

## **SMFG India Home Finance Company Limited**

### **Direct Selling Agents (DSAs) – Code of Conduct**

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## Background

Reserve Bank of India (RBI), vide its circular dated February 17, 2021 “Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021” (as updated from time to time) issued guidelines on “Model Code of Conduct for Direct Selling Agents (DSAs/DMA's) and advised housing finance companies (HFC) to adopt the code with the approval of their Board.

“Model Code of Conduct for the Direct Selling Agents (DSAs)” is a code for adoption by SMHFC in respect of DSAs/DMA's operating as their Agents. The Code is a set of guidelines designed to ensure that DSAs/DMA's of SMHFC act and conduct in conformity with the laid down policies and procedures as set in the Code. Accordingly, the following DSA Code of Conduct (the Code) is drawn up for the approval of Board of Directors of SMFG India Home Finance Company Ltd (the Company or SMHFC).

This code of conduct policy should be read in conjunction with Outsourcing policy of the company.

In line with the above Master Directions, SMHFC wishes to adopt the Code of Conduct for DSA/DMA with the approval of the Board.

## Definitions and Key terms

NHB	National Housing Bank
RBI	Reserve Bank of India
DSA	Direct Selling Agents
DMA	Direct Marketing Agents
SMHFC	SMFG India Home Finance Company Limited
HFC	Housing Finance Company
TAT	Turn Around Time
TMEs	Tele-Marketing Executives

## Scope, Applicability and Exception

### Applicability of the code

- The Code shall apply to all the DSAs/DMA's/TMEs and its employees/representatives involved in marketing, selling and distribution of loans or other financial products of SMHFC.
- However, the codes related to the Risk Management and Review (Section 2 and 10 respectively) of the code shall apply to SMHFC's management.
- The DSA and its Tele-Marketing Executives (TMEs) must agree to abide by this code prior to undertaking any direct marketing operation on behalf of SMHFC.
- The DSA and its employees/representatives must agree to abide by the Code prior to be enlisted as DSA for SMHFC.
- DSAs empaneled by the Company shall ensure adherence of Code by all its employees/representatives. Any employee/representative of the DSAs found violating this Code shall be blacklisted by the DSA and such action shall be reported to SMHFC from time to time.
- SMHFC shall terminate or permanently blacklist DSAs who fails to comply with the Code.
- A declaration as per **Annexure 1** shall be obtained by the DSAs from its employees/representatives before assigning the duties related to SMHFC.

## **1. Policy Principles**

### **1.1 Code for tele- calling**

- **Unsolicited Commercial Communications - National Do Not Call Registry (NCND)**

SMHFC shall

- (i) not engage Telemarketers (DSAs/DMAs) who do not have any valid registration certificate from Department of Telecommunication (DoT), Government of India, as telemarketers; SMHFC shall engage only those telemarketers who are registered in terms of the guidelines issued by TRAI, from time to time, for any kind of engagement with customers.
- (ii) furnish the list of Telemarketers (DSAs/DMAs) engaged by them along with the registered telephone numbers being used by them for making telemarketing calls to TRAI;
- (iii) ensure that all agents presently engaged by them register themselves with DoT as telemarketers.

- A prospective customer should be contacted for sourcing of SMHFC's product/service only under the following circumstances:
  - When the prospective customer expressed the desire to avail a facility through SMHFC's internal site / digital platforms including mobile applications/call center/branch or through relationship manager.
  - When he/she has been referred by any existing/prospective customer or who is an existing customer and has given explicit consent in writing or digitally for accepting calls on other products and services of SMHFC.
  - When the Prospect name, contact no or address is available and obtained after taking his /her consent in writing /digitally on a separate document.
  - When a prospect is generated post marketing campaign by SMHFC or an affiliate DSA/ DMA. The marketing campaign can be an on-call campaign for data bases procured by DSA / DMA
- DSAs / DMA /TMEs and /or its employees /representatives shall not call to a person whose name / number is flagged in any known "Do Not Disturb" register unless otherwise explicit consent is recorded with SMHFC.
- DSA/DMA/TMEs and /or its employees /representatives should introduce themselves and before calling must share their contact details through message or any other written mode including name, contact no and DSA/DMA/TMEs they are employed with and inform that they represent SMHFC.
- Telephonic calls must normally be limited between 0930 hrs and 1900 hrs and only when the call is not expected to inconvenience the customer. Calls outside this time slot could be made only on the express request from the customer in writing or orally.
- DSA/DMA/TMEs or/and its employees / representatives should respect a prospect's privacy and his/her interest may normally be discussed only with the prospect and with any other individual/family member such as prospect's accountant/secretary/ spouse only when authorized to do so by the prospect.
- Calls must first be placed to the customer and if not available, a message should be left for the customer to return the call or to check for a convenient time to call again. Such message must include the name and position of the person calling, empaneled with SMHFC along with the purpose of the call indicated.
- No serial calling and no calling on lists of prospective customer or existing customers unless cleared by SMHFC or DSAs /DMAs leader.
- TMEs shall identify themselves, the DSA/DMA, SMHFC and request permission to proceed. If customers denied to proceed, TMEs shall apologize and politely disconnect the call.
- The caller should always offer to call back on landline, to the extent possible if call is made to a cell number.
- The reason for the call should be stated and the customer should never be interrupted or argued with.
- The conversation should be in a language which is most comfortable to the customer and limited to business matters.

