to our business model is the provision of microloan products meticulously tailored to meet the distinct needs of our target market.

Established in 2012, Palla Credit Credit has thrived in a dynamic and challenging business environment marked by intense competition. In response, the company has developed strategic plans aimed at expanding its market share. Our objective is to provide clarity to the community regarding our vision, mission, and objectives. Additionally, we seek to transparently communicate the methods we employ to achieve these objectives, fostering a deeper understanding of our commitment to financial inclusion and empowerment.

1. Institutional Review

1.1 Identifying Statement

Palla Credit Limited is a fast growing non-deposit taking micro-finance institution with eight branches in Kenya and registered under the Companies Act, 2015. The company derives its mandates from the Microfinance Act, 2006 and its By-laws. Biashara loan which is the flagship product of Palla is aimed to assist business entrepreneurs expand their business operational territories for financial solutions. We envision a world where everyone has access to affordable and reliable financial services, enabling them to build better lives for themselves and their families.

The objectives for which the company is established are:

- To promote financial stability among small business owners through lending that can be made to them exclusively for providence and productive purposes at fair and reasonable rates of interest.

- To assist the members of the society to undertake income generating activities through provision of credit facilities.
- To build a strong positive image and a good reputation as a microfinance institution still looking for further growth in the future by serving as many people as possible.
- To maintain a strong customer relationship based on trust and enabling our market to believe that our services could actually make a difference in their lives.
- To acquire a team of highly qualified employees that are able to continuously observe our clients and develop and maintain a friendly environment with them.

1.2 Vision

Our vision is to emerge as the foremost one-stop financial institution, ensuring universal access to affordable and reliable financial services. We aspire to empower individuals and families, equipping them with the means to construct improved lives.

1.3 Mission

At Palla Credit Limited, our mission is to empower individuals and communities through the provision of inclusive financial services. We are dedicated to catalyzing economic growth and alleviating poverty.

1.4 Core Values

In alignment with microfinance principles, Palla Credit Limited upholds the following core values:

- a) Integrity: Our operations are characterized by mutual respect, openness, and an unwavering commitment to independence, honesty, and impartiality. We adhere to the highest standards of professionalism, consistently maintaining transparency.
- b) Transparency: Committed to serving our customers with openness, we ensure transparent transactions and uphold effective communication links, adhering meticulously to rules and regulations..
- c) Professionalism: Palla Credit Limited sets and maintains elevated standards, ensuring a high level of knowledge and skills to deliver top-tier services.

1.5 Target Market

We focus on serving individuals and small businesses in under-served areas, including rural communities and urban slums. Our primary target market comprises low-income individuals, micro-entrepreneurs, and small business owners who lack access to formal banking services. We aim to empower them financially by offering them tailored financial solutions and fostering a culture of financial inclusion.

2. Business Model

The company emphasizes on the customer and the institution's ability to generate sustainable returns. Our company offers loans to business owners ranging from ksh 5,000 to ksh 150,000 at a moderate interest that covers our costs and help us reinvest. At the same time, we seek professional guidance continuously to ensure cash flow and that the business is on the right track. Our main asset is human resource and investment that ensures the proper running of the business.

Our driving force is the fact that millions of people, both in urban and rural areas, remain unemployed and therefore in need of a solid form of income and cash flow. Many people thrive to become entrepreneurs, whether small business or large business, but are unable to due to financial constraints. Our Biashara Loan is designed in such a way that successfully tailors and satisfies the needs of our targeted customers.

2.1 Product (Biashara Loan)

We offer small loans to individuals and micro-entrepreneurs to support their income generating activities, expand their businesses, or meet personal needs. This loan product have flexible repayment terms and are designed to be affordable and accessible. It is the quality and uniqueness of our loan giving process that the customers find the real benefit. Our target customers have ideas on how to earn money, how to be self-improving but lack a way to pursue what they seek. By giving the initial capital through Biashara Loan that requires no collateral, our company props them on their two feet and from there they learn to walk.

2.2 Delivery Channels

The loan application and disbursement process is done in all of our eight branches namely; Kangemi, Kiambu, Kawangware, Eastlands, Murang'a, Naivasha, Kasarani, and Githurai.

These established physical branches are in strategic locations, including both urban and upcoming rural areas, to provide face-to-face interactions and personalized services our customers.

2.2.1 Field Credit Officers

We leverage an extensive network of credit officers who act as foot soldiers to market our products, facilitate loan issuance and collection.. The field officers go directly to the target customers and advertise within local communities, and deliver the services there, at the customer's convenience. We also have field officers whose purpose is to supervise those who have obtained loans, monitor their progress and whether the loan is being used for the intended purpose, and ensure they are making money to repay the loans.

2.2.2 Loan Management System App

We have a robust core system that serves as the backbone of our operations, enabling us to manage customer accounts, process transactions, and generate reports efficiently. This system ensures data security, scalability, and seamless integration with other platforms such as M-pesa.

2.3 Data Analytics

We employ data analytics tools to analyze customer data, identify trends, and make data driven decisions. These insights help us assess creditworthiness, improve risk management, and develop targeted financial products for our customers.

2.4 Financial Sustainability

Our business model focuses on achieving financial sustainability while maximizing social impact. We generate revenue through interest income from loans and to ensure financial viability, we employ rigorous risk management practices, monitor loan portfolio quality, and maintain a diversified funding base through partnerships and investments.

2.5 Future Growth

As our business continues to grow, we aspire to enhance our service offerings by providing comprehensive training programs for aspiring entrepreneurs, guiding them through the intricacies of starting a business and assisting those with innovative ideas lacking actionable plans. Furthermore, we envision fostering a synergistic community among our clients. For instance,

imagine a customer who secures a loan to establish a mini-mart but encounters challenges with goods shipment. Simultaneously, another client wishes to launch a supply transport business but lacks destinations. Through our services, these individuals can seamlessly connect, creating a mutually beneficial platform where businesses can collaborate and thrive together

3. Conclusion

Palla Credit Limited is dedicated to advancing financial inclusion through the provision of accessible and affordable financial services to under-served communities. Employing an innovative business model and a diverse array of delivery channels, our goal is to efficiently reach a broad customer base, creating a positive impact on their lives. By harnessing technology and forming strategic partnerships, we are confident in our ability to achieve both social and financial sustainability.

While the scope of our services is currently confined to lending, the depth of this singular service is extensive due to the substantial number of small-scale business owners seeking a financial boost. Recognizing the significant demand among our target customers, our company remains firmly within the microfinance realm, catering specifically to low-income business owners. What sets our service apart is its microfinance nature—we prioritize individuals who derive value from lower incomes, steering away from providing substantial loans to large corporations.

What truly distinguishes us is the personalized and vital connection we establish with our customers. This unique bond enables us to readily review their cases, diligently monitor their progress, and sustain a mutually beneficial relationship that remains at the core of our operations.

MARKET ANALYSIS

1.0 Introduction

Microfinance Institutions (MFIs) have established a successful presence in the country over the years, playing a pivotal role in the development of both rural and urban centers. Undoubtedly, microfinance significantly contributes to the progress of these communities, benefiting thousands of individuals annually, as evidenced by various studies. The operational strategies of these institutions vary, influenced by factors such as available resources, loan demand, the local population, and alignment with organizational goals. Diverse microfinance institutions target specific markets, ranging from providing financial support to women and small to medium enterprises to assisting graduates and the unemployed population at large. In the dynamic Kenyan microfinance landscape, marked by a substantial number of unemployed youths, there is a shifting trend. Individuals facing poverty are increasingly optimistic about improving their standards of living by initiating self-sustaining businesses. Moreover, a growing number of entrepreneurs are actively engaged in educating local communities about diverse business expansion opportunities facilitated through microfinance institutions.

In light of negative trends such as high unemployment rates, there is a compelling need for the expansion of microfinance institutions in Kenya. This expansion is viewed as a proactive measure to combat poverty and unemployment, empowering low-income earners to leverage their traditional skills for income generation. Ultimately, the aim is to support these individuals in meeting their basic family needs and fostering a positive trajectory toward a more prosperous future.

2.0 Segmentation and Entry Point

In alignment with our business strategy, centered around “financing small business owners,” our primary target market comprises individuals involved in the small and medium enterprise sector. The focal point of our loan product is to facilitate the expansion of business operations. Notably, our target demographic need not possess a fixed income or collateral, as we strive to minimize risk by ensuring that loans are extended and monitored with a focus on the borrower’s ability to generate income for timely repayment.

Within the realm of small business owners, we recognize a diverse group, including those with innovative ideas and individuals aware of life opportunities but lacking the financial means to pursue them. This delineates our entry point as we concentrate on business people in both rural and urban areas.

Following meticulous customer research, we strategically chose to commence operations in the bustling Kangemi Market Area, characterized by a dense population of small business owners, thereby presenting a substantial target market. Subsequently, we successfully expanded our operations to encompass other areas in Nairobi, Kiambu, Murang'a, and Naivasha, all sharing characteristics with our identified target market.

Our research illuminated the microfinance industry in Kenya as still in its developmental stage, despite its global success. This observation offered us ample space and opportunities for further advancements in the field. Unlike many microfinance institutions in Kenya that resort to imposing higher interest rates on low-income earners to mitigate the risk of defaults, our business model centers on adding value to our customers. We take pride in ensuring that business owners and entrepreneurs achieve their goals by providing the best possible financial solutions.

At the core of our approach is a commitment to customer convenience, allowing clients to focus on business growth while entrusting the financial aspects to us. Our company places a premium on customer relationships, emphasizing the institution's ability to generate sustainable returns. Our professional team is dedicated to reaching out to business people, offering tailored support to help them make informed decisions on the most effective ways to expand their businesses.

3.0 Marketing Strategy

3.1 Target Customer Strategy

Our immediate priority lies in expanding outreach to the 'unserved' population. Our concentrated efforts have been directed towards devising optimal strategies for delivering financial services to business individuals currently without access. Challenges such as low population density, weak infrastructure, and irregular cash flows have historically hindered the provision of financial services, often leading to high costs and limited outcomes. Our strategic focus involves acknowledging the diverse financial needs of people and identifying smaller, homogeneous

customer groups within our overarching target market. This approach allows us to refine our marketing efforts and better cater to the unique requirements of each customer segment.

