

Fintech Association for Consumer Empowerment (FACE) strengthens its SRO work by adopting a new Code of Conduct, votes in new Member Directors

- FACE members elect Naveen Kukreja, Founder and CEO, PaisaBazaar and Ashish Goyal, Founder and CFO, Fibe as Member Directors for the association

Mumbai, 15 September 2023: To further strengthen the customer protection measures amongst members and the fintech digital lending industry, the [Fintech Association for Consumer Empowerment \(FACE\)](#) membership has adopted an upgraded Code of Conduct (Code) at its 3rd Annual General Meeting (AGM) which was held in Mumbai today. FACE members also voted in the new Member Directors, *Naveen Kukreja, Founder & CEO, PaisaBazaar and Ashish Goyal, Founder & CFO, Fibe.*

FACE is the digital lenders' industry body (within the regulatory purview) which focuses on customer empowerment and being the voice of the digital lending ecosystem. FACE started with self-governance as its core with high standards of behavior to enhance customer engagement and advance customer protection.

As its first initiative, immediately after being formed in Sep 2020, FACE formulated its Code in Dec 2020 for its members, ahead of regulatory norms for such a principle. Much has evolved in a fast-moving digital lending ecosystem, including the regulatory framework with digital lending guidelines (DLG) in September 2022 and the growing resonance among stakeholders on the need for an SRO for the industry.

FACE members recognise emerging technologies in financial services, being agile, innovative and customer-centric is key to successfully serving the customers. With this in mind, FACE members convened to upgrade its Code to reflect and meet the evolving expectations of consumers and other stakeholders. The Code has been in the works for several months with extensive feedback and buy-in from members and the wider stakeholder community and benchmarking it with global practices and industry segments.

Code is a practical live-in document, demonstrating the members' commitment to prioritizing and safeguarding customer interests, prosperity and well-being. The Code reflects the rights and standards customers are entitled to as guarantees that FACE members *voluntarily* commit to.

The upgraded Code is based on the universal pillars of customer protection and is formulated keeping the customers in mind, with fairness, good faith, and reasonability as underlying themes. It lays out the Adherence Framework for member companies and for FACE which would take the responsibility for compliance. It builds on and complements the regulatory norms as the bedrock in driving a robust lending ecosystem and adopting responsible lending with clear and measurable rules for all market participants. Members are obligated to adopt and follow the Code within three months.

Commenting on the launch of the new Code and appointment of the new Member Directors, Ram Rastogi, Chairman at FACE said, "The promise and long-term sustainability of digital lending hinges on consumer trust and confidence which can only be achieved through an inclusive, appropriate, transparent, responsible, and secure lending ecosystem. The regulators are clearly encouraging the creation of a Self-Regulatory Organisation (SRO). Our revised Code, within the regulatory framework, is an ambitious self-regulation standard committed to advancing consumers' interests and safeguarding them against harm and risks in a fast-evolving market. We are confident that our member companies' adoption of the new Code will contribute to driving a robust and responsible lending ecosystem.

“I am also pleased to welcome Naveen Kukreja and Ashish Goyal as the new Member Directors and look forward to working closely with them to scale digital lending with world-class standards and contribute to public policy objectives. Transition to new Member Directors is a testimony of FACE's claim to robust governance standards within the association and inclusive membership where all members have equal opportunities to contribute to industry agenda.”

Seven principles of the new Code are as follows:

- 1. Inclusivity:** All member companies should adopt lending models which are non-discriminatory and treat the consumers with integrity, dignity, empathy and respect.
- 2. Appropriateness:** All member companies must provide and collect appropriate information to give out the most suitable credit services without creating indebtedness.
- 3. Transparency:** All member companies must ensure that all important information regarding the contract, terms & conditions, modes of repayment etc. are provided to the consumers in a simple, legible, and unambiguous manner in the language of the consumer's choice.
- 4. Privacy:** All member companies must only collect proportionate and reasonable consumer data necessary for the clearly stated purpose.
- 5. Promotion:** All member companies must advertise responsibly, building the knowledge of the customers and avoiding false promises.
- 6. Recoveries:** All member companies must strive for an amicable resolution of repayments and propose measures and methods of payment that will allow the repayment in the least inconvenient manner for the consumer.
- 7. Redressal:** All member companies must institute a user-friendly, timely, clear, and robust redressal mechanism while at the same time educating the consumers about their rights and responsibilities

For Enforcement, there is a two-layer framework with member companies taking first and foremost responsibility to comply with the Code and agree to scrutiny by FACE for compliance. At the second level is FACE, which, through an Enforcement Committee, will provide guidance and oversight on members' adherence to the Code and deal with specific non-adherence within an approved framework and appellate mechanism. This is supported by the FACE Board, which has a majority of Independent Directors with a deep understanding of the fintech ecosystem and stands by the principles articulated in the Code.