- The conversation should include checking of understanding of “Most Important Terms and Conditions” by the customer if he plans to buy the product.
- The caller’s telephone number, supervisor’s name or the SMHFC’s officer’s contact details should be provided if asked for by the customer.
- The conversation should close with reconfirmation of next call or visit and thanks to the customer the courtesy extended.
- Customers who expressed their lack of interest should not be called for the next 3 months with the same offer.
- Feedback should be provided to SMHFC on customers who expressed desire to be flagged “Do Not Disturb”.
- The DSAs should never call or entertain calls from customers regarding products already sold and such customers should be advised to contact the Customer Service Staff of the SMHFC.

### **1.2 Code for Personal Meetings**

- Residence/Business/Office visit must normally be limited between 0930 hours and 1900 hours. Visit earlier or later than the prescribed time period may be made only when prospect has expressly authorized DSAs/DMA's or/its employees/representatives to do so either in writing or orally.
- The DSA and his representatives / employees should respect the customer privacy and discuss the deal only with the customer or a person authorized by the customer.
- Ensure that prospect/customer is not visited within a period of 3 months of expression of lack of interest for offering by him/her.
- Not enter the residence / office against customer’s wishes and not visiting in large numbers, i.e. not more than one person and a supervisor, if required.
- End the visit if the customer is not present after providing the contact details with a request for the customer to call back.
- Limit discussions with the customer to the business and maintain a professional distance & respect personal space.
- Provide his / her telephone number, name of the supervisor or concerned officer of SMHFC, if asked for, by the customer

### **1.3 No misleading statements / misrepresentations permitted**

The DSA and its employees/representatives should not

- Mislead the customer on any service / product offered by SMHFC
- Mislead about their business or organization’s name, or falsely represent themselves as SMHFC employee.
- Make any false / unauthorized commitment on behalf of SMHFC for any facility / service

### **1.4 Gifts or payments in kind**

- The DSA and its employees / representatives should not accept gifts or bribes of any kind from prospects/ customers. Anyone offered a bribe or payment of any kind by a prospect/customer, must report the offer to the DSA management who in turn should report the matter to SMHFC.
- DSA and its employees / representatives should not offer any gifts/gratitude in cash or in kind to prospect/customer to solicit business.

### **1.5 Appearance & Dress Code**

Employees / representatives of DSA must be appropriately attired – men in well ironed trousers & shirt with sleeves preferably buttoned down and women in well ironed formal attire (Saree, suit, etc.) Jeans and / or T-shirt, open sandals are not considered appropriate.

### **1.6 Handling of letters & Other communication**

Any communication to the prospects should be only in the mode and format as approved by SMHFC.

## **2. Risk Management**

SMHFC's management should:

- 2.1. Ensure that no identification card / document is issued by SMHFC to the employee/representative of DSA/DMA's.
- 2.2. Get the due diligence conducted at the time of appointment and on an annual basis for all the DSAs/DMA's based on all available information about the DSA/DMA, highlighting any deterioration in service, breach in performance standards, confidentiality and security, and business continuity preparedness. DSA/DMA evaluation & declaration form is collected and shared with ORM team on annual basis as continuous monitoring mechanism. Monitoring process is detailed in "Channel Management process note".
- 2.3. Place appropriate management structure to monitor and control the DSAs/DMA's and the DSA agreements should have enabling clauses for this.
- 2.4. Get periodical audits conducted by either the internal or external auditors of SMHFC to assess the adequacy of the risk management practices adopted in overseeing and managing the DSAs and the compliance to the Code.
- 2.5. Ensure that any termination of the agreement with the DSA is suitably publicized such that the customers do not continue to deal with the discredited DSA.
- 2.6. Get the SMHFC's grievance redressing machinery inter alia deal with the issues relating to the services of the DSAs within the TAT norms prescribed under the Fair Practice Code of SMHFC.

## **3. Qualification for DSA / DMA**

While there is no specific qualification requirement for individuals, corporate entities depending upon the nature of the entity, SMHFC will ensure that the Partnership Deed, Memorandum of Association or any other document evidencing the constitution of the entity shall contain as one of its main objects soliciting or procuring DSA business.