Presently, our portfolio includes offering loans to existing business owners and aspiring entrepreneurs. A comprehensive survey conducted by our team indicates that numerous small and medium enterprises face challenges in obtaining loans from traditional banks and financial institutions due to the lack of collateral and other securities. In response, we provide instant loans without interest deductions, eliminating the need for guarantors or collateral. Moreover, our loan facility is accompanied by the distinct advantage of requiring no registration fees, positioning our company favorably against competitors. However, this unique offering necessitates our commitment to raising awareness among customers about our services and the associated benefits of choosing our loan options.

3.1.1 Buying Decision

The pivotal factor for our customers is undeniably the loan itself. Armed with this insight, our company places a paramount emphasis on delivering affordably priced loans. Beyond the act of financing, we are committed to meticulously managing these loans, ensuring that our business achieves its goals. Simultaneously, we recognize the dual role of marketing our services—by consistently satisfying our customers, we catalyze positive word-of-mouth, fostering increased interest among potential borrowers.

While all our services are accessible through various branches, it is our dedicated field officers who establish personal connections with customers at their places of business. Cultivating relationships with repeat customers holds a special focus for us, as their continued engagement demonstrates responsibility in loan management. To enhance convenience for our clientele, payments are predominantly facilitated through mobile payment platforms such as MPESA, aligning with the preferences and ease of use for our customers.

3.1.2 Customer Understanding

Our most compelling features lie in our ability to offer instant loans with no registration fees, no interest deductions, and no requirement for guarantors. Given these attractive attributes, it becomes imperative for us to have a deep understanding of our customers. We exclusively extend credit services to business owners with a tangible and legitimate business presence. To ensure responsible lending practices, we have implemented Know Your Customer (KYC) procedures, involving the identification and verification of customers by gathering pertinent information.

Notably, we refrain from offering credit services to shell or anonymous entities, further reinforcing our commitment to transparent and accountable financial transactions.

3.2 Branding Strategy

Our branding strategy goes beyond portraying ourselves as a mere microfinance institution. We aspire for our customers to perceive us as a dynamic partner in their journey, growing alongside them with a steadfast commitment to long-term success. Our emphasis lies in cultivating a relationship built on mutual trust between Palla and its customers. We achieve this by consistently delivering quality services that contribute to the growth of both our company and the prosperity of our valued customers.

The Terms and Conditions Governing Credit Services.

These Terms and Conditions governs the loan application process between Palla and the Customers

1.0 Abbreviation:

AML- Anti- Money laundering.

GTC - General Terms and Conditions.

KSH - Kenyan Shillings, the official currency of Kenya.

2.0 Definitions:

Palla - Palla Credit Limited

Loan – a borrowed amount as defined in the Loan application form.

Loan Amount - the amount that the lender provides to the borrower.

Loan Application Form – The loan agreement between Palla and the borrower setting out the loan terms

Credit Check - the process of assessing the creditworthiness of a person or business before loan approval.

Risk Assessment - an evaluation of the potential risks associated with a business or a particular business account.

Business Structure - the legal structure of the business, e.g., sole proprietorship, limited liability company, etc.

Financial Statements - records of the financial activity of the business, such as income, expenses, and assets.

Business Loan Form - means the form used to apply for a business loan.

Lender - Palla Credit as the entity providing the Business Loan to the borrower.

Borrower - the individual, company, partnership or other legal entity borrowing money from the Palla Credit

Agreement - the Business Loan Agreement as outlined in the Application form

Loan Repayment - the payment amount that the borrower will make daily to Palla to repay the loan.

Interest - means the rate of interest charged on the Business Loan by Palla Credit.

Default - If the borrower fails to make payments on the loan, the loan may be declared in default.

Late Payment – Payments made after the stipulate loan period.

Collateral - any property, assets, or other security pledged by the Borrower to Palla to secure the repayment of the Loan.

Data Protection Legislation - all applicable laws and regulations relating to the processing of personal data, including the Office of the Data Protection Commission.

KYC best practice - involves collecting and verifying of the identity and risk profile of customers before beginning any business relationship.

Privacy - refers to the policies and procedures that protect the customer's personal and financial information from unauthorized access and use.

Anti-Money Laundering - Measures taken to prevent criminal activities such as money laundering from taking place as a result of us issuing a loan to an entity.

Dispute Resolution - the process of settling disagreements between borrowers and lenders. Dispute Resolution.

3.0 Terms and Conditions

3.1. To be eligible for the loan, the Borrower must be at least eighteen (18) years old, present a provide proof of income, proof of business ownership, or a business plan.

3.2. The borrower and Palla agree that the loan will be provided in accordance with the terms and conditions of the application form and any other documents referred to in it.

3.3. The loan amount will be determined by Palla in its sole discretion and may be subject to change from time to time.

3.4. The borrower must have a valid form of identification, including a copy of the applicant's national identification card, passport or other government issued form of identification.

3.5. The loan must be repaid in full by the due date set out in the loan application form.

3.6. The borrower will be required to make daily repayments as set out in the application form.

3.7. The repayment period for the Business Loan Form shall be up to 30 days.

3.8. The borrower represents and warrants that all information provided to Palla in connection with the loan is true and correct.

3.9. Interest shall be paid on the Loan at the rate of 25% per month.

3.10. The Borrower must agrees to repay the loan plus interest in accordance with the repayment schedule set forth in the loan application form.

3.11. Palla agrees to provide the Borrower with a loan of the amount and terms set forth in the loan application form.

3.12. The Loan will solely be used for the purposes stated in this loan application form.

3.13. The Borrower must comply with all applicable laws and regulations related to issuance of funds, including AML laws, regulations and guidelines.

- 3.14. Palla Credit reserves the right to change the terms and conditions of the loan at any time.
- 3.15. Palla will make payments directly to the borrower's account/M-pesa or as otherwise directed in writing by the borrower.
- 3.16. The borrower must provide all required documents and information to the lender in order to process the loan.
- 3.17. Palla shall have the right to require the borrower to provide additional documentation or information in order to process the loan.
- 3.18. The borrower must notify Palla of any changes in the business or financial situation that could affect the borrower's ability to pay back the loan.
- 3.19. In case of default in repayment of loan, the borrower will be liable to pay interest on the outstanding loan amount at the rate specified in the loan application form.
- 3.20. The borrower must not use the loan funds for any illegal activities
- 3.21. The borrower must keep track of his/her loan payments and make payments on time.
- 3.22. The borrower must agree to be bound by any future changes or modification to the loan agreement that the lender may make.
- 3.23. The borrower must abide by other additional terms and conditions available at Palla.
- 3.24. The borrower must agree to provide collateral in order to secure the loan.
- 3.25. Palla reserves the right to take legal action if the borrower defaults on the loan.
- 3.26. Palla reserves the right to deny any loan application without providing a reason.
- 3.27. The loan is subject to Palla's loan/credit approval process.
- 3.28. Palla shall have the right to inspect the borrower's books and records at any time.
- 3.29. The borrower shall not assign or transfer the loan to any third party without Palla's prior written consent.
- 3.30. The borrower shall indemnify the lender against any claims or liabilities arising out of the loan.
- 3.31. The borrower must agree to notify the lender in writing of any disputes or changes to the terms of the loan agreement.
- 3.32. The Borrower must agree to allow the lender to conduct due diligence on their business and financial situation.
- 3.33. All Borrowers must be legally registered and in good standing with the relevant government agencies in Kenya, such as the Companies Registry, Kenya Revenue Authority, and the Credit Reference Bureau.

3.34. Palla safeguards your personal information through physical, technical, and administrative measures to prevent unauthorized access, use, disclosure, or destruction. Our security practices are regularly reviewed for effectiveness in accordance with Palla's data protection and privacy policy.

3.35 These Terms and Conditions govern and apply to every loan applicant and by applying a loan with us, you agree to be bound by these Terms. Should you not agree to these terms, your loan application will not be processed.

THE CREDIT POLICY

FOREWARD

This credit policy has been developed through a consultative process spearheaded by the management of Palla Credit Limited. From its incorporation in 2012, the company has continued advancing loan products guided by the socioeconomic needs of its customers. The dynamics of the client's financial needs has necessitated emergence of products with specific terms and conditions to ensure sustained liquidity as well as improved service delivery. We are therefore committed to occasional review of the credit policy to align with the clients' expectations and the company's growth aspirations as well as continue fostering managerial best practices and compliance with the existing laws.

The policy will enhance strengthening financial base of the company by instituting effective monitoring and control systems through updated records and prompt communication to customers on their loan obligations. The spirit of this credit policy is to promote a lending environment that enables the customers to create wealth by prudently borrowing and investing in productive ventures. Rules and regulations provided in the policy are only meant to cushion customers against financial distress and company's bad debts. The principles of utmost good faith will apply all the time in making decisions regarding the affairs of the Company.

For the Credit system to function there is need to have a Credit Policy and Procedures Manual to guide those who are involved in the credit granting process. The Line managers, The General manager, Officers and Board must follow clear-cut set of rules, procedures and policies. These policies include preconditions for granting loans, the minimum requirement for a client to be eligible to borrow, maximum loan, types, terms and conditions and other relevant information on the Credit Management Process.

The Management Board call upon the staff to adhere to the provisions of the credit policy in order to entrench in the management of the company the culture of accountability, fairness and honesty.

1. INTRODUCTION

1.1 Purpose, Scope & Organization of this Policy.

The purpose of this Credit policy is to outline guidelines of the credit and advances activities for Palla Credit. This is designed to primarily assist the credit and operations departments, in performing their duties. Its key objective is to ensure thorough loan appraisal and proper monitoring of all outstanding loans.

