

NHB(ND)/DRS/**Pol-No.24**/2008

July 14, 2008

TO ALL REGISTERED HOUSING FINANCE COMPANIES (HFCs)

Dear Sir,

MODEL CODE OF CONDUCT FOR DIRECT SELLING AGENTS (DSAs)

Of late, it has been observed that companies offering financial products, including several Housing Finance Companies (HFCs), are engaging the services of Direct Selling Agents (DSAs) for marketing their products.

2. In view of the increasing trend in this regard, the need has been felt for the adoption of a Code of Conduct to be followed by the DSAs engaged by the HFCs. In this regard, the Bank had prepared a draft discussion paper on a Model Code of Conduct for Direct Selling Agents (DSAs) of HFCs. This was prepared on the lines of the model non-statutory Code of Conduct issued by the Indian Banks Association for adoption and implementation by DSAs operating as agents of banks and financial institutions and also the Draft Guidelines issued by the Reserve Bank of India for engaging of Recovery Agents by commercial banks.

3. Keeping in view the feedback and responses received in this regard, NHB has formulated a Model Code of Conduct covering the operations of agents marketing the financial products of Housing Finance Companies. The Model Code is placed as Annexure to this circular. HFCs are advised to adopt the Code with approval of their respective Boards. HFCs which have in place a Code in this regard, may consider suitable improvement in the Code already adopted by them.

4. Kindly acknowledge receipt.

Yours faithfully

(R.Bhalla)
General Manager
Encl:a/a

**MODEL CODE OF CONDUCT
FOR DIRECT SELLING AGENTS (DSAs) of HOUSING FINANCE COMPANIES**

The Model Code of Conduct for Direct Selling Agents (DSAs) is a code of conduct for adoption by Housing Finance Companies (HFCs) in respect of DSAs operating as their Agents.

2. The code will apply to all persons involved in marketing and distribution of any loan or other financial product of HFCs. The DSA and its employees / representatives must agree to abide by this code prior to undertaking any direct marketing operations on behalf of an HFC. Any employees /representatives of the DSA found to be violating this code may be blacklisted and such action taken may be reported to the HFC from time to time by the DSA. HFCs may consider termination or permanent blacklisting of DSAs who fail to comply with this requirement. A declaration to be obtained from employees /representatives by the DSAs before assigning them their duties is **annexed** to this Code.

3. Tele-calling a prospective customer

A prospective customer may be contacted for sourcing an HFC's product or HFC-related product only under the following circumstances:

- When a prospective customer desires to acquire a housing loan/ financial product through the HFC's website/call centre/branch or has been referred by another customer/ prospective customer or is an existing customer of the HFC who has given consent for accepting calls on other products of the HFC.
- When the prospective customer's name/telephone no./address is available and obtained after taking his /her consent.

The employees /representatives of the DSA should not call a person whose name /number is flagged in any "do not call" list made available to him /her.

4. When to contact a prospective customer on telephone

Telephonic contact must normally be limited between 0700 Hrs and 1900 hours. However, it may be ensured that a prospective customer is contacted only when the call is not expected

to inconvenience him/her. Calls earlier or later than the prescribed time period may be placed only under the following conditions:

- When the prospective customer has expressly authorized the DSA and its employees / representatives to do so either orally or in writing.

5. Respect prospective customer's privacy

DSAs should respect the prospective customer's privacy and his /her interest may normally be discussed only with him /her and with any other individual /family member such as prospect's accountant /secretary /spouse only when authorised to do so by the prospective customer.

6. Leaving messages

Calls must first be placed to the prospective customer. If the prospective customer is not available, a message may be left for him /her. The aim of the message should be to get the prospective customer to return the call or to check for a convenient time to call again. Ordinarily, such messages may be restricted to:

"Please leave a message that ***** (name of officer) representing ***** (name of the HFC) called and requested to call back at ***** (phone number)".

As a general rule, the message must indicate that the purpose of the call is regarding selling or distributing a product of an HFC.

7. No misleading statements / misrepresentations permitted

Direct Selling Agent (DSA) and its employees / representatives should not:

- mislead the prospective customer on any service / product offered by an HFC;
- mislead the prospect about their business or organization's name, or falsely represent themselves;
- Make any false / unauthorised commitment on behalf of an HFC for any facility/housing loan/service.

8. Telemarketing Etiquette

Pre Call

No calls prior to 0700 Hrs or post 1900 Hrs unless specifically requested.