## **4. Empanelment of DSA / DMA**

DSA / DMA seeking of engagement / empanelment with SMHFC shall submit the application for empanelment. This application form to be duly filled and signed by DSA/DMA's or its authorized representatives. Please refer **Annexure II** for DSA empanelment form.

## **5. Outsourcing Agreement**

The terms and conditions governing the contract between SMHFC and the DSAs/DMA's should be carefully defined in written agreements and vetted by SMHFC's legal counsel on their legal effect and enforceability. Every such agreement should address the risks and risk mitigation strategies. The agreement should be sufficiently flexible to allow SMHFC to retain an appropriate level of control over the outsourcing and the right to intervene with appropriate measures to meet legal and regulatory obligations. The agreement should also bring out the nature of legal relationship between the parties

i.e. whether the agent, principal or otherwise. Some of the key provisions of the contract should be the following:

- 5.1 The contract will clearly define what activities are going to be outsourced including appropriate service and performance standards;
- 5.2 It must be ensured that SMHFC has the ability to access all books, records and information relevant to the outsourced activity available with the service provider;
- 5.3 The contract should provide for continuous monitoring and assessment by SMHFC of the service provider so that any necessary corrective measure can be taken immediately;
- 5.4 A termination clause and minimum period to execute a termination provision, if deemed necessary, should be included;
- 5.5 Controls to ensure customer data confidentiality and service providers' liability in case of breach of security and leakage of confidential customer related information should be incorporated;
- 5.6 There must be contingency plans to ensure business continuity;
- 5.7 The contract should provide that DSA/DMA appointed by the Company shall not subcontract the service assigned to them;
- 5.8 It should provide SMHFC with the right to conduct audits on the DSAs/DMAs whether by its internal or external auditors, or by agents appointed to act on its behalf and to obtain copies of any audit or review reports and findings made on the DSAs/DMAs in conjunction with the services performed for SMHFC;
- 5.9 Outsourcing agreements should include clauses to allow the National Housing Bank or persons authorized by it, to access SMHFC's documents, records of transactions, and other necessary information given to, stored or processed by the DSAs/DMAs within a reasonable time.
- 5.10 Outsourcing agreement should also include a clause to recognize the right of the National Housing Bank/Reserve Bank of India or its authorized representatives to cause an inspection to be made of a DSAs/DMAs of SMHFC and its books and account by one or more of its officers or employees or other persons.
- 5.11 The outsourcing agreement should also provide that confidentiality of customer's information should be maintained even after the contract expires or gets terminated.
- 5.12 The outsourcing agreement should provide for the preservation of documents and data by the DSAs/DMAs in accordance with the legal / regulatory obligation of SMHFC in this regard.
- 5.13 The Outsourcing agreement should comply with the provisions of RBI outsourcing guidelines. (i.e. Directions on Managing Risks and code of Conduct in Outsourcing of Financial Services by NBFCs)
- 5.14 Such others terms and conditions must be incorporated as required in interest of SMHFC.

## **6. Termination of Agreement**

- A termination clause and minimum period to execute a termination provision, should be included. The agreement shall automatically be terminated unless renewed by a fresh contract by SMHFC immediately after the expiry of the period of agreement. No DSA / DMA shall be allowed to do any fresh business on behalf of SMHFC after termination of Agreement until and unless it renewed by a fresh agreement.
- Once the DSA/DMA is terminated due to any reason – DSA code to be made inactive in internal systems.

## **7. Training to DSA / DMA or/and its employees/representatives**

DSA / DMA seeking engagement / empanelment with SMHFC, it or/and its employees / representatives will have to go through a two-day preliminary training and a day training every year which shall be organized by Sales team along with HR –training team. SMHFC shall also maintain record(s) of training provided.

## **8. Maintenance of Database of DSAs / DMAs**

SMHFC shall maintain up-to-date database of empaneled DSAs/DMAs engaged / empaneled. SMHFC shall keep the inspection report of the inspection conducted in terms of the provisions of this Code or the agreement executed by DSA/DMA, and action taken report (ATR) thereon.