1.2 The Credit Policies' Specific Objectives.

This policy serves as a comprehensive guide to the lending process, aimed at optimizing the achievement of several key objectives:

1. Granting Loans on a Solid and Recoverable Basis: Ensuring that loans are extended with a solid foundation, emphasizing recoverability to safeguard the financial stability of the institution.
2. Providing Timely, Adequate, and Competitive Responses to Justified Loan Applications: Recognizing that loans are valuable investments of available funds, the policy aims to deliver timely and competitive responses to justified loan applications.
3. Guiding and Inducting New Management/Employees: Establishing a framework to guide and orientate new management and employees on their expected roles and responsibilities within the lending process.
4. Providing Standard Ways of Performing Activities and Tasks in the Credit Program: Ensuring consistency and efficiency by establishing standardized procedures for various activities and tasks associated with the credit program.
5. Establishing a Fair and Efficient Loaning System: Building a fair and efficient loaning system through uniform and consistent credit administration, promoting equitable treatment for all clients.
6. Ensuring Fairness in Loan Granting Process: Implementing measures to guarantee fairness throughout the loan granting process, emphasizing equal opportunities for all eligible applicants.
7. Providing a Clear Basis for Dealing with Clients' Loans: Offering transparency by providing a clear basis for dealing with clients' loans, outlining terms, conditions, and expectations.

8. Ensuring Proper Utilization of Loans Granted to Members: Monitoring and ensuring the appropriate and intended use of loans granted to members, promoting responsible financial practices.
9. Facilitating Loan Recoveries: Implementing strategies to facilitate the recovery of loans, minimizing default rates through proactive measures.
10. Minimizing Loan Defaulting: Establishing measures to reduce the likelihood of loan defaulting, protecting the institution's financial health.
11. Setting Checks and Balances in Credit Operations: Implementing checks and balances within credit operations to ensure accuracy, accountability, and compliance with established procedures.
12. Carrying Out the Lending Process within a Legal and Ethical Framework: Emphasizing adherence to legal and ethical standards in all aspects of the lending process, promoting responsible and lawful financial practices.
13. Defining Committee and Staff Roles: Clearly defining the roles and responsibilities of committees and staff members to avoid duplication and overlap, promoting efficiency and accountability.

1.3 Regulations.

This Credit Policy is within the guiding laws and rules which are contained in the:

- The Constitution of Kenya, 2010
- The Microfinance Act, 2006
- The Central Bank of Kenya Act
- The Central Bank of Kenya (Digital Credit Providers Regulations), 2022

2.0 GENERAL LOAN POLICY AND PROCEDURE

2.1 Basis for Granting Loans.

The Company's loan portfolio shall consist entirely of recoverable loan namely, Biashara Loan. Therefore, the granting of the loan shall be based primarily on the borrower's ability or capacity to repay, and not only on the quality of the security offered. Although the latter will also be taken into account, it will not be a determining factor in granting the loan.

2.2 Basic Requirement for Borrowing

In order for an individual to creditworthy, the person shall, as a minimum, meet the following requirements:

- Be of full age (18 years)
- Have a definite productive activity or show a certain economic income to ensure that payments will be properly made.
- The borrower's productive activity (biashara) must be legally registered.
- The borrowers must possess satisfactory, measurable, and legal security for the loan.
- The borrower must have adequate credit history for borrowing.
- Loans will be disbursed on first come first served basis.

2.3 Loan Product (Biashara Loan)

Palla Credit focuses on offering lending services to small and medium enterprises. The Biashara Loan is primarily intended to aid business owners and entrepreneurs meet their business goals by offering the best possible financial solutions.

2.3.1 Conditions:

- This loan is repaid up to a maximum period of 30 days.
- The company charges an interest of 25% per month on a fixed basis.
- The loan repayment shall be on a daily basis.
- The loan MUST be fully secured by a measurable, legal security.
- The loan application must be supported by a physical business activity.
- The maximum borrowing by a client cannot exceed the limits set by the board.

2.4 Loan Application

- All loan applications shall be completed in writing on standard forms provided by the Company.
- The loan form shall in each case set the amount applied for, the purpose of the loan, terms of repayment and security offered.
- The loan application form must be fully completed and supported by relevant supporting documents such as business records or current trade license confirming the applicant's ability to repay the loan comfortably.
- The loan forms must be duly executed by both the applicant and the next of Kin.

- The loan application form is then sent to the branch of application and shall be processed accordingly.

2.5 Loan Appraisal

- All loans shall be appraised as per the terms and conditions of the loan outlined in the Loan Agreement.
- Appraisal of loan application shall be strictly based on customer's ability to repay the loan.
- Only income that is consistent shall be considered during appraisal. Such income excludes rental house allowance, overtime, acting allowance.
- While a customer is free to repay the loan from any other source besides the income from the business, under no circumstances should these other sources be taken into account in determining the customer's ability to repay the loan at the time of loan granting.
- Evaluation of customer's income based on parameters including but not limited to the nature of the business is done vis-a-vis the expenditure gauged by parameters such as house rents, bills etc. to determine the amount of loan to be issued.
- Surprise visits shall be done by Credit officers on a needs basis to ensure that the loans and security items are safe for the avoidance of bad loans

2.6 Loan approval/rejection

- All loans below Ksh 80,000 shall be approved by the Line Manager at the branch level.
- All loans above Ksh 80,000 shall be approved by the General Manager at the Head Office.
- The client will be informed of the decision passed through the respective Field Credit Officer.
- If a customer is not satisfied with the decision passed by the Line Manager or the General manager, such a customer will be free to submit a written appeal to the Board within fourteen days from the date a decision was passed.
- Once the loan has been approved and all policy requirements have been fully complied with, the Funds are transferred to the customer through their Mpesa Account.

2.7 Loan Repayment

Every loan shall be paid off according to the Loan Agreement Form and, for no reason or circumstance, will the due dates set forth in the initial contracts be restructured, extended or amended without the authority of the board. All of the loans shall return to the company with their respective payments of principal, current interest and maintenance of the monetary value, as well as the respective late interest, if called for.

The loan shall be recovered and/or repaid in cash or cash equivalents. Therefore, by all possible means, cash recovery of the loan shall be the goal. Accordingly, collection by the company will be bold, efficient, and effective. Equally important, legal action taken by an attorney and court action exists as second attempts at collection.

2.8 Loan Security

- All loans should be fully secured.
- The borrower should warrant that he/she is the legal, equitable and rightful owner of the Security surrendered to the company.
- The borrower should also warrant that the security is free and clear of all encumbrances or claims by third parties.

2.9 Loan Recovery

- The management shall make efforts to collect loans considered to be in default.
- Communication to loan defaulters shall be made through written notices
- Where a customer defaults, the company shall first contact the next of kin to recover the loan.
- Services of debt collectors shall be engaged seven days after the next of kin fails to honor the obligation.
- When a customer dies while repaying a loan that is not in default, the loan balance and interest shall be paid by the insurance company upon notification and application.
- Where a customer dies and has a loan that is in default, the loan shall be recovered from the customer's collateral and the next of kin if inadequate.
- In enforcing its security right, the company shall recover the total amount owed in full payment of the loan amount together with interest as well as all the expenses, taxes and costs which may be incurred in respect of the possession and disposal of the Security.

3.0 FUNCTIONS OF THE CREDIT DEPARTMENT

The credit department consist of the Field Credit Officers, Credit Officers, Line Managers, and the General manager. The department's main objectives include:

- Lending out loans to customers at a reasonable rate set out in this credit manual.
- Ensuring that the loans are recovered as soon as possible so that the funds become available for further lending.

- The credit department should strive to give the best services to members in the shortest time possible period without discrimination or favor.

The Credit department shoulders a range of critical duties and responsibilities, including:

1. **Receiving Loan Forms and Taking Action:** The department is responsible for receiving loan forms and promptly taking action on each submission.
2. **Verification by Credit Officers:** Credit Officers diligently ascertain that loan forms are correctly filled out, ensuring the inclusion of accurate and relevant information.
3. **Form Assessment:** The Credit Officers thoroughly examine each form, focusing on:
 - Identifying the type of loan applied for.
 - Verifying the presence of all required supporting documents and details specific to the applied loan.
4. **Approval Authority:** Line managers hold the authority to approve or reject loans with values up to Ksh 80,000, while loans exceeding this threshold require the approval or rejection from the General Manager.
5. **Reporting Progress to Finance Manager:** Line managers play a vital role in reporting the progress of their respective branches to the Finance Manager, ensuring transparency and effective communication within the organizational structure.

These responsibilities collectively ensure a meticulous and systematic approach to the loan application process, promoting accuracy, adherence to procedures, and effective communication across different managerial levels.

4.0 POLICY REVIEW

This policy will undergo regular reviews to ensure its ongoing relevance and appropriateness, with a mandatory review cycle not exceeding three (3) years.

Pricing Model and Parameters

Taking on the challenge of establishing a financial organization, we recognized the pivotal role of implementing an effective pricing strategy right from the inception of the company. This strategy serves as a crucial tool for engaging with our target customers, especially in the highly competitive market we operate in. Our pricing approach involves setting the interest rate on loans at 25% per application, a rate closely aligned with, if not identical to, the average market rate in the country. This strategic pricing empowers us to not only coexist but thrive in our competitive market landscape.

While our loan products and services may evolve in response to the country's economic dynamics, the interest rate could also undergo adjustments based on inflation and perceived risks. In both cases, changes to loan rates will be subject to an annual review, ensuring adaptability to economic fluctuations and maintaining alignment with risk factors.

Specifically, our Biashara loan product carries a daily interest rate of 0.8%-0.9%, translating to a monthly interest rate of 25%. This interest rate is determined through a risk-based pricing approach, where the pricing aligns with the anticipated level of risk associated with the loan. In essence, a borrower's credit risk not only influences the approval or rejection of a loan application but also dictates the loan price.

Our pricing model intricately ties the cost of issuing credit to the cost of doing business, aligning our cost structure with the actual expenses incurred. This comprehensive cost structure includes factors such as the cost of funds, cost of transactions, cost of account maintenance, cost of collections, and the cost associated with both expected and unexpected risks.

The pricing model and its components are depicted in the figure below, providing transparency into our approach and showcasing the equation used to derive a risk-based price.

Loan Pricing Equation	% Cost per Month
Operational Costs	
- Funds Transfer Pricing	11.50%
- Transaction Cost	1.16%
- Maintenance Cost	1.08%
- Spread to Earn Firm Return	7.74%
Total Cost	21.48%
Risk Adjusted Spread	

- EL Cost	1.90%
- UL Cost of Capital	1.62%
- Spread to Earn Risk Adjusted Return	3.52%

Total Spread Risk and Return	11.22%
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Loan Rate	25.0%
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Figure 1

Operational Costs

In terms of operational costs, we use an average rate for funds transfer pricing, transaction costs and account maintenance cost for our loan product. The funds transfer pricing is averaged across our loan product while transactions and maintenance costs is calculated by taking the overall cost of leading operations and other attributes such as cost of delivery channels and the cost of service providers e.g Mpesa transaction charges into consideration.

