

RBI Compliance – Education Loans

1. Regulatory Scope & Applicability

This document outlines the mandatory compliance framework for **Kredila** (hereafter referred to as "the Company") in its capacity as a Regulated Entity (RE) providing education loans within India.

Jurisdiction: These policies apply to all education loan products sanctioned for both domestic and overseas studies.

Adherence: The Company operates under the **RBI Master Direction on NBFCs** and the **Model Education Loan Scheme (MELS)**.

Statutory Alignment: Compliance is required with the Fair Practices Code (FPC), Digital Lending Guidelines (2022/2024), and the Credit Information Companies (Regulation) Act.

2. Disclosure Rules (Transparency & Upfront Pricing)

To empower students and co-borrowers to make informed decisions, the Company enforces "Zero-Hidden-Cost" transparency.

Key Fact Statement (KFS): Every borrower must receive a standardized KFS before the loan agreement is signed. This includes the Annual Percentage Rate (APR), total interest payable, and all one-time fees.

Interest Rate Disclosure:

Rates must be clearly categorized as **Fixed** or **Floating**.

Floating rates must be linked to an external benchmark (e.g., Repo Rate).

Any reset period for floating rates must be communicated at least **30 days** in advance.

Sanction Letter: All terms, including the moratorium period (Course duration + 6 to 12 months) and repayment tenure, must be provided in the borrower's preferred language.

3. Data Privacy & Student Protection

The Company recognizes the sensitivity of student data and adheres to strict privacy protocols.

Explicit Consent: Student and co-borrower data (KYC, academic records, financial history) shall not be shared with third parties or credit marketing agencies without **affirmative, time-bound consent**.

Purpose Limitation: Data collected for loan processing cannot be used for cross-selling other financial products unless specifically opted-in by the user.

Right to Forget: In accordance with Digital Lending norms, borrowers have the right to withdraw consent for data storage once the loan is closed or the application is rejected, subject to statutory record-keeping requirements.

4. Prohibited Practices

Kredila strictly prohibits the following "Dark Patterns" and unethical lending behaviors:

Misrepresentation: Falsely claiming "0% Interest" when the cost is embedded in processing fees or insurance premiums.

Coercive Recovery: Harassment of students or parents at educational institutions or workplaces. Recovery must follow the **RBI Fair Practices Code** (contact only between 08:00 and 19:00).

Hidden Penalties: Charging "Penal Interest" (compounding interest on interest). Only **Penal Charges** (fixed late fees) are permitted as per the 2024/2025 Fair Lending amendments.

5. Penalties & Regulatory Fines

Non-compliance with RBI directives subjects the Company to: | Violation Type | Regulatory Action | | :--- | :--- | | **Disclosure Lapses** | Monetary penalties up to ₹5 Lakhs per instance. | | **Data Breach** | Suspension of digital lending licenses and heavy fiscal fines. | | **Unfair Recovery** | Mandatory "Cease and Desist" orders and reputational blacklisting. | | **Systemic Failure** | Cancellation of the Certificate of Registration (CoR). |

6. Escalation Matrix

Immediate compliance escalation is mandatory if a violation is detected or a grievance is raised.

Level 1: Internal Grievance Redressal Officer (GRO) – Resolution within 7 working days.

Level 2: Principal Nodal Officer – Escalation if Level 1 is unsatisfactory.

Level 3: RBI Ombudsman – If the complaint remains unresolved for **30 days**, the borrower is guided to the RBI's Complaint Management System (CMS).

Note: Any breach of data privacy must be reported to the Chief Compliance Officer (CCO) within **6 hours** of discovery to meet regulatory reporting timelines.