FACE's growing (tripled last year) membership (RBI-regulated entities and fintech companies working in partnership with RBI Regulated entities) provides credit to underserved retail and business segments and disbursed over 7 Cr loans in FY 22-23. FACE applied to become an SRO with the RBI in January of last year.

Some additional quotes from our member companies:

Mr. Ranvir Singh (Member at FACE and Founder & CEO, RING)

The new Code of Conduct released by FACE is comprehensive and seeks to protect the customers who use digital platforms to avail credit. The guidelines are very much in line with the processes that we all members diligently adhere to, and will further strengthen our resolve to drive a "customer first" ethos, especially in customer servicing and data privacy. We are very happy to usher in the next era of customer-centricity in Fintech in partnership with FACE.

Mr. Gaurav Jalan (Member at FACE and Founder & CEO, mPokket)

As digital lenders, we have to conduct business and serve our borrowers in a responsible manner. The Code of Conduct created by FACE helps standardize the guidelines industry participants are expected to adhere to. This is an important step in the process of creating a SRO (Self Regulatory Organization) that will enable better governance and service across the digital lending industry. We look forward to partnering with FACE in this journey.

Mr. Satyam Kumar (Member at FACE and CEO & Co-Founder, LoanTap)

The future of digital lending sector highly depends on the customer confidence and trust in us to make credit easily accessible to them in times of need. The code of conduct is there to remind us about the importance of fair lending practices and uphold the customer-centric nature of the business. As the sector expands with more digital lending players coming, the code of conduct acts to safeguard customers' rights to enable them to engage with digital lenders with confidence.

Mr. Joginder Rana (Member at FACE and MD & Vice Chairman, CASHe)

The release of the FACE Code of Conduct is a significant milestone in the digital lending sector's journey towards responsible finance. This comprehensive framework reflects the Association's steadfast commitment to transparency, integrity, and a customer-centric approach, while also emphasizing strict adherence to regulatory compliance. These principles not only protect the interests of customers but also bolster the credibility and expansion of the digital lending industry in India.

The framework will hopefully serve as a guiding light for the entire industry, emphasizing excellence and strong governance. It establishes the fundamental principles of ethics, integrity, governance, and values-based behavior as the foundation of its operations. This code is not just a set of regulations; it signifies a steadfast commitment to upholding the highest standards of conduct. By adhering to ethical practices and showcasing dedication to responsible finance, member companies can forge enduring relationships with their customers, gaining their trust and unwavering loyalty.

Mr. Yogesh Purohit (Member at FACE and Associate Director - Financial Services Risk, Grant Thornton Bharat)

The implementation of a code of conduct holds immense importance for the fintech/digital lending companies where prioritizing transparency, fairness, and responsible lending practices is a top most priority. Ensure that the customers are treated with equality, respect, and empathy and that their financial & social well-being is safeguarded. Trust is the new oil for the fintech/digital lending industry, and upholding the same by following such principles is essential for its sustainable growth. The new Code of Conduct issued by FACE clearly establishes the above aspects which are in line with the expectations of the regulator as well as benchmarked with the best practices with a very clear vision to take joint accountability on behalf of the larger ecosystem for a continuous enhancement of the fintech/digital lending industry.

Mr. Vivek Iyer (Member at FACE and Partner and National Leader - Financial Services Risk Advisory, Grant Thornton Bharat)

The Reserve Bank of India has stressed the importance of Self-Regulatory Organizations and how they can help bring about the right balance between governance and innovation. A harmonized and standard code of conduct for all the market participants of FACE, is a step aligned to this expectation and is a move in the right direction. Additionally, the members have always been committed to excellence in governance and the formalization of the same through a code of conduct is something that will enhance the trust in the digital lending ecosystem and is a great step towards customer centricity.

Mr. Rohit Garg (Member at FACE and CEO & Co-Founder, SmartCoin Financials Pvt Ltd)

The FACE Code of Conduct, of which SmartCoin is a close ally, addresses a wide range of concerns shared by stakeholders within the industry, and establishes clear standards for the digital lending landscape, with the ultimate goal of enhancing safety and sustainability for our valued customers and advancing financial inclusion. What's best is that it is designed to be flexible, allowing for adaptation to evolving regulations, market dynamics, tech advancements, and customer learnings. We believe that compliance serves as the linchpin for fostering consumer confidence in the lending tech sector and ensuring the widespread acceptance of the convenience and inclusivity that lending technology offers.

