



UNITY SMALL FINANCE BANK LIMITED

COLLECTION CODE OF CONDUCT

Code of Conduct

The code on the collection outlines minimum requirements that need to be adhered by the Unity Small Finance Bank Limited (“**the Bank/ USFB**”) and its authorized representatives when contacting a customer for due payments.

Besides the Bank, other third-party vendors/ service providers/ business correspondents, as may be authorized by the Bank may also contact customers on behalf of the Bank. The code is mandatory requirement and applies to for all individuals/ vendors/ entities/ service providers/ business correspondents (“**Authorised Representatives/ Collection Representatives**”) who contact the Customer(s) on behalf of the Bank.

All customers (including customers who are late in paying/ in default) must be treated with respect, dignity, courtesy and fairness in debt collection efforts. The Bank believes this is not only the right thing to do, but also the most effective.

It is imperative that all the Authorised Representatives involved in collection related activities follow this code and must strictly agree to abide by this code described below prior to beginning collection activities with respect to the customers.

All references in this Code will also include its Authorised Representatives, to the extent applicable.

The following are the code underpinnings of the collection process. These are an extract of the Bank’s collection values.

1. Customers deserved to be treated with dignity. Collections Representatives should always remain professional during telephone conversations and visits. No written or verbal threats, abuse or rudeness is permitted. Collection representative should use only acceptable business language, even if the other party does not.
2. Collections Representatives deserve to be treated with dignity. They may refer the customer to management, or end calls when a customer becomes abusive or threatening. Customers should be informed prior to termination of such calls. All calls where the customer becomes abusive or threatening should be appropriately documented.
3. All calls being made to the customer(s) must be recorded as per requirements of the Code of Conduct stipulated by the Reserve Bank of India. Collections representatives should always identify themselves and the Bank/ entity that they represent at the very beginning of every interaction with customers and the customers must be informed that the calls is being recorded
4. Customers are entitled to privacy. Privacy policies apply to all conversations with third parties, as stipulated in this document
5. All collection activities should be consistent with the guidelines provided in the document and in compliance with the code for the collections of dues stipulated (from time to time) by the Reserve bank of India. All letters, telegrams and other communication must be in the format approved by the Bank’s legal Team.

6. All the calls should normally be limited from 08:00 hours to 19:00 hours (09:00 hours to 18:00 hours for microfinance), unless exceptional circumstances described in this code warrant deviation from this time frame. Under no circumstances, customer can be called beyond 21:00 hrs.
7. Customer should be called no more often than is reasonable in the context of the debt, and the conversations logged on the system and the convenience of the customer's to talk, should be required at beginning of each call.
8. Customer requests that calls/ visits to place of work be stopped are to be honored if he/she provides a suitable alternate where he/she may be reached during collection working hours. Such customers should be asked to provide an alternate address/ phone number where they may be reached.
9. Customer's questions should be answered in full. They should be provided with information requested, given assistance and issues resolved. Accounts with unresolved issues are escalated to management.
10. Customer or third party requests for supervisor names or request to speak with supervisor should always be honored.

1.1 Why the Bank may contact a customer?

A customer is to be contacted for debt collection only under the following circumstances.

- When not contacting the Customer may lead to the imposition of an additional cost on the customer or may impact the customer's credit history/ rating e.g. customer spending pattern indicates that the customer may be about to breach his/ her credit line.
- When the customer has not paid on payment data (including grace days) and this is likely to impact the customer's credit history and/ or is likely to cause a financial loss to the Bank.

When the Bank may contact the customer?

All Calls must normally be limited from 08:00 hours to 19:00 hours (09:00 hours to 18:00 hours for microfinance). For segments other than microfinance, a customer may be contacted beyond 19:00 hours till 21:00 hours on:

- Phone, if customer has not been contactable within last 48hrs.
- On personal visit, if the customer has been non contactable during last two visits.

A Customer may be contacted at a time when the call is not expected to inconvenience him/her. Customer's request to avoid calls at a particular time or at a particular place shall be honored as far as possible.

Calls either earlier or later than normal hours, while effective in contacting the customer, is also likely to be inconvenient to the customer and could be viewed as harassment. Calls earlier or later than the prescribed time may be placed only under the following conditions:

- When the customer has expressly authorized the Bank to do so either in writing or orally.

- When attempts to contact the customer have resulted in information that the customer is normally only available outside these hours and no alternate telephone number is available to contact the customer.
- When due to nature of customer's employment/ business i.e. working in shifts e.g Call centers, Hotels etc. He/She is usually available outside these hours.

1.2 Where the Bank may contact customers?

The customer should be contacted ordinarily at the place of his/her choice and in the absence of any specified place, the first visit/ contact with the customer should be at his place of residence/ through contacting on mobile. However, other telephone numbers like employment may be used. If the customer is unavailable at his/her residence, he/ she may be contacted at the place of business/occupation.

