

NHB (ND)/DRS/Policy Circular No.82/2017-18

October 17, 2017



All Registered Housing Finance Companies

Madam / Sir,

**MODEL CODE OF CONDUCT FOR DIRECT SELLING AGENTS (DSAs) /  
DIRECT MARKETING AGENTS (DMAs)**

Please refer to the Circular NHB(ND)/DRS/Pol-No.24/2008 dated July 14, 2008 issued by the National Housing Bank (NHB) on the above subject advising Housing Finance Companies (HFCs) to adopt the Model Code of Conduct covering the operations of agents marketing the financial products of HFCs with the approval of their Board.

2. Keeping in view the extensive use of DSAs/ DMAs for business generation by HFCs, the Model Code of Conduct has since been reviewed by the NHB with the objective of safeguarding the interest of the housing finance industry and public at large. The revised Model Code of Conduct is enclosed as **Annexure** to this Circular. HFCs are advised to adopt the Code with the approval of their Board. HFCs which have in place a Code in this regard may consider suitable improvement in the Code already adopted by them.

Please acknowledge receipt.

Yours faithfully

(A. P. Saxena)  
General Manager  
Department of Regulation and Supervision

Encl: as above

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**“ बैंक हिंदी में पत्राचार का स्वागत करता है ”**

**MODEL CODE OF CONDUCT FOR  
DIRECT SELLING AGENTS (DSAs) / DIRECT MARKETING AGENTS (DMAs)  
OF HOUSING FINANCE COMPANIES**

**1. Preamble**

Model Code of Conduct for the Direct Selling Agents (DSAs) / Direct Marketing Agents (DMAs) is a code of conduct for adoption by Housing Finance Companies (HFCs) in respect of DSAs / DMAs operating as their Agents. The Code is a set of guidelines designed to ensure that DSAs / DMAs of HFCs act and conduct in conformity with the laid down policies and procedures as set in the Code.

**2. Applicability**

Upon adoption and inclusion as part of agreement between HFCs and the DSA / DMA, this code will apply to person/legal entity involved in marketing and distribution of any loan or other financial products or services of HFCs. The DSA / DMA or/and its employees / representatives must agree to abide by this code prior to undertaking any direct marketing operation and distribution on behalf of the HFC. Any employee / representative of DSA / DMA found to be violating this code may be blacklisted and such action taken be reported to the HFC from time to time by the DSA / DMA. Failure to comply with this requirement may result in permanent termination of business of DSA/DMA with HFCs and may even lead to permanent blacklisting. A declaration-cum-undertaking to be given by DSA / DMA to HFC and be obtained from its employees / representatives by the DSAs / DMAs before assigning them duties is annexed to this Code as **Annex-1**.

**3. Tele-calling a Prospect (a prospective customer)**

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

HFC shall –

- a) not engage Telemarketers (DSAs / DMAs) who do not have any valid registration certificate from Department of Telecommunication (DoT), Government of India, as telemarketers; HFCs shall engage only those telemarketers who are registered in terms of the guidelines issued by TRAI, from time to time, for all their promotional / telemarketing activities.
- b) 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; and

c) ensure that all agents presently engaged by them register themselves with DoT as telemarketers.

**3.2.** A prospect is to be contacted for sourcing an HFC's product / service or HFC related product / service only under the following circumstances:

a) When a prospect has expressed desire to acquire any loan or other financial product or services through the HFCs internet site / call centre / Branch or through the Relationship Manager at the HFC or has been referred to by another prospect / customer or is an existing customer of the HFC who has given consent for accepting calls on other products / services of the HFC.

b) When the prospect's name / telephone number / address is available and obtained after taking his / her consent.

**3.3.** DSA / DMA or/and its employees / representatives should not call a person whose name / number is flagged in any "Do Not Disturb" list made available to him/ her.

#### **4. When you may contact a prospect on telephone**

a) Telephonic contact must normally be between 09:30 hours and 19:00 hours. However, it may be ensured that a prospect is contacted only when the call is not expected to inconvenience him / her.

b) Calls earlier or later than the prescribed time period may be placed only when the prospect has expressly authorized the DSA / DMA or/and its employees / representatives to do so either in writing or orally.

c) Residence / Business /office Address visit must normally be limited between 09:30 hours and 19:00 hours. Visit earlier or later than the prescribed time period may be made only when prospect has expressly authorized DSA or/and its employees / representatives to do so either in writing or orally

#### **5. Respect prospect's privacy**

DSA / DMA 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.

