

Associated Motor Finance Co PLC

Financial Customer Protection Framework Policy

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Introduction

Financial consumer protection sets clear rules of conduct for finance Companies regarding their customers. It aims to ensure that consumers: (1) receive information to allow them to make informed decisions, (2) are not subject to unfair or deceptive practices and (3) have access to recourse mechanisms to resolve disputes.

The law provides clear consumer protection rules regarding financial products and services. The necessary institutional arrangements should be in place to ensure thorough, objective, timely, and fair implementation (and enforcement) of the rules.

In accordance with Finance Business Act Directions No 01 of 2018 Financial Customer Protection Framework, every LFC shall ensure the adherence to the Financial Customer Protection Framework sets out in the Direction and follow the minimum standards of customer protection sets out Direction and Financial Customer Protection shall be integral part of the corporate governance, culture and strategic making of the Board.

Associated Motor Finance Co PLC, as a financial institution under supervision of Central Bank of Sri Lanka has recognized the importance of extending its co-operation to ensure the protection of rights and interest of the financial customer. Board of Directors, Corporate Management, Executive Management and entire staff is totally committed for adhere regulatory requirement and comply with minimum standards of customer protection sets out in the Direction.

Objective & Scope of the Policy

The objective of this policy is to comply with the Finance Business Act Direction No 01 of 2018 – Financial Customer Protection Framework and practice proper customer protection procedure within the institution in accordance with the regulatory requirements and maintain systems and procedures to ensure that all officers and employees are aware of rules, regulations and guidelines relating to Financial Customer Protection Framework and adhering accordingly.

This document mainly uses as an information distribution channel for the customer who willing to understand company Product and Services, Customer rights, relevant policy and procedures, Complaint lodge procedures and responsible staff etc.

Institutional Responsibilities

Individuals and entities are observing and comparing information related to the Finance companies' Product and Services, according to their requirement to choose best institution to bind with business relationship to serve professional and expertise manner every employee may have sound of knowledge of institution's product and services, procedures and should assist the customer to understand relevant information.

To implement and practice Financial Customer Protection Framework within the Associated Motor Finance Co PLC (hereafter "AMF") Board shall ensure that all employees and appointed agents are adhering to the minimum standards on customer protection sets out in the Directions.

AMF should follow the minimum standards of customer protection set out in Finance Business Act Direction No 01 of 2018.

1. Disclosure and Transparency

Customer shall be given complete, clear, concise, accurate and not misleading information about financial products/ services and have the right to access and fully understand the terms and conditions of the product/ services which enable them to make informed decisions. The provided information shall be in available in languages preferred by the customer (Sinhala, Tamil, English)

1.1 Key Information about Product and Service

1.1.1 Advertisement Stage

When advertising using as a business promotion activity AMF publish only accurate, factual information in simple and easy way to understand, and misleading information should not publish. All relevant staff members should be aware of the information provided via an advertisement and be able to assist the customer accordingly.

All brochures and leaflets are used to provide accurate, understandable information about Institution's products and services and any other special business promotions that are being carried out. Brochures/ leaflets available on all products offered by the Company in Sinhala, Tamil and English and displayed in an easily accessible location to customers seeking such information. Further, company complying with the general and products- specific advertising regulation and guidelines issued by the Central Bank of Sri Lanka from time to time.

1.1.2 Pre-Contractual Stage

Key Facts Document

Document in either printed or electronic form for company products and services written in simple language, which shall be available to the prospective customers. All information relevant to the product communicate through media, flyers, social media etc. Company representatives are well educated in company product and service and in position to deliver accurate information to prospective customer on their request.

The Key Fact Document available in the company website in simple language containing all below basic information.

- Key features of the product/ service including the nature of the product, interest rates, penalties, other charges and fees and commissions.
- Procedures to be followed to obtain the product/service.
- Main terms and conditions
- Applicable legal provisions related to the product/service.
- Compliant handling procedures.