Cost of Risk

The cost of risk has three elements:

- The Expected Loss which is the reserve set aside to cover the losses arising from potential of each borrower to default.
- The Unexpected Loss which is the cost of capital that must be set aside for each loan given its potential to default.
- Exposure at Default which is the amount of money the borrower will owe the company at default.

By delineating these components, our organization meticulously factors in both anticipated and unforeseen aspects of risk, allowing for a comprehensive understanding and management of potential financial exposures

PALLA CREDIT LIMITED DATA PRIVACY STATEMENT

1. Introduction.

We value the privacy that you own and we therefore endeavor to treat your personal information carefully and responsibly. This privacy statement applies to your use of Palla services and describes the personal data Palla Credit (“Palla”) collects, processes, how it’s processed and for what purpose. This statement should be read together with the Terms and Conditions of use of Palla services and where there is a conflict, this statement shall take precedence.

This statement is applicable to all Palla customers, employees, contractors, suppliers and anyone visiting any of our company branches.

By accepting the terms of this privacy policy, you accept and consent to the practices described herein.

2. Definitions

2.1 Account refers to a Unique file created for you that holds your information and help you access our services or part of our services.

2.2 Company (referred to as either “the company”, “us”, “we”, “our” in this statement) refers Palla Credit Limited.

2.3 Consent – an express that is specific, free, unequivocal and informed indicating the wishes of the involved parties

2.4 Cookies are little files that our websites save on your computer, mobile device, or any other device containing the details of your browsing history on the website among other many uses.

2.5 Personal Data – Any information that relates to an identified or identified person

2.6 Sensitive Data refers to a person’s information race, health status, beliefs, generic data, bio-metric data, ethnic social origin, property details, marital status, family information, sexual orientation, etc

2.7 Service refers to the loan features provided by Palla to clients.

2.8 The Website refers to Palla Credit Website accessed from <https://www.pallacredit.co.ke/>

2.9 You (refers to customers, service providers, contractors, suppliers and visitors)- The individual or organization accessing or using our services

3. The Data We May Collect About You

3.1 Information that you provide. In order to access our services, you will be requested and required to provide personal data as outlined in the applicable privacy policy. The information include the following:

3.1.1 Bio data such as name, mobile number, gender, identification number, email address, physical address, business address, age, gender and other identifiers by which the company may use to contact you online and offline.

3.1.2 Personal and Sensitive information collected through responses that you provide in our Application and Loan forms

3.1.3 Communications with Palla, these includes information from call records, customer service requests, messages and comments on Palla online platforms.

3.1.4 Supporting Documents these includes financial documents, authorization documents, government issued identification cards, etc

3.2 Information that we collect while you use our platforms. We may also collect your data from your usage of our website through mainly acceptance of cookies settings in the website. The information may include:

3.2.1 Website Usage Details such as forms inputs, website's such history, IP address, among other information

3.2.2 Device Specifications such as technical settings and features, device identifiers, device location, and user selected settings such as language and region.

3.3 Information that we receive from third parties. In order to sufficiently provide you with our services and comply with our legal obligations, we may also obtain data from third parties. Such data includes:

3.3.1 Transactional data and repayments from external debt collection agencies, our partners, mobile money operators, and mobile network providers.

3.3.2 Other accounts information from financial service providers such as Safaricom Mpesa and financial institutions.

3.3.3 Credit Score from credit scoring entities such as Credit Reference Bureau.

3.3.4 Anti-money laundering records from financial sanctions screening vendors such as Oracle.

3.4 Withholding of personal data. While you have a right to object to the collection of your personal and sensitive data, we may be unable to provide you with our services if you fail to provide any or all of the data that Palla requests.

4. Use of Your Personal Data

The company will only use your personal data where we have your consent or a legal basis to process the same. We will use your data in the following circumstances:

4.1 To perform a contract. Where we are about to enter or have entered into a contractual agreement with you

4.2 To manage your account. This means to manage your registration in order to access our services as the user of our services.

4.3 To contact you. We contact you through emails, SMS and phone contacts you provide in the registration to notify you about changes to our services, provide customer support, address technical and relations issues and provide you with news, special offers and general information about our services.

4.4 To study how our customers use our services as well as testing of new products or services and to manage our brand.

4.5 To use data analytic to better understand your credit needs and preferences and to improve our services, website, marketing and customer relationships and experiences.

4.6 To undertake surveys and reviews.

4.7 To enforce our rights under the agreement with you such as debt recovery and indemnification.

4.8 For Know Your Customer (KYC) formalities. Done through identification, validation and verification of your identity to help in fraud detection and prevention of illegal use of our services.

5. Disclosure/Sharing of Your Information

5.1 We may disclose your personal data to other entities with the affiliates of Palla Credit, for legitimate business purposes including providing services to you and operating our sites and systems, in accordance with the applicable laws. We may share your information with the following entities:

5.1.1 The Government, including law enforcers, authorities and regulators such as Central Bank of Kenya and Credit Reference Bureau.

5.1.2 Service providers to monitor and analyze the use of our service and to contact you.

5.1.3 Other Companies that we work with to provide services to you such as mobile technology service providers, outsourced services vendors and debt collection agencies.

5.1.4 Other Financial institutions through which your transactions are processed

5.1.5 Third parties with accruing legal obligations e.g next of kin, trustees and executors and anyone holding a power of attorney to operate an account on your behalf.

5.1.6 Third parties who are service providers acting as data processors, professional advisers including lawyers, bankers, auditors for consultancy purposes.

5.1.7 For Business transfers. We may share or transfer your personal information in connection with, or during negotiations of any merge, sale of company assets, financing, or acquisition of all or a portion of our business to another company.

5.2 Law Enforcement. Under certain circumstances, the company may be required to disclose your data if required to do so by law. Such circumstances include:

5.2.1 To comply with legal obligations.

5.2.2 To prevent or investigate possible illegal doings in connection with our services

5.2.3 To protect or defend the rights or property of the company.

5.2.4 To protect the safety of the members of the public.

5.2.5 To protect against legal liability

5.3 All third parties are required to protect the security of your personal data and treat it lawfully. We do not allow third-party service providers to use your data for their own interests, instead we only allow them to process it for certain purposes and according to our instructions.

5.4 Transfer of information to another jurisdiction. We may need to transfer your information to another jurisdiction to fulfill a legal obligation, for our legitimate interest or to protect the public interest.

5.4.1 Where third parties are based in other jurisdictions, the processing of your data will be in accordance with the data processing rules and regulations of their jurisdiction.

5.4.2 If the other jurisdiction does not have the same level of protection for personal data, when we do process the data, we shall put in place appropriate safeguards such as contractual commitments to ensure the data is adequately protected.

6. Retention of Your Personal Data. The company will retain your personal data only for as long as necessary for the purposes set out in this privacy policy.

6.1 We will only retain your personal data as long as is reasonably required to fulfill the purpose for which it was obtained including any legal, regulatory, tax, accounting or reporting obligations.

6.2 The period of which we retain your information will depend on the amount, nature and sensitivity of the personal data, the potential risk of harm from unauthorized use or disclosure of your personal data, the purpose for which we process your data and whether we can achieve those purposes through other means.

6.3 We are legally required to retain basic information for a minimum of seven years after they cease being customers. Our internal policy may require us to keep customer data for a longer period.

6.4 In case of a complaint or if we reasonably believe there is a risk of litigation arising from our engagement with you, we may preserve your personal data for a longer period of time.

7. Security of Your Personal Data.

To safeguard your information from unauthorized access, collection, use, disclosure, coping, modification, disposal or similar risks, we have put in place appropriate administrative, physical and technical measures to secure all storage and transmission of data. Further, disclosing of data both internally and to our authorized third party service providers and agents is only on a need-to-know basis. Such measures include:

7.1 Employees screening, training, awareness, and confidentiality

7.2 Asset management especially on company issued devices, systems, software, and applications used as inventories.

7.3 Role-based access management and access control.

7.4 Physical security

7.5 Network security management

7.6 Written agreement where appropriate.

8. Your Subject Rights.

With regard to the Data Protection Act 2019 among other applicable laws and regulations, you have the following rights regarding your personal data:

8.1 Access- You have the right to a copy of your processed data and the same is issued to you. Palla facilitates this by allowing you to fill in a request form at any of our branches.

8.2 Erasure- You have the right to ask us to delete your personal data from our database if, for example, have no longer reason to process it.

8.3 Correction- The right to ask for rectification of false, outdated, inaccurate, incomplete or misleading data about you. This subject to verification through examination of supporting documents.

8.4 Objection- The right to object the collection and processing of your personal data.

8.5 Portability- For data that is in a structured, commonly used, and machine-readable format, you have the right to request your data be ported to another data processor or data controller.

9. Data Involving Children.

Our Services are not addressed to persons under the age of 18. We therefore do not knowingly collect personal information from anyone under the age of 18 without verification of parental consent. In case of such information being in our possession, we take necessary steps to ensure removal of the same from our servers.

10. Data Privacy Review.

10.1 We keep this data privacy statement regularly under review. This may cause various changes that will be posted on our website and notified to you via email where appropriate

10.2 It is important to us that the data we hold of you is accurate and updated. Please therefore keep us informed if your data changes during our relationship with you.

11. Contact Us.

If you have any concerns or questions regarding this data privacy statement or your rights related to the protection of your personal information, you can contact us:

By Email: info@pallacredit.co.ke

By Phone number: 0722388009, 0705100090

By mail address: Palla Credit Limited, P.O Box 23325-00625, Nairobi

PALLA CREDIT LIMITED ANTI-MONEY LAUNDERING AND COMBATING THE FINANCING OF TERRORISM POLICY

1.0 Introduction

In response to the growing concerns of the international community, many countries, including Kenya, have strengthened rules and regulations pertaining to money laundering and the potential of financing of terrorism. The financial sector in Kenya must therefore comply with the pertinent legal requirements set forth in order to effectively prevent these crimes.