#### **6. Leaving messages and contacting persons other than the prospect**

Calls must first be placed to the prospect. If the prospect is not available, a message may be left for him / her. The aim of the message should be to get the prospect 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 XXXXXX (name of officer) representing YYYYYY (name of the HFC) called and requested to call back at ZZZZZZ (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**

DSA / DMA or/and its employees / representative should not:

- a) Mislead the prospect on any product / service offered by a HFC;
- b) Mislead the prospect about their business or organization’s name or falsely represent themselves as HFC’s employee;
- c) Make any false / unauthorized commitment on behalf of a HFC for any facility / loan / service.

## **8. Telemarketing Etiquettes**

### **PRE CALL**

- a) No calls prior to 09:30 hours or post 19:00 hours unless specifically requested;
- b) No serial calling;
- c) No calling on lists unless list is cleared by the DSA/DMA leader.

### **DURING CALL**

- a) Identify yourself, your company and your principal;
- b) Request permission to proceed;
- c) If denied permission, apologize and politely disconnect;
- d) State reason for your call;
- e) Always offer to call back on landline, if call is made to a cell number;
- f) Never interrupt or argue;
- g) To the extent possible, talk in the language which is most comfortable to the prospect/ customer;
- h) Keep the conversation limited to business matters;
- i) Check for understanding of **“Most Important Terms and Conditions”** by the prospect/ customer if he plans to buy the product;
- j) Reconfirm next call or next visit details;
- k) Provide your telephone no, your supervisor’s name or the HFC’s officer contact details if asked for by the prospect / customer;
- l) Thank the prospect /customer for his/her time.

### **POST CALL**

- a) Prospects / Customers who have expressed their lack of interest for the offering should not be called for the next 3 months with the same offer;

- b) Provide feedback to the HFC on prospects / customers who have expressed their desire to be flagged “Do Not Disturb”;
- c) Never call or entertain calls from customers regarding products already sold. Advise them to contact the Customer Service Staff of HFC.

## **9. Gifts or Bribes**

DSA / DMA or/and its employees / representative will

- a) not accept gifts or bribes of any kind from prospects / customers. Further, if he / she is offered a bribe or payment of any kind by the prospect / customer, it must be reported to his/her management.
- b) not offer any gifts / gratitude in cash or in kind to the prospect / customer to solicit business.

## **10. Precautions to be taken on visits / contacts**

DSA / DMA or/and its employees / representatives should:

- a) respect personal space, maintain adequate distance from the prospect / customer;
- b) ensure that prospect / customer is not visited within a period of 3 months of expression of lack of interest for the offering by him / her.
- c) not enter the prospect’s / customer’s residence / office against his / her wishes;
- d) prospect’s / customer’s residence / business is visited by not more than one employees / representative of DSA / DMA and one supervisor, if required;
- e) respect the prospect’s privacy;
- f) end the visit with a request for the prospect to call back, if the prospect/customer is not present and only family members / office persons are present at the time of the visit;
- g) provide his / her telephone number, name of the supervisor or the concerned HFC officer’s contact details, if asked for by the prospect / customer; and
- h) limit discussions with the prospect to the business and maintain a professional distance.

## **11. Appearance and Dress Code**

DSA / DMA or/and its employees / representative must be in proper formal attire while meeting up with prospect / customer.

## **12. Handling of letters and other communication**

Any communication sent to the prospect shall only be in the mode and format approved by the HFC.

## **13. Qualifications for DSA / DMA**

While there is no specific qualification requirement for individuals, corporate entities depending upon the nature of the entity, shall 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.

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

DSA / DMA seeking of engagement / empanelment with the HFC shall submit the application for empanelment in the illustrative format given at **Annex-2**.

#### **15. Outsourcing Agreement**

The terms and conditions governing the contract between the HFC and the service provider should be carefully defined in written agreements and vetted by HFC'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 the HFC 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:

- a) The contract should clearly define what activities are going to be outsourced including appropriate service and performance standards;
- b) The HFC must ensure it has the ability to access all books, records and information relevant to the outsourced activity available with the service provider;
- c) The contract should provide for continuous monitoring and assessment by the HFC of the service provider so that any necessary corrective measure can be taken immediately;
- d) A termination clause and minimum period to execute a termination provision, if deemed necessary, should be included;
- e) 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;
- f) There must be contingency plans to ensure business continuity;
- g) The contract should provide for the prior approval / consent by the HFC of the use of subcontractors by the service provider for all or part of an outsourced activity;
- h) It should provide the HFC with the right to conduct audits on the service provider 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 service provider in conjunction with the services performed for the HFC;
- i) Outsourcing agreements should include clauses to allow the National Housing Bank or persons authorised by it to access the HFC's documents, records of transactions, and other necessary information given to, stored or processed by the service provider within a reasonable time.