## **9. General**

SMHFC should at least on an annual basis review the financial and operational conditions of the DSA/DMAs to assess their ability to continue to meet their outsourcing obligations. Such due diligence reviews, which can be based on all available information about service provider, should highlight any deterioration or breach in performance standard confidentially and security, and in business continuity preparedness. DSA/DMAs review to be conducted by Sales team by calling/visiting DSA/DMAs at his office and collecting required information as per DSA visit format. **(Annexure III)**

- 9.1. SMHFC will have in place a management structure to monitor the control the outsourcing activities. It should ensure that outsourcing agreements with the DSAs/DMAs contain provisions to address their monitoring and control of outsource activities.
- 9.2. Regular audits by either the internal auditors or external auditors of SMHFC would assess the adequacy of the risk management practices adopted in overseeing and managing the outsourcing arrangement, SMHFC's compliance with its risk management framework and the requirements of these guidelines.
- 9.3. In the event of termination of the agreement for any reason, this would be publicized so as to ensure that the customers do not continue to deal with that DSAs/DMAs. The list of terminated DSAs should be published on SMHFC website from time to time.
- 9.4. Any customer aggrieved by the act of the DSAs/DMAs shall make complain as per Company's Grievance Redressal Policy/Mechanism.
- 9.5. No payment to DSAs /DMAs shall be made in Cash. The fee, incentive etc. shall be made only by way of direct credit to their Bank account.
- 9.6. SMHFC may prescribe the operational area for DSA / DMA within which they can work
- 9.7. By virtue of contract / agreement, the DSA / DMA or/and its employees / representatives may have access to personal and business information of SMHFC and / or SMHFC's customer. DSA / DMA shall ensure the preservation and protection of the security and confidentiality of the customer information or data which are in the custody or possession.
- 9.8. DSA / DMA should acknowledge that he/she/it has read the said Model Code of Conduct and has fully understood all the terms and conditions mentioned there in and declare that the DSA/DMA shall agree to abide by the said code of conduct in letter and spirit.
- 9.9. The DSA / DMA shall report the fraud erring employees / representatives periodically to SMHFC and consolidated data /information on the same shall be submitted by SMHFC to NHB. The information shall include name of the person, address, name of the DSA associated with and nature of fraud. Such employees / representatives shall be barred permanently for doing the business of DSA / DMA in future with SMHFC.

## **10. Review and approval**

- This Code shall be reviewed once every three years.
- In case of any amendments to the underlying Regulations, the amendments to this Code shall be approved by the Managing Director and CEO and placed at the subsequent meeting of the Risk Oversight Committee and the Board for its noting.

## **11. Policy Custodian**

SMHFC – Product team is the policy custodian and is responsible for safe keeping of the document.

**Roles and Responsibilities**

<b>Stakeholder</b>	<b>Roles and Responsibilities (Preferably in bullet)</b>
Product Team	Updation of Policy
Sales Team	Ensuring compliance to the policy

**ANNEXURES**

**ANNEXURE I**

**Model Code of Conduct**

**Declaration–Cum–Undertaking to be submitted by the DSA from its employees / representatives**

SMFG India Home Finance Company Limited

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dear Sir,

I/We am/are associated with your company as a Channel partner/DSA. My/Our job profile, inter-alia, includes offering, explaining, sourcing, and assisting documentation of products and linked services to prospective customers of SMFG India Home Finance Company Limited (SMHFC/the Company).

In the discharge of my/our duties, I/We am/are obligated to follow the Code of Conduct attached as annexure to this document and/or appearing in the website of SMFG India Home Finance Company Limited being [www.grihashakti.com](http://www.grihashakti.com).

I/We confirm that I/We have read and understood and agree to abide by the Code of Conduct.

I/We agree, confirm and undertake to abide by and ensure compliance of all the amendments/ modification of this Code of Conduct as conveyed to us and/ or updated on the website of the Company, from time to time.

I/We further confirm that the trainer mentioned below has explained the contents of the Code of Conduct in full to me/us.

In case of any violation, non-adherence to the said Code, you shall be entitled to take such action against me/us as you should deem appropriate.

Signed on this day of month \_\_\_\_\_ year \_\_\_\_\_

Signature \_\_\_\_\_ Name \_\_\_\_\_ Agency \_\_\_\_\_

<b>Trainer's Name</b>	<b>Signature</b>	<b>Company</b>
		SMHFC



**ANNEXURE – II**
**DSA visit Report**

DSA Name	
DSA Code	
Visit Date	In the format – DD/MM/YYYY
Name of the BSM/ASM	
BSM/ASM employee code	
<b>VISIT DETAILS</b>	
Address Visited	
New or Existing DSA	Dropdown – New, Existing
DSA type	Individual/company/Proprietorship
Body /Anniversary date	Only in case of Individual/Proprietors
Purpose of the visit	
Office Rented or Owned	Dropdown – Rented/Owned
Name with designation of the Person met	
Contact no of the person met	Numeric field
Email id of the person met	
Volume disbursed by DSA in last three months – HL& LAP	In Lakhs -
Business Commitment – 3 Months no's	In Lakhs
Other tie ups with Banks and NBFCs (names)	
Total experience of DSA in business	
DSA comments -Training requirements, new products or initiatives etc.	
BSM/ASM feedback- recommendation, special comments etc.	

**Signature of the BSM/ASM**
**Date**