Mr. Anand Kumar Bajaj (Member at FACE and Founder, MD & CEO, PayNearby)

As the digital landscape continues to evolve, the financial sector is witnessing a substantial transformation, especially when it comes to lending. Fintech innovations have made access to credit more convenient for individuals and businesses across the nation. These are exciting times, where technology advancements coupled with regulatory oversight are laying the foundation for a sustainable and innovative future.

With initiatives like AA and ONDC aimed at sachetising and democratising credit, PayNearby takes pride in its extensive network of retail touchpoints, enabling borrowers to access digital loans from service providers seamlessly. Our retailers, armed with local insights, act as conduits between communities and partner banks, fostering a deeper understanding of their loan requirements. Moreover, merchants seeking loans can leverage our infrastructure and distribution network to apply for digital loans from regulated entities.

Amid these remarkable advancements, FACE's recent Code of Conduct (CoC) has emerged as a pivotal development. The CoC will increase transparency, enhance security, and augment the credibility and trustworthiness of loan providers in the eyes of borrowers. We are thrilled to embark on this new journey in close partnership with FACE as we collectively strive to shape a brighter and more secure ecosystem for lending in the digital age.

Mr. Ashish Goyal (Member at FACE and Co-Founder & CFO, Fibe)

The renewed Code of Conduct embraced by FACE members is dedicated to promoting the well-being of our customers. It serves as an essential foundation and reinforces existing regulatory frameworks that are essential in creating a resilient lending environment. It further endorses responsible lending practices with transparent and quantifiable guidelines for all participants in the market. This Code will serve as the rights and standards customers can count on, underlining the voluntary commitment made by FACE members.

Mr. Akshay Mehrotra (Member at FACE and Co-Founder & CEO, Fibe)

FACE renewed its new Code of Conduct with an unwavering commitment to prioritize customer protection and uphold the highest standards of self-regulation. In an era where digital lending plays an increasingly vital role in people's lives, the promise and long-term sustainability of digital lending hinges on customer trust and confidence in it to meet life goals and improve their financial situation. Our collective dedication to ethical practices sets the foundation for trust and excellence in the industry, ensuring that customers can rely on us to not only fulfill their financial needs but also to do so with integrity and transparency.

Mr. Madhusudan E (Member at FACE and Co-Founder & CEO, KreditBee)

In the ever-evolving fintech landscape, safeguarding consumers isn't optional; it's a necessity. Our commitment to self-regulation isn't just a show of responsibility, but a dedication to protecting everyone's financial welfare. In adopting the new Code of Conduct, FACE is reestablishing the commitment to consumer protection and self regulation, with renewed vigor.

Mr. Yogi Sadana (Member at FACE and Founder & CEO, Zype)

Being part of the financial services ecosystem, it is extremely important that we craft policies around data privacy, transparency & inclusivity keeping the customer in the center of our decision making. And we truly welcome the Code of Conduct proposed by FACE. For us at Zype, these are already the pillars which we believe help our customers trust us and in turn help us empower them to make the right financial decisions. We look forward to the next phase of the Fintech evolution alongside FACE.

Mr. Rajesh Shet (Member at FACE and Co-Founder & CEO, SahiBandhu)

The landscape of digital lending has quickly evolved in a short period, and the Code of Conduct on digital Lending by FACE further reinforces critical customer safety, ensuring a transparent lending ecosystem for all. At SahiBandhu Gold Loan, we put customer-centricity at the forefront, and are dedicated to providing a seamless, hassle-free and secure gold loan aggregator experience to all our customers. The revised Code of Conduct perfectly aligns with our practices, and we look forward to working in harmony with FACE to advance financial inclusion in the country.

ABOUT FACE:

Fintech Association for Consumer Empowerment (FACE), an industry association and self-regulatory body for fintech lenders set up as a non-profit company in Sep 2020. FACE brings together fintech lenders (regulated balance-sheet lenders and platforms/aggregators partnering with the regulated balance-sheet lenders) and other stakeholders committed to advancing fair and responsible digital lending practices through self-regulation and customer-centricity. FACE members account for nearly half of India's fintech retail lending business and abide by the FACE Code of Conduct.

Working with the fintech lenders and other ecosystem players, FACE pursues customer empowerment through its body of work, including policy advocacy, knowledge, standards, market monitoring, and customer insights.

For more information, visit <https://faceofindia.org/>