1.1 Objectives

The main objective of this policy is to lay out the overall guidelines for Palla Credit in fighting against money laundering and the funding of terrorism. In order to avoid the use of our services for money laundering or terrorism funding, Palla Credit is committed to high standards of anti-money laundering/counter terrorism financing (AML/CTF) compliance and requires the management and workers are required to abide by these standards.

The aim of our AML Program is to protect Palla Credit, its employees, shareholders, customers, suppliers, vendors, business partners and third parties including the communities we serve from money laundering, terrorism financing and other financial crimes.

This policy shall encompass the "Know Your Customer" (KYC) and "Know Your Transactions" (KYT) guidelines as the minimum standards together with procedures that translate these requirements into operational terms and taking into account national regulatory requirements.

1.2 Definitions

1.2.1 Money Laundering

- The acquisition, possession or use of property derived from criminal activities or from an act of participating in a criminal activity.
- The conversion or transfer of property derived from criminal activities for the purpose of concealing or disguising the illicit origin of the property.
- Assisting any person involved in acquiring property through criminal activities to evade the legal consequences of such activities.

1.2.2 Terrorism financing

- The direct or indirect collection or provision of funds and other assets with the knowledge that those funds will be used in full or in part by a terrorist organization, even without any connection to a particular act of terrorism.

2.0 Minimum Standards

The following minimum requirements are also well elaborated in other company policies and procedures such as “Know Your Customer” and “Know Your Transactions” procedure manuals.

2.1 Know Your Customer (KYC)

2.1.1 Customer Identification and verification- Palla Credit has established standards regarding Know-Your-Customer in its membership. Our KYC procedures through customer identification and verification involve gathering relevant information about customers, including proof of identity (copy of National ID and passport photo), proof of address, proof of business (Business registration documents, business permit and operating license), financial statements depicting current financial position (Mpesa statements, bank statements). Further, Palla Credit does not offer credit services to anonymous entities.

2.1.2 Individual Risk Assessment- Examples of individual risk factors that Palla Credit takes into account to assess its members include:

- The home county, the area of residence or the area of registration.
- The economic activities of the members.
- The societal rank of an individual
- The appearance on sanction lists
- The beneficiaries or next of kin
- The source of wealth
- The type and size of payments that could be expected.

2.2 Enterprise-wide Risk Assessment (EWRA)

Palla Credit will not engage in any relationship with a business whose ML/TF risk appears to be too high. Therefore Palla will not establish or maintain a business relationship if:

- It concerns a shell company. This includes an entity without any physical presence or a financial institution that allows accounts by a shell company.

- It concerns unlicensed or unregulated businesses.
- It concerns unlicensed gambling entities.
- It concerns cash, cheques or physical securities without the member being identified face-to-face.
- It concerns arms/munitions dealers.
- It is not satisfied that the purpose and nature of the business relationship are legitimate.
- The members source of wealth/funds cannot be explained.
- There's negative information about the member's integrity obtained in the course of our business relationship.
- The member or anyone associate with them is someone who handled/handles the proceeds from crime.
- The member is a person with whom Palla Credit has discontinued the business relationship due to AML/TF reasons in the past.

2.3 Ongoing Customer Due Diligence

Periodic and risk-based reviews are carried out to ensure that member-related documents, data or information are kept up-to-date. The members are required to submit a copies of their identification cards, business permits, operating licenses among others. These documents allow the financial manager to verify the sources of funds as well as the identity of the client before issuing a loan. The clients are also required to fill in a loan application form for each loan applied indicating the reasons for the funds.

2.4 Monitoring of Transactions (Know your Transactions (KYT))

Palla Credit internal control policy ensures constant transaction monitoring to detect suspicious or unusual transactions. This is done through the comparison of the client's expected transactional behavior and the actual transactional behavior. This KYT involves monitoring all the customers and their financial behavior and applies an enhanced due diligence on those customers who are considered as a higher ML/TF risk. In a number of circumstances described in risk assessment and KYC, measures need to be taken to block accounts of unusual transactions or termination of the business relationship.

2.5 Staff Training and Awareness

We periodically conduct training sessions to educate employees about AML regulations, policies, and procedures. This ensures that staff members understand their obligations and know how to recognize and report suspicious activities effectively.

2.6 Record keeping

Records of personal data obtained for the purposes of the prevention of money laundering and terrorist financing are processed and kept and shall not be further processed in a way that is incompatible with those purposes.

3.0 Organization of Internal Structure

3.1 Suspicious Transactions Reporting (STR). An Internal Auditor is appointed to ensure that unusual transactions that have been detected are reported. The reporting of suspicious transactions must comply with the laws and regulations provided by the Central Bank of Kenya.

3.2 Compliance Officers. We have two officers who verify and check that each procedure is done in accordance with the policies which entail. Maintaining accurate and up-to-date records of customer information, transactions, and internal reports. This are well secured in servers. We maintain hard and soft copy of all customer documents and transactions.

3.3 Independent Audit. Our team of internal auditors, ensure all the guidelines set are adhered to and give recommendations on where to improve and align. We also engage external auditors who conduct semi-annual independent audits to assess the effectiveness of policies and procedures. They help to identify any weaknesses or gaps in the system and provide recommendations for improvement. Periodic visits to the customers issued with loans also assists in making recommendations in the audit reports.

4.0 Data and Information Protection

The prohibition of sharing of information transmitted to relevant AML/FT authorities does not apply in the following circumstance towards others financial and credit institutions as long as:

- The information in question relates to the same customer and the same transaction.
- The information exchanged is exclusively used for the purpose of prevention of money laundering or terrorism financing.

The information shared by Palla Credit to other financial institutions is facilitated by the CEO to adequately safeguard confidentiality and the use of the information exchanged must be in accordance to the data protection policy of Palla.

CODE OF ETHICS AND CONDUCT

PART I: DEFINITIONS

Terms used in this Corporate Governance Policy (“Policy”) are as defined in the Companies Act. Other terms used in this Policy shall be taken to have the meaning assigned to them hereunder:

- 1.1 **“Articles of Association”** means the Articles of Association of the Company.
- 1.2 **“Company”** means Palla Credit Limited.
- 1.3 **“Board”** or **“Board of Directors”** means the board of directors of the Company.
- 1.4 **“Chief Executive Officer”** means the chief executive officer of the Company.
- 1.5 **“Employee(s)”** means an employee(s) of the Company and which expression shall include, where the context so admits, the Senior Officers.
- 1.6 **“Insider”** means a person is or was connected to the Company and in possession or with access to material information, that could be price sensitive and that is not at a particular time generally available to the members of the public.
- 1.7 **“Corporate Governance Policy”** means the prevailing corporate governance policy of the company
- 1.8 **“Conflict of Interest”** means a situation in which a person is in a position to derive personal benefit from actions or decisions made in their official capacity

Principle 1: Honesty, Integrity, and Fair Play

The Company and its staff are fully committed to the principle of honesty, integrity, and fair play in the delivery of services and goods to the public. All staff should ensure that the business operations, applications for services, procurement, or staff recruitment, are dealt with in an open, fair and impartial manner.

This Code of Conduct sets out the basic standard of conduct expected of all staff and the Company's policy on matters like acceptance of advantages and conflict of interest of staff in connection with their official duties. This Code also applies to temporary and part-time staff employed by the Company.

Principle 2: Equal Opportunity for All Employees

The company is an equal employment opportunity employer. Employment opportunities are available regardless of race, color, sex, religion, national origin, age, disability or other legally protected status. This Principle applies to all aspects of the employment relationship, including recruiting, hiring, training, work assignment, promotion, transfer, termination, and wage and salary administration.

Principle 3: Safety, and Health Practices

The company is committed to an injury-free and illness-free workplace that is operated in an environmentally sound manner in compliance with all relevant laws and regulations that protect worker safety and the environment. Employees should perform work in a safe manner.

Principle 4: Fair Competition

The company's policy will prohibit any anti-competitive practices which could effect in bounding, restraining or distorting competition, as well as any practices of an unfair competition. Accordingly, our employees cannot agree (formally or informally) with competitors to fix prices or any other conditions of transaction; to limit or control the production, commercialization, technical development or investment; to manipulate or divide markets or sources of provisioning; to participate with fake offers in tenders or any other forms of competitions for offers; to limit or restrain access to market and freedom of competition for other enterprises; to apply unequal conditions for equivalent performance to commercial partners, creating in this way a disadvantage in competition; to condition signing of acceptance contracts by the partners for supplementary obligations which, by their nature or according to commercial usage, have no connection with the subject of such contracts.

Our employees are prohibited from performing any act of unfair competition manifested through: misappropriating clients of a company by using the relations established with such clients within the function previously held at the company, dismissal or attracting employees of a company for the purpose of setting up a competing company to capture customers of that company or hiring employees of a company in order to disorganize of its work. At the same time, our employees must not take actions that harm the legitimate interests of consumers or other operations in breach of the competition law.

Principle 5: Governance and anti-corruption

The Company has zero tolerance for corruption. All employees must never offer to provide anything of value directly or indirectly to government officials and business partners to secure an undue advantage. The company prohibits payment, offers of payment as well as anything of value directly or indirectly with the purpose of influencing or obtaining undue business or personal advantage.

Third parties will only be contracted to perform tasks which aid business interests provided: fees to be paid are reasonable; all arrangements are clearly documented; arrangements are in compliance with company's policies.

Principle 6: Financial Reporting

All transactions of the Company must be duly recorded so as to permit preparation of clear financial statements in conformity with generally accepted accounting principles. No false or misleading entries may be made in the books and records of the Company for any reason, and no employee may engage in any arrangement that results in such a prohibited act.

No undisclosed or unrecorded fund or asset of the Company may be established for any purpose. No payment on behalf of the Company (including those by cash) may be done without adequate supporting documentation or made with the intention or understanding that any part of such payment is to be used for any purpose other than as described by the documents supporting the payment.

From time to time, the Company may publish or inform of policies on financial reporting, disclosure and compliance to reinforce the financial reporting expectations in this Code. All employees at any level are expected to implement and strictly follow these policies.