Basic information regards to Fixed Deposits / Savings

- Financial and other benefits to customers including any incentive and promotions.

- The minimum balance requirement, account opening fee, account maintenance fees, account closure fees and the availability of the deposit insurance coverage.
- Any restrictions on opening of accounts, closing of accounts, transfer of funds by customers and policies and procedures on dormant accounts and abandoned properties.

1.1.3 Contractual Stage

All customers have right to access and gain complete understanding of the terms and conditions and features of the each and every product or service they obtain from the Institute. It is the responsibility of the employees to ensure that the customers have access to this information and written confirmation shall be obtained from the customer that the details of the products/ Services and their terms and conditions were received, explained, and understood.

Company staffs continue update and delivering important information, changes of guidelines, terms, clauses in order to educate respective customers time to time. Customer can visit or use any communication mode for their inquiry such as direct branch manager, call center or any relevant officer.

All the documents pertaining to the product / service shall be duly completed and signed by the customer. Accepting incomplete documents and obtaining signatures on blank papers/ documents strictly prohibited and will take disciplinary action as per the company policy.

The customer has the right to specifically know the following information for any product or service they obtain, and any changes made by the company to the agreed terms and conditions on the products / services shall be informed to the customers before the changes are made.

a. General

- The details of the general charges such as interest rates, fees and commissions, if any, required to be paid by the customer including the method of computing interest charges.
- Procedures for receiving complaints and the resolution mechanism.
- The course of recovery actions in the event default by the customer on his/ her obligations and expenses will reimbursed from customer.
- Any restriction on opening of accounts, closing accounts, maintenance of accounts (i.e Min. Balance), transfer of funds by customer and policies and procedures on dormant and abandoned property.
- Penalties and early settlement charges to be paid by the relevant customer in case of pre- mature withdrawal/ termination of participation in a product/service by the customers.

- The rules regarding reporting of suspicious transactions and above the threshold transactions to the Financial Intelligence Unit.
- The reporting procedures that the customer shall follow in the case of any fraud
- The disclosure of customer information to a party legally authorized to obtain such information.

b. Leasing / Loan Product

- Product Statement with,
 - Name of the borrow.
 - Contract Number (Loan/Lease Reference No)
 - Amount granted.
 - Date granted and the period of the loan/Lease.
 - Rate of interest and its basis (Normal or Effective)
 - Repayment terms and frequency of the instalment. (Daily, Weekly, Monthly or any other basis)
 - Details of the security offered.
 - Breakdown of the additional charges such as insurance, valuation, documentation, registration, etc.
 - Penal rate (per annum) in the event of delayed payment
 - The recovery procedure in the event of default of the customer (repossession of assets, the costs involved in the process, procedure after repossession, the other charges applicable, etc.)
 - The conditions applicable for early settlement of loans/ leasing.
 - Effective interest rate and the interest charge for the period
- Upon Request
 - Detailed transactional information for the reporting period (e.g., Itemized credits and debits to the customer account)
 - Effective interest rate and the interest charge for the period
 - Fees charged for the period.
 - Due date and the outstanding balance

c. Deposit/ Saving Product

Institute shall disclose required information stipulated in the relevant Acts/ Directions where applicable and periodic statement shall be sent to customer either in printed form or electronic form opted by customer regarding transactions and balances in savings deposits accounts other than passbook savings accounts.

1.2 General Disclosures

AMF Displaying the basic information in the business premises when customer visit our branch premises can save time and will be helpful to customer to understand certain primary information which as per their requirements.

The following information conspicuously displayed in the Business Places of Head Office, all Branches,

Business premises

- Finance Business License issued by Central Bank of Sri Lanka
- Set of latest audited financial statement of the Company
- Credit rating of the company with underlying specifications
- Key contact details of person handling customer complaints
- Contact details of Financial Ombudsman
- Business hours and holiday notice