- j) Outsourcing agreement should also include a clause to recognise the right of the National Housing Bank to cause an inspection to be made of a service provider of an HFC and its books and account by one or more of its officers or employees or other persons.
- k) The outsourcing agreement should also provide that confidentiality of customer's information should be maintained even after the contract expires or gets terminated.
- l) The outsourcing agreement should provide for the preservation of documents and data by the service provider in accordance with the legal / regulatory obligation of the HFC in this regard.

## **16. 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 the HFC immediately after the expiry of the period of agreement. No DSA / DMA shall be allowed to do any fresh business on behalf of the HFC after termination of Agreement until and unless it renewed by a fresh agreement.

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

Where DSA / DMA is seeking of engagement / empanelment with the HFC, it or/and its employees / representative will have to go through two-day preliminary training and a day training every year which shall be organized by the HFC. HFC shall also maintain record of training provided by them

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

HFCs availing the services of DSA / DMA shall maintain up-to-date database of DSAs/DMAs engaged / empaneled with them. HFC shall keep the inspection report of the inspection conducted in terms of the provisions of the agreement entered into with the DSA/DMA, and action taken report (ATR) thereon.

## **19. General**

- a) HFCs should, at least on an annual basis review the financial and operational conditions of the service provider 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 confidentiality and security, and in business continuity preparedness.
- b) HFCs should have in place a management structure to monitor the control the outsourcing activities. It should ensure that outsourcing agreements with the service providers contain provisions to address their monitoring and control of outsource activities.

- c) 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.
- d) 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.
- e) 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 designated grievance Redressal officer of the HFC should be made known and wide publicized. The designated officer should ensure that genuine grievance of customers and redress 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 to the outsourced agency.
- f) Generally, a time limit of 30 days may be given to the customers for preferring the 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.
- g) 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.
- h) HFC may prescribed the operational area for DSA / DMA within which they can work
- i) The lead shall be shared by the DSA / DMA in the illustrative format given at **Annex-3**.
- j) By virtue of contract / agreement, the DSA / DMA or/and its employees / representatives may have access to personal and business information of HFCs and / or HFC'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.
- k) 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.
- l) The DSA / DMA shall report the fraud erring employees / representatives periodically to HFCs and consolidated data /information on the same shall be submitted by HFCs 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 HFCs.

**Declaration-Cum-Undertaking**

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

**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 prospects 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 \_\_\_\_\_

## APPLICATION FORM FOR EMPANELMENT OF DSA / DMA

**To,**

The Manager  
[Name and address of the HFC],  
Sir/Madam,

Sub: APPLICATION FOR EMPANELEMENT AS DIRECT SELLING AGENT (DSA)/  
DIRECT MARKETING AGENT (DMA) WITH \_\_\_\_\_(Name of the HFC)

I submit herewith my application for the empanelment as Direct Selling Agent (DSA)/  
Direct Marketing Agent (DMA) for ..... (Name of HFC). I have read the  
terms and conditions relating to the service and I undertake that those are acceptable  
to me.

1	Full name (in block letters)				
2	Father's/Husband's name				
3	Constitution (tick appropriate option)	Individual	Proprietorship	Partnership	Company
4	Date of birth incorporation (DD/MM/YYYY)				
5	Age		Years		Months
6	Address				
7	Mobile number				
8	Alternate contact number				
9	PAN card no				
10	Present occupation				
11	No. of years in employment				
12	Qualification				
13	Languages known				
14	Reference (name and contact number)	1.			
		2.			

I declare that the statements in this application and the documents submitted (as per list given below) are true, complete and correct to the best of my knowledge and belief. I declare, that no criminal proceedings are pending against me. I further declare that I am not related to any existing employee of \_\_\_\_\_. I understand that in the event of any information/document being found untrue / incorrect at any stage, my application is liable to be rejected and if already empanelled, the empanelment is liable to be terminated.

Place:

Signature:

Date:

Name:

Documents to be submitted along with application:

- 1) Copy of PAN card;
- 2) Address proof (latest telephone/mobile bill, electricity bill, gas bill, passport or ration card);
- 3) Two recent passport size photographs (in addition to one affixed on application form);
- 4) Latest IT return/Form 16;
- 5) Bank statement for last 6 months;
- 6) Enrolment letter, if enrolled with other Bank/FI for similar services;
- 7) In case of firm / Company: Registration certificate of firm & Partnership deed/  
Articles of Association of the company and incorporation certificate

**(Name of Loan Product) – CUSTOMER INFORMATION**

Name of the Applicant/s :

Mobile Number :

Email ID :

Address :

Select which is applicable : Looking for property  
Property identified

Details of property, if identified:

Loan Amount :

Income Bracket (per annum) :

*Upto ₹5 lakh*

*Above ₹5 lakh to ₹10 lakh*

*Above ₹10 lakh*

Income Based on : Income Tax Return  
Other (specify the same

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DSA Code

Signature of DSA