Principle 7: Restrictive Agreements with Third Parties

The Company does not condone activities that seek to gain an unfair competitive advantage. No individual may engage in any activity which violates any valid restrictive agreements entered into by that individual for the benefit of a third party, and no individual may, directly or indirectly, use or disclose any confidential information or trade secrets of a third party that the individual obtained while employed by or associated with such third party.

Principle 8: Government Contracts and Services

The Company is committed to complying with all applicable laws and regulations relating to government (public procurement) contracts and services and to ensuring that its reports, certifications and declarations to government officials are accurate and complete and that any deviations from contract requirements are properly approved.

Principle 9: Acceptance of Advantages

It is the policy of this Company to prohibit all staff from soliciting or accepting any advantage from any persons having business dealings with the Company (e.g. clients, suppliers, contractors). Employees who wish to accept any advantage from such persons should seek advice and permission from the responsible ethics officer.

Any gifts offered voluntarily to the staff in their official capacity are regarded as gifts to the Company and they should not be accepted without permission. By default, staff should decline

the offer if the acceptance could be perceived as against the interest of the company, or that of society, or lead to complaints of bias or impropriety.

For gifts presented to staff in their official capacity and of low nominal value (below 1000 MDL), the refusal of which could be seen as unsociable or impolite, can be exceptionally accepted. In other circumstances, the staff should seek for a clear (i.e. in writing) and immediate (within 5 days from the offer) consent from the ethics officer to accept the gifts.

The ethics officer should keep proper records of the applications and permissions. Each permission will indicate the name of the applicant; the occasion of the offer; the nature and estimated value of the gift, and whether permission has been granted for the applicant to retain the gift or other directions have been given to dispose of the gift. The permissions must be signed and dated by both the ethics officer and the applicant.

Principle 10: Conflict of Interest

A conflict of interest situation arises when the “private interests” of the staff compete or conflict with the interests of the Company. “Private interests” means both the financial and personal interests of the staff or those of their connections including: family members and other close affiliates; personal friends; the clubs and societies to which they belong; and any person to whom they owe a favor or are obligated in any way.

Staff should avoid using their official position or any information made available to them in the course of their duties to benefit themselves, their affiliates or any other persons with whom they have personal or social ties. They should avoid putting themselves in a position that may lead to an actual or perceived conflict of interest with the Company. Failure to avoid or declare any conflict of interest may give rise to criticism of favoritism, abuse of authority or even allegations of corruption.

In particular, staff involved in the procurement process should declare conflict of interest if they have beneficial interest in any company which is being considered for selection as the Company supplier of goods or services. Appendix 3 provides some examples of conflict of interest situations that may be encountered by staff.

When called upon to deal with matters of the Company for which there is an actual or perceived conflict of interest, the staff member should make a declaration in writing to the ethics officer. He should then abstain from dealing with the matter in question or follow the instruction of the ethics officer who may reassign the task to other staff.

Principle 11: Misuse of Official Position

Staff who misuses their official position for personal gains or to favor their relatives or friends are liable to disciplinary action or even prosecution. Examples of misuse include a staff member responsible for the selection of suppliers giving undue favor or leaking information to his/her relative's company with a view to giving away an undue advantage.

Principle 12: Handling of Classified or Proprietary Information

Staff is not allowed to disclose any classified or exclusive information to anybody without authorization. Staff who have access to or are in control of such information should at all times provide adequate safeguards to prevent its abuse or misuse. Examples of misuse include disclosure of information in return for monetary rewards, or use of information for personal interest. It should also be noted that unauthorized disclosure of any personal data may result in a breach of the applicable legislation on privacy.

Principle 13: Property of the Company

Staff given access to any property of the Company should ensure that it is properly used for the purpose of conducting the Company's business. Misappropriation of the property for personal use or resale is strictly prohibited.

Principle 14: Outside Employment

Employees who wish to take up paid outside work, including those on a part-time basis, must seek the written (date and signed) permission and guidance from the ethics officer before accepting the job. Approval will not be given if the outside work is considered to be in conflict with the interest and values of the corporation.

Principle 15: Compliance with the Code

It is the personal responsibility of every staff member to understand and comply with the Code of Conduct. Every member of the staff shall sign a declaration of Principle to this purpose. The ethics officer or other mandated employee will keep declarations of Principle.

Higher ranked employees should ensure that their subordinates understand and comply with the standards and requirements stated in the Code. Any doubts of interpretation or problems encountered, as well as any suggestions When facing a potential unethical behavior the staff member should ask her/himself the following questions: a) Is it in accordance with the company's practices and policies? b) Is it legal? c) What do my colleagues/Manager/HR Director/Ethics officer think? d) How would I feel about telling someone else what I had done? e) How would our client react? f) How would the company feel if this was reported in the National newspaper? f) To what extent will this affect the environment?

Any staff member who violates any provision of the Code will be subject to disciplinary action. In cases of suspected corruption or other criminal offenses, a report will be made to the appropriate authorities.

Principle 16: Sanctions

The Company can take prompt and appropriate remedial action in response to violations of the Code. Any employee who engages in conduct prohibited by the Code as determined by the ethics officer will be subject to discipline actions and sanctions in accordance with the labor law.

Once a complaint has been placed, the ethics officer will initially analyze it and s/he may meet privately with the applicant to understand the facts surrounding the issue. Following a fact-finding phase, an investigative meeting could be held with the employee alleged of the violation, to further ascertain the facts and receive observations. The decision should be issued in writing (date and signed), indicating a summary of the facts, reference to the specific violation and motivations.

The sanction may be under the form of:

- Warning;
- Private or public letter of reprimand;
- Transfer to other tasks or unit;
- Suspension from duties;
- Termination or removal.

In every case of violation, the employee will be fined for an amount estimated between a 1/5 (one fifth) and 5 (five) times the most recent monthly salary. The fine will be applied through a direct deduction from the employee's following salary or any past credit s/he may have towards the company.

The ethics officer shall report serious violations to appropriate government or legal authorities.

Principle 17: Reporting

Employees have a responsibility to promptly report to the Company any violation of the Code. The Company shall put in place an appropriate mechanism (i.e. complaints/suggestion boxes, telephone, emails, etc.) as to allow employees to address communications to the ethics officer with the highest degree of trust and confidentiality.

Employees will not be disciplined or retaliated against in any way for reporting violations in good faith. Retaliation against any employee for reporting policy violations, or for testifying, assisting or participating in any manner to inspections is strictly prohibited. Any employee who believes he or she has been subjected to or has witnessed retaliation must immediately report the alleged retaliation to the ethics officer.

CORPORATE GOVERNANCE POLICY

PART I: DEFINITIONS

Terms used in this Corporate Governance Policy (“Policy”) are as defined in the Companies Act. Other terms used in this Policy shall be taken to have the meaning assigned to them hereunder:

- 1.1 **“Articles of Association”** means the Articles of Association of the Company.
- 1.2 **“Company”** means Palla Credit Limited.
- 1.3 **“Board”** or **“Board of Directors”** means the board of directors of the Company.
- 1.4 **“Chief Executive Officer”** means the chief executive officer of the Company.
- 1.5 **“Employee(s)”** means an employee(s) of the Company and which expression shall include, where the context so admits, the Senior Officers.
- 1.6 **“Insider”** means a person is or was connected to the Company and in possession or with access to material information, that could be price sensitive and that is not at a particular time generally available to the members of the public.
- 1.7 **“Memorandum of Association”** means the Memorandum of Association of the Company.
- 1.8 **“Non-Executive Director”** means an individual not involved in the day-to-day management and not a full time salaried employee of the Company or its associates or of its subsidiaries. An individual in the full time employment of the Company holding company or its subsidiaries, other than the Company concerned, would also be considered to be a non-executive director of the Company concerned, unless such individual, by his / her conduct or executive authority, could be construed to be directing the day to day management of the Company and its subsidiaries.

Further, it means a Director who:

- i) has not been employed by the Company in an executive capacity within the last five (5) years.
 - ii) is not associated to an adviser or consultant to the Company or a member of the Company’s management or a significant customer or supplier of the Company or with a not-for-profit entity that receives significant contributions from the Company; or within the last five (5) years, has not had any business relationship with the Company (other than service as a director) for which the Company has been required to make disclosure;
 - iii) has no personal service contract(s) with the Company, or any of the Senior Officers;
 - iv) has not had any of the relationships described above with any affiliate of the Company.
- 1.9 **“Senior Officer”** means a person who manages or controls the Company, and includes:

- i) the Chief Executive Officer, secretary to the board of directors and senior management of the Company comprising the managers and/ or heads of the units or departments, as the case may be, of the Company;
- ii) a person with a similar level of position or responsibilities as a person described in paragraph (i) above.

1.10 “**Shareholder(s)**” means a shareholder(s) of the Company.

PART II: STATEMENT OF POLICY

1. **Purpose** - This Policy is intended to provide the minimum standards required from the Directors, the Chief Executive Officer, the Senior Officers and the Employees and other stakeholders of the Company so as to promote proper standards of conduct and sound Companying practice, as well as ensure that their duties and responsibilities are exercised with clarity, assurance and effectiveness. This Policy is formulated taking into account the Company’s special needs and circumstances on the duties, responsibilities and conduct of its Directors, Chief Executive Officer, Senior Officers and Employees and other stakeholders of the Company.
2. **Scope** - This Policy applies to the duties, responsibilities and code of conduct for the Shareholders, Directors, Chief Executive Officer, Senior Officers and Employees and other stakeholders of the Company.
3. **Responsibility** - The Board of Directors is responsible for formulating policies and guidelines, which ensure that:
 - (a) all Directors, the Chief Executive Officer, Senior Officers and the Employees and other stakeholders of the Company are made fully aware of their duties and responsibilities.
 - (b) all management decisions are made in accordance with prudent Company practices.
4. The **Shareholders** shall be responsible for the appointment of a competent and dedicated Board of Directors.