- No serial dialing
- No calling on lists unless list is cleared by the team leader

During Call

- Identify yourself, your company and your principal
- Request permission to proceed
- If denied permission, apologise and politely disconnect.
- State reason for your call
- Always offer to call back on landline, if call is made to a cell number
- Never interrupt or argue
- To the extent possible, talk in the language which is most comfortable to the prospective customer
- Keep the conversation limited to business matters
- Check for understanding of “Most Important Terms and Conditions” by the customer if he plans to buy the product
- Reconfirm next call or next visit details
- Provide your telephone number, your supervisor’s name or the HFC’s officer’s contact details if asked for by the customer.
- Thank the customer for his /her time

Post Call

- Customers who have expressed their lack of interest for the offering should not be called for the next 3 months with the same offer
- Provide feedback to the HFC on customers who have expressed their desire to be flagged “Do Not Call”
- Never call or entertain calls from customers regarding products already sold.
- Advise them to contact the Customer Service Staff of the HFC.

9. Gifts or bribes

Employees /representatives of Direct Selling Agent (DSA) must not accept gifts from prospective customers or bribes of any kind. Any employee/representative of the DSA, who is offered a bribe or payment of any kind by a customer, must report the offer to his /her management.

10. Precautions to be taken on visits / contacts

Employees/representatives of Direct Selling Agent (DSA) should:

- respect personal space – maintain adequate distance from the prospective customer;
- not enter the prospective customer's residence /office against his /her wishes;
- not visit in large numbers, i.e. not more than one employee /representative of the DSA and one supervisor, if required;
- respect the prospective customer's privacy;
- if the prospective customer is not present and only family members /office persons are present at the time of the visit, he /she should end the visit with a request for the prospective customer to call back;
- provide his /her telephone number, name of the supervisor or the concerned officer of the HFC and contact details, if asked for by the customer; and
- Limit discussions with the prospective customer to the business – Maintain a professional distance.

11. Other important aspects - Appearance & Dress Code

Employees/representatives of Direct Selling Agent (DSA) must be appropriately dressed. For men this means well ironed trousers, well ironed shirt, shirt sleeves preferably buttoned down. For women this means well ironed formal attire (saree, suit, etc.) and a well groomed appearance. Jeans and /or T- Shirt, open sandals are not considered appropriate.

12. Handling of letters & other communication

Any communication sent to the prospective customer should be only in the mode and format approved by the HFC.

12. GENERAL

1. HFCs should, at least on an annual basis, review the financial and operational condition of the service providers to assess their ability to continue to meet their outsourcing obligations. Such due diligence reviews, which can be based on all available information about the service provider should highlight any deterioration or breach in performance standards, confidentiality and security, and in business continuity preparedness.

2. HFCs should have in place a management structure to monitor and control its outsourcing activities. It should ensure that outsourcing agreements with the service providers contain provisions to address their monitoring and control of outsourced activities.

3. Regular audits by either the internal auditors or external auditors of the HFC should assess the adequacy of the risk management practices adopted in overseeing and managing the outsourcing arrangement, the HFC's compliance with its risk management framework and the requirements of these guidelines.

4. In the event of termination of the agreement for any reason, this should be publicized so as to ensure that the customers do not continue to deal with that service provider.

5. HFCs should constitute a Grievance Redressal Machinery within the company and give wide publicity about it through electronic and print media. The name and contact number of designated grievance redressal officer of the HFC should be made known and widely publicised. The designated officer should ensure that genuine grievances of customers are redressed promptly without involving delay. It should be clearly indicated that HFC's Grievance Redressal Machinery will also deal with the issue relating to services provided by the outsourced agency.

5.1 Generally, a time limit of 30 days may be given to the customers for preferring their complaints / grievances. The grievance redressal procedure of the HFC and the time frame fixed for responding to the complaints should be placed on the HFC's website.

Annexure

Declaration-Cum-Undertaking
to be obtained by the DSA from its employees / representatives

Re: Code of Conduct

Dear Sir,

I am working in your company as a _____. My job profile, *inter-alia*, includes offering, explaining, sourcing, and assisting documentation of products and linked services to prospective customers of ----- (Name of the HFC).

In the discharge of my duties, I am obligated to follow the Code of Conduct attached to this document.

I confirm that I have read and understood and agree to abide by the Code of Conduct. I further confirm that the trainer mentioned below has explained the contents of the Code of Conduct in full to me.

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

Signed on this _____ day of _____ 20____

Signature_____ Name_____ Agency_____

Signature of Trainer Name Company