When the Collection unit is unable to contact the customer at his residence/ mobile, the customer may be contacted at his/ her other address or number through borrower or referrer or guarantor.

1.3 Which language to be used in the interaction?

A Collection Representative should try and use the language with which the customer is comfortable and must not attempt to force the customer to speak in English if he/she is not comfortable. This may be offensive to some customers. If the Collection Representative is not comfortable with the language spoken by the customer, the account may be referred to another Collections Representative or the conversation should be continued in English/ alternate language explaining the reason to the customer. If the customer expresses his inability to understand, then the call must be referred to a supervisor.

1.4 What mode of address is to be used?

Collection's Representative should use the formal mode of address in the language of choice of the customer.

Customers deserve to be treated with dignity. Accordingly, Collections Representative must be a professional. As the situation requires, they may also be assertive and firm. In any event, courtesy and respect is mandatory. Collections Representative **should not** become abusive, visibly irritated or demean the customer in any fashion.

1.5 How often should the customer be called?

The purpose of the collection call is to bring to the customer's notice the obligation to pay and to seek a commitment to pay on a specified date. Once a promise is elicited, a call may be made to serve as a reminder and for confirmation of payment.

In the event a commitment is not forthcoming or has been broken, calls may be made at reasonable frequency, based on amount owed, product, aging of debt and account history. Excessive number of calls or calls closely bunched together in the same day may be construed to be harassment.

1.6 Can the customer's debt obligation be discussed with anybody else?

The Bank shall respect a customer's privacy. The Customer's debt/ obligation may normally be discussed only with the customer and co-borrower/ co-signatory of the loan agreement, loan guarantor and the employer in cases of corporate facilitated loans.

As per the terms and conditions, customer debt details can be discussed with Regulatory/ Law enforcement agencies as well as Authorised Representatives who are contracted with to provide debt collection and support services. Collections Representative may always communicate with a third party about the customer's debt when and to extent doing so is necessary to enforce a decree obtained in a lawsuit against the customer.

In addition, in certain circumstances, as explained below, it may be necessary to discuss some parts of the past due obligation with related third parties.

1.7 Leaving Message criterion for Un-Secured loans:

If the customer has not responded to at least one prior message, then it is permissible in follow up calls (placed at customer specified telephone number/ address) to state/ indicate:

- I. that his loan account is overdue and
- II. the amount due and requesting for a payment to be made by the customer.

However, under no circumstance can any third party be asked to make a payment.

1.8 Leaving Message criterion for Secured loans:

Collections can disclose the loan obligation only to the customer, co-borrower, guarantor or the co-guarantor.

For these loans, even if the customer has not responded to a prior message, it is not permissible:

- I. To indicate that the call pertains to the loan obligation of the customer.
- II. To state that the customer is overdue on his loan account.
- III. To state or indicate the amount due or request the customer to make a payment

Leaving messages and contacting the third party- For customers not available at the provided telephone numbers/ addresses.

Following approach is adopted in the situations mentioned below, where the messages may be left at telephone number/ address with an adult family member. Message is on telephone number/ address other than those provided by the customer.

In situation where the customer has alienated mortgage financed/ pledged to a third party and is not making repayments despite recall of loan, the Collection Representative may disclose to such third party the fact that the customer has an overdue obligation and repossess the mortgages. This should be done after notifying the customer through a letter sent at the address available on the system. If such third party, who is in possession of the mortgage on behalf of the customer, offer to make a payment towards the loan outstanding, then the collection Unit can receive the payment from the third party.

Collection Representative may communicate with third parties to obtain customer's location information – home address, business address, home phone number and workplace phone number. This may be done when the customer's present location is either unknown or uncertain or the customer is not contactable or a skip. While obtaining such information the Collections Representative must clearly identify himself/ herself. In specific cases where it may be difficult to obtain information from third parties regarding customer's whereabouts by identifying the organization along with the name, the Collections Representative may choose not to mention the organization name while identifying himself/ herself, unless specifically asked for the name.

If the customer has provided a financial guarantee from a third party, the third party may be called and the customer's obligations may be discussed. In such a situation, the guarantor may be treated as borrower. Further, if the customer is delinquent- more than or equal to 2 months or non-contactable or a skip, then customer's debt/ obligation may be discussed with references provided.

No Misleading statements/ misrepresentation are permitted

Collections Representative should not-

- Mislead/ misrepresent to the customer on the action proposed and consequences thereof;
- Mislead/ misrepresent to the customer about their true business or organization name, or falsely represent or imply that the Collections Representative is an attorney (lawyer), government official, officer of any court etc.
- Threaten with any dire consequences or imprisonment or even mention imprisonment unless legal action planned or currently underway could result in imprisonment.
- Threaten with arrest/ detention by the police or persecution by any court of law.