PART III: SPECIFIC REQUIREMENTS

1. SHAREHOLDERS

- 1.1 The Shareholders of the Company shall jointly and severally protect, preserve and actively exercise the supreme authority of the Company in general meetings, in accordance with the Memorandum and Articles of Association of the Company and all other statutes, regulations and guidelines from time to time governing the operations and affairs of the Company. They have a duty, jointly and severally, to exercise that supreme authority to:
 - Ensure that only competent and reliable persons who can add value to the Company’s business are elected or appointed to the Board of Directors;
 - Ensure that the Board of Directors are constantly held accountable and responsible for the efficient and effective governance of the Company; and
 - Change the composition of the Board of Directors that does not perform to expectation or in accordance with the mandate of the Company.

- 1.2 For the purposes of determining the moral suitability of a corporate entity, its Directors and senior officers the criterion prescribed under subsection 2.2.5 and 2.2.6 hereto shall be required to be satisfied.

2. DIRECTORS

2.1 DUTIES AND RESPONSIBILITIES

The major duties and responsibilities of the Directors include:

2.1.1 Regulating the manner in which the business is conducted

The Board of Directors must ensure that the Company has adequate systems to identify, measure, monitor and manage key risks facing the Company and adopt and follow sound policies and objectives. The Directors must provide clear objectives and policies within which the Chief Executive Officer and Senior Officers are to operate. These should cover all aspects of operations, including strategic planning, credit administration and control, asset and liability management encompassing the management of liquidity risk, interest rate risk and market risk, accounting system and control, service quality, automation plan, prevention of money laundering, profit planning and budgeting, adequacy of capital, and human resource development. Clear lines and limits of authority for all levels of staff should be established. The seriousness of infringing on the authorized limits should be emphasized to staff at all levels.

2.1.2 Corporate planning

The Board of Directors must formulate the future direction of the Company of which planning, organizing, and controlling, are three fundamental functions. Sound planning is of vital importance, and as such projections/targets must be periodically reviewed and amended as circumstances dictate.

2.1.3 Establish and ensure the effective functioning of the Board of Directors and Management Committees in key areas.

2.1.4 Set-up an effective internal audit department, staffed with qualified personnel to perform internal audit functions, covering the traditional function of financial audit as well as the function of management audit.

2.1.5 To promulgate policies and actions with a long-term view to support environmental and social sustainability.

2.1.6 Maintain adequate capital base

2.1.7 Observe Laws and guidelines

Directors should ensure cognizance is taken by management and themselves of all applicable laws and guidelines, and systems to effectively monitor and control their compliance. This will likely include provisions for training of personnel in these matters and, when violations do occur, make corrections immediately. It is a duty inherent with the office of Directors (or management) to know the laws and guidelines, and to ensure that compliance of all laws and guidelines receives the highest priority, and violations are not knowingly committed by them or by anyone in their employment. In particular, every Director should be conversant with the provisions of the Companies Act, Central Bank of Kenya Act and any guideline issued there under or other relevant laws and guidelines.

2.1.8 Appoint, dismiss and define the duties of management

It is the duty of the Board of Directors to define the duties of management and appoint those persons who are competent, qualified and experienced to administer the Company's affairs effectively and soundly. It is also the responsibility of the Board of Directors to dispense with the services of staff considered undesirable.

2.1.9 Being informed about business condition of the Company

Since the Directors are jointly and severally responsible for the effective supervision of the affairs of the Company, they should be informed on regular basis of the business condition of the Company. For the purpose of deliberating on this information and providing guidance to the management, the Board of Directors should meet regularly, preferably at least once in a quarter.

In addition, the Board of Directors and each director should exercise independent judgment in evaluating the performance of the management. This could be enhanced by the provision of independent reviews of the operations by third parties such as external auditors, internal auditors, audit committees or regulator and other experts reporting directly to the Board of Directors.

2.1.10 Attend Board meetings regularly

Every Director has a duty to attend board meetings regularly and to effectively participate in the conduct of the business of the Board of Directors. Every member of the Board of Directors shall attend at least seventy five per cent (75%) of the Board meetings. This is to ensure that every board member will discharge his or her duties and responsibilities effectively. Attendances shall be disclosed in the annual report. At its Annual General Meeting, the Board of Directors is required to review the suitability of a non-executive director who has failed to comply with the seventy five per cent (75%) attendance rule, without valid reason.

2.1.11 Maintain Positive Image

It is the duty of the Directors to ensure that the Company maintains a positive image within the industry and the economy as a whole. To this extent, therefore, the Company is expected to provide adequate services and facilities both efficiently and competitively in line with *safe and sound Company practices*.

2.1.12 Dispute Resolution

The Board of Directors should ensure that disputes with and among shareholders and or with the Company's stakeholders are resolved effectively, efficiently and expeditiously. The Board shall also take reasonable steps to encourage the Company's shareholders and or stakeholders to solve

their disputes through Alternative Dispute Resolution Mechanisms.

2.2 OTHER REQUIREMENTS

2.2.1 Board Composition

The Company shall have a minimum of three (3) Directors and a maximum of five (7) Directors. Three - fifths (3/5) of the composition of the Board shall comprise of Non-Executive Directors. One third (1/3) of the Board shall comprise of Independent Directors.

The Non - Executive Directors must comprise the majority of the Directors serving on the Board. This is to ensure that the Non-Executive Directors, who should form the majority, would render the necessary independence to the Board of Directors from the executive arm of the Company, and help mitigate any possible conflict of interest between the policy-making process and the day- to-day management of the Company.

At each Annual General Meeting one-third (1/3) of the Non - Executive Directors shall retire from office and may stand for re-election in accordance with the Company's Articles of Association.

In an increasingly complex Companying environment, the presence of suitably qualified Directors should contribute effectively towards achieving the main tasks of the Board of Directors. Further, Directors should provide the necessary checks and balances on the Board of Directors so as to ensure that the interests of minority shareholders and general public are given due consideration in the decision-making process. Directors should not be brought in as a mere formality as this would be tantamount to deceiving the minority shareholders and the public.

2.2.2 Appointment of the Chairperson of the Board of Directors

The Chairperson of the Board of Directors shall always be a Non-Executive Director.

2.2.3 Criteria for determining the professional and moral suitability of Directors, Chief Executive Officer and Senior Officers

The Company shall have regard to the following qualities, in so far as they are reasonably determinable, of the person concerned:

2.2.3.1 his/her possession of adequate professional credentials or experience or both for the position for which he/she is proposed;

2.2.3.2 his/her ability to recommend sound practices gleaned from other situations;

2.2.3.3 his/her ability to provide dispassionate advice;

2.2.3.4 his/her ability to avoid conflict of interest in his/her activities and commitments with other organizations; and

2.2.3.5 his/her ability to absent himself/herself from decisions when he/she is incapable of providing objective advice.

2.2.4 Without prejudice to the generality of the provisions of paragraph 2.2.3 above, the Company, may have regard to the previous conduct and activities of the person concerned in the Company's business or financial matters and, in particular, to any evidence that such person:

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2.2.4.1 has been convicted of the offence of fraud or any other offence of which dishonesty is

an element;

2.2.4.2 has contravened the provisions of any law designed for the protection of members of the public against financial loss due to the dishonesty or incompetence of or malpractices by persons engaged in the provision of Banking, insurance, investment or other financial services;

2.2.4.3 was a director or a senior officer of an institution that has been liquidated or is under liquidation or statutory management;

2.2.4.4 has taken part in any business practices that, in the opinion of the CBK, were fraudulent, prejudicial or otherwise improper (whether unlawful or not) or which otherwise discredited his methods of conducting business;

2.2.4.5 has taken part in or been associated with any other business practices as would, or has otherwise conducted himself in such manner as to cast doubt on his competence and soundness of judgement; and

2.2.4.6 has defaulted in the repayment of any advance or loan made to him by any institution licensed under the Banking Act or a society licensed under the Building Societies Act for three (3) consecutive months.

2.2.5 Remuneration and Termination Benefits

The remuneration of Directors and the Chief Executive Officer shall not be out of line with the nature and size of operations of the Company. The Directors and Chief Executive Officer should not avail themselves of unreasonably bountiful remuneration, with excessive bonuses and fringe benefits relative to the profits and operations of the Company. Non-Executive Directors should not receive executive pay.

2.2.6 The Board and Director Evaluation

The Board of Directors through its Board Nomination and Human Resource Committee shall regularly review its required mix of skills and experience and other qualities in order to assess the effectiveness of the Board of Directors. Such review shall be by means of peer and self-evaluation of the Board of Directors as a whole, its committees and the continuation of each and every Director, including the Chairperson.

The evaluation shall be conducted annually and the fact that it has been done should be disclosed in the annual report.

2.2.7 Education

Directors should participate in an introductory programme upon appointment aimed at familiarizing themselves with the operations of the Company. All Directors shall, as far as possible, be kept abreast of industry developments, including changes or additions to laws and regulations.

These will include:

- Regular management presentations on Company activities and development in the industry;
- Regular briefing on legal developments;
- Briefing by the Company's auditors as necessary but at least annually; and
- Attendance of seminars conducted by apex bodies like the CBK, Kenya Companying Association etc., from time to time.

2.2.8 Resignation / Removal of Directors

It will be the responsibility of the Board of Directors to report to the CBK, the resignation and/

or removal of any of its members within seven (7) days.

2.2.9 Board Committees

- (a) Board committees shall assist the Board and its directors in discharging the duties and responsibilities, however the Board of Directors remain accountable. The terms of reference of the Board committees shall be approved from time to time by the Board and the prevailing ones shall be available from the company secretary.
- (b) Board Committees shall have formally determined terms of reference with clearly agreed upon reporting procedures and written scope of authority.
- (c) There should be transparency and full disclosure from the Board committee to the Board of Directors.
- (d) All Board Committees shall be chaired by a Non-Executive Director. The exception should be a Board Committee fulfilling an executive function.
- (e) Board Committees should be free to take independent professional advice as and when necessary, and to invite the senior officers to provide technical advice when needed.

3. THE CHIEF EXECUTIVE OFFICER

3.1 Major duties and responsibilities of the Chief Executive Officer

The sound operations of the Company will depend critically on the guidance given to management by the Chief Executive Officer. He/she shall be wholly responsible to the Board of Directors for the day to day running of the Company. The major responsibilities of the Chief Executive Officer are to:

- (a) Ensure that the policies spelt out by the Board of Directors in the Company's overall corporate strategy are implemented;
- (b) Identify and recommend to the Board of Directors competent officers to manage the operations of the Company. In the fulfilment of this duty, the Chief Executive Officer should ensure that the Company's personnel policy is adhered to;
- (c) Co-ordinate the operations of the various departments within the Company;
- (d) Establish and maintain efficient and adequate internal control systems;
- (e) Design and implement the necessary management information systems in order to facilitate efficient and effective communication within the Company;
- (f) Ensure that the Board of Directors is frequently and adequately appraised about the operations of the Company through presentation of relevant board papers, which must cover, but not limited to, the following areas:
 - Actual performance compared with the past performance and the budget together with explanations of all the variances.
 - Capital structure and adequacy.
 - Advances performance in particular problem loans, losses, recoveries and provisions.
 - Income and expenses.
 - Deposits: sources and distribution profile.

- All Insider transactions that benefit directly or indirectly any officer and or shareholders of the Company
 - Report on violation of laws and remedial activities undertaken to ensure compliance with the Companying laws and CBK guidelines.
 - Large exposures.
 - Non-performing Insider loans
 - Any other areas relevant to the Company's operations.
- (g) Ensure that the Company complies with all the relevant laws in the execution of its operations.

3.2 Resignation / Removal of Chief Executive Officer

It will be the responsibility of the Board of Directors to report to the CBK, the resignation and/or removal of the Chief Executive Officer within seven (7) days.

4. MANAGEMENT

4.1 Major duties and responsibilities of Management

The primary responsibility of the management is to operate and administer the Company on a day- to-day basis paying attention to the following:

- (a) The implementation and adherence to the policies, practices and standards as laid down by the Board of Directors;
- (b) The systems that have been established to facilitate efficient operations and communications;
- (c) The planning process that has been developed to facilitate achievement of targets and objectives;
- (d) All staff matters, particularly human resource development and training;
- (e) Adherence to the established code of conduct and with all the relevant laws, regulations and guidelines governing the operations and affairs of the Company; and
- (f) Maintain adequate records to comply with all the reporting requirements.

4.2 Chief Financial Officer

The Chief Financial Officer responsible for the accounting department of the Company shall be a member of the Institute of Certified Public Accountants of Kenya ("ICPAK").

4.3 Internal Auditors

The person responsible for the internal audit function shall be a member of the Institute of Certified Public Accountants of Kenya ("ICPAK").

4.4 Company Secretary

The Company Secretary of the Company shall be a member of the Institute of Certified Public Secretaries of Kenya (“ICPSK”) established under the Certified Public Secretaries of Kenya Act.

PART V: RELATIONSHIP WITH RELATED GOVERNANCE DOCUMENTS

1. Board Charter

This Corporate Governance Policy shall be read together with the Board Charter and in the event of any conflict therewith the terms of the Corporate Governance Policy shall prevail.

2. Code of Ethics and Conduct

This Corporate Governance Policy shall be read together with the Code of Ethics and Conduct and in the event of any conflict therewith the terms of the Corporate Governance Policy shall prevail.

3. Board Evaluation

This Corporate Governance Policy shall be read together with the Board Evaluation Policy and in the event of any conflict therewith the terms of the Corporate Governance Policy shall prevail.

PART VI: ANNUAL REVIEW

The Board will review this Policy annually.

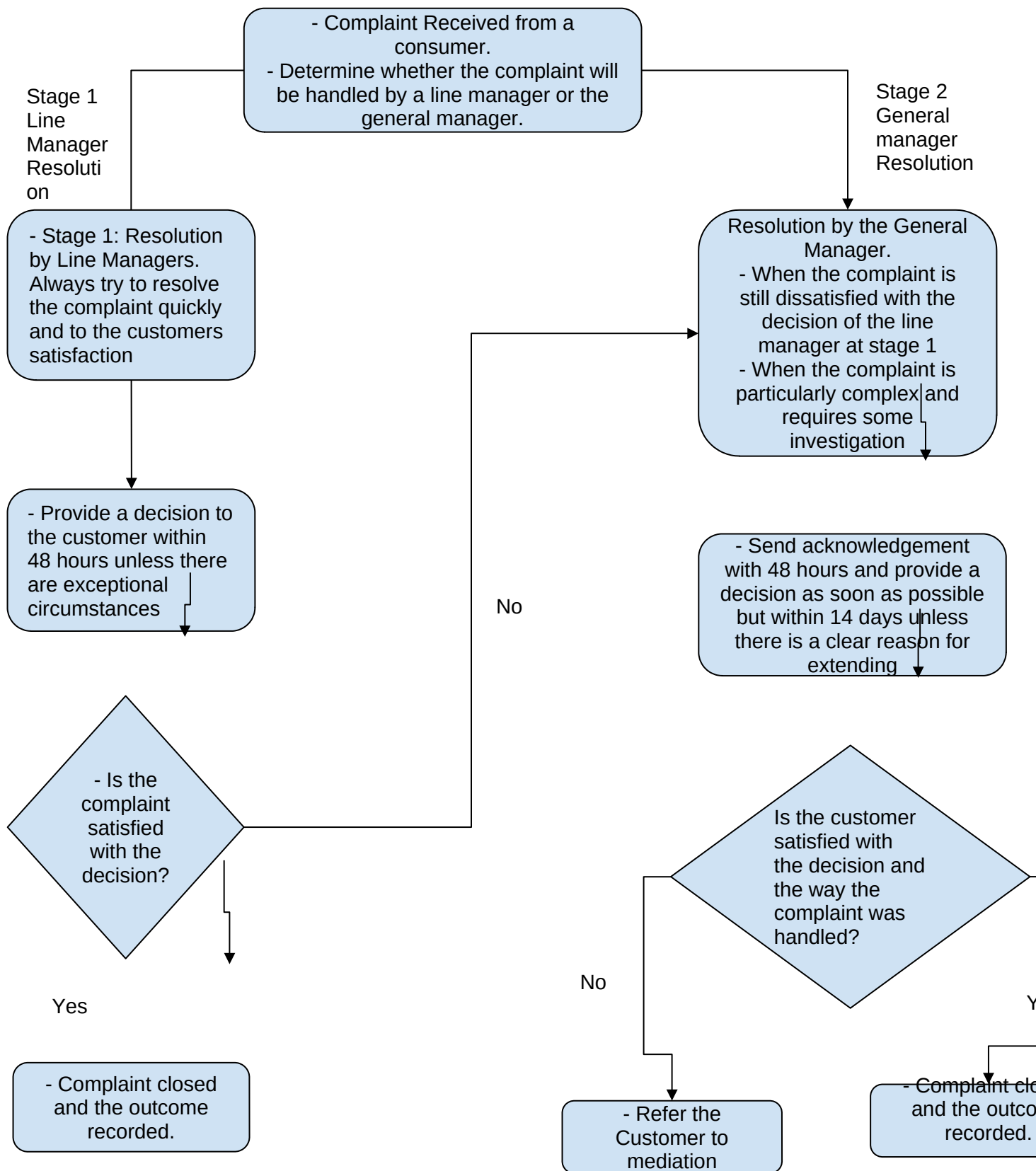
CONSUMER REDRESS AND MECHANISMS

Consumer redress mechanisms, policies, and procedures are a crucial part in ensuring fair treatment for our customers as well as act as a benchmark against which we continually improve our offering. We endeavor to put into practice our comprehensive grievance redress policy which outlines the institution's commitment to addressing customer complaints. Through our internal channels, we emphasize on transparency and fairness in handling customer complaints.

Our Grievance redress policies and procedures are as below;

1. Our field officers are easily accessible to clients and so are their line managers. By doing monthly field visits, line managers can keep in touch with clients and are able to know how customers in their respective regions are being handled.
2. Through our customer care line, clients can call in their grievances which are then recorded in the customer grievance book and forwarded to the line managers for swift action. Any issues that line managers are unable to handle are escalated to the general manager.
3. Our website has an interactive whatsapp bot that helps analyze requests and complaints, making it easy to track interactions and act on issues
4. Once customers complain, the complains are initially addressed by Line managers. In-case they fail to assist, the General Manager take up the issues. Our system includes an app, on which each loan officer can record a complain raised by a client and the same is pushed up to the line managers
5. Our managers go through quarterly customer care training. This equips them with the necessary tools to handle all natures of complaints.
6. At loan issuing, all clients are informed about the complaint resolution timelines and procedures. This empowers them with knowledge of their rights as per our internal policies and procedures. Once a customer raises a complain, and its acknowledged, they are advised to await feedback within 48hours. Upon completion of the 48hr period, customer is given feedback by the customer service team, whereby when they are not in contention of the feedback given, they are forwarded to the Supervisor for clarification and an opportunity to readdress the complaint. If it escalates beyond the Supervisor, its forwarded to the Operations Manager for further action
7. We conduct regular reviews and update the redress mechanisms, policies, and procedures to align with regulatory requirements and industry best practices. We also conduct internal audits and evaluations to assess the effectiveness of the redress system and identify areas for improvement.
8. Each manager is also expected to prepare periodic reports on the number and types of complaints received, resolved, and pending. This is done on a monthly by the managers to evaluate staff performance Share this information with relevant stakeholders, such as management, the board of directors, and regulatory authorities, to demonstrate transparency and accountability.
9. By constantly collecting client feedback, the company is able to track growth as well as establish workable KPIs towards ensuring client satisfaction.

Below is the demonstration of our complaint handling mechanism.



CUSTOMER COMPLAINT/COMPLIMENT FORM

Customer's Information (Applies to both Internal and External customers)				Date:	
1.	Name				
2.	Registration Number				
3.	Telephone Number				
4.	Email address				
<i>*(1-4 above is optional if anonymity is sought) we do however encourage that customers fill all the spaces to enhance feedback</i>					
Summary of complaint/compliment. If space provided is not adequate please use overleaf					
For Official use only *					
Acknowledgment of receipt of complaint/compliment by Company Official				Root Cause	Action
Name					
Signature					
Date					
Review by Complaints Officer				Objective Evidence/Comment	
1.	Issue fully addressed	Yes	No		
2.	Issue partly addressed	Yes	No		
3.	Issue forwarded to Director for action/information	Yes	No		
4.	No action taken	Yes	No		