1.9 Precautions to be taken on visits

- **Residence**

Collections Representative should-

- Respect personal space- maintain adequate distance.
- Not to unnecessarily call the Customer prior to or subsequent to the visit to the Customer's residence from an individual mobile phone unless the said call is necessitated for checking on the availability of the Customers or for directions to the location of the Customer's residence or for follow up to the visit to the Customer's residence.
- Not enter the customer's residence against his\ her wishes or when they are told the customer is not at home.
- Not restrict the customer's movement or restrain him\her from entering or leaving the house/ room.
- Not remain in the customer's house if he/ she were to leave for any reason including to collect money from a bank/ elsewhere.
- Respect the customer's privacy- do not embarrass the customer in the presence of his/ her neighbors.
- Not make visits at the customer's residence if the customer-
 - Expressly forbids in writing such visits and provides suitable alternate address where he/ she is connectable during collections working hours.
 - Has suffered a bereavement, or a customer's family member is gravely ill.
 - A social engagement is in progress.
- If the customer is not present and only minors/ elderly infirm are present at the time of the visit, the Collections Representative should end the visit with a request that the customer call back. He should not enter the house unless invited. He should not wait for the customer in the customer's residence unless specifically asked to do so by the customer or family.

- **Workplace**

Collections Representative should:

- Not visit the customer in the office unless:
 - The customer has specifically requested the Collection Representative to do so
 - The customer's mailing address is that of the workplace
- Respect personal space; do not restrict the customer's movement.
- Not to unnecessarily call the customer prior to or subsequent to the visit to the customer's work place from their individual mobile phones unless the said call is necessitated for checking on the availability of the customers or for directions to the location of the Customer's work place or for follow up to the visit to the Customer's work place.

1.10 What is to be done if the customer requests us to stop visiting at the office?

In such a case, the customer should be asked to provide an alternate location where the meeting can take place during the working hours of the Collection unit.

However, if the customer is not available at this location and attempts have been made to contact the customer, the customer may be contacted at his/ her office again.

A Collections Representative should not

- Offer to assist the customer by driving him/ her to the bank/ any other spot from where money to repay the debt can be collected
- Have discussion of a personal nature with the customer- the Collections Representative must maintain a professional distance. Restrict conversation to the debt owed and the customer's proposed repayment plan
- Use means that are unfair, for example-
 - Collect sums in excess of total debt of the customer
 - Threaten to take extra judicial action (e.g. physical threat or any unlawful action) to expropriate and dispose of customer assets when no such right exists.
 - Apply payments to other accounts than those indicated by the customer.

1.11 What is to be done if the customer declines to pay?

If the customer declines to pay, the consequences of such a decision may be explained to him/ her

- Impact on credit history
- Possible legal action and its impact
- Cost of defending legal action, if such action is contemplated

If the customer refuse to pay on the account, then such accounts must be referred to the supervisor. The supervisor shall, after discussing with the Agency Manager allocate the account appropriately. Further decision on the customer who communicates in writing his/ her refusal to pay will follow procedure defined as per collection manual.

1.12 What is to be done if the customer disputes the debt?

The account must be referred to Business team for resolution of the dispute through the Supervisor. In the event, the customer disputes only a part of the debt, collection calling may continue for the balance/ undisputed part of the debt.

1.13 How should letters & other communication be handled?

Communication to the customer either through mail or through telegrams shall be handled directly by the Bank as appropriate. Mail dunning/ telegrams/ phonograms shall be in a format approved by Collection unit of the Bank.

Code of Conduct Acknowledgment

This is to confirm to that I have received the Code of Conduct document of the Unity Small Finance Bank Limited. I have understood the same and displayed the same in my premises for the benefit of the collectors/ employees. I have given requisite training to the collectors/ employees employed by me to abide by Bank's Code of Conduct.

I hereby confirm and agree that all the collectors/ employees employed by me shall abide by the Bank's Code of Conduct.

Name of the Authroised Signatory:

Signature of the Authorised Signatory:

Name of the Vendor/ Service provider/ Business Correspondent:

Date:

THE LETTER OF DECLARATION - CUM – UNDERTAKING TO BE OBTAINED FROM THE EMPLOYEES OF THE COLLECTION AGENCIES

Declaration – Cum – Undertaking

Re: Code of Conduct

Dear Sir,

I am working in your company as a _____. My job profile, inter-alia, includes collection of installments, follow up by telephone calls, field visit or service of notice etc. from delinquent and other customers of UNITY SMALL FINANCE BANK LIMITED (“**the Bank**”). In the discharge of my duties, I am obligated to follow the Code of Conduct framed by the Bank. I confirm that I have read and agree to abide by the Code of Conduct. I further confirm that the trainer mentioned below has explained the contents in full to me. I agree to abide by the Code of Conduct as detailed in this document while collecting debt due by the customers of the Bank. In case of any violation, non- adherence to the said Code of Conduct, you shall be entitled to take such action against me as you may deem appropriate.

Signed on this _____ day of _____

Signature _____ Name _____ Agency _____

Signature of Trainer _____ Name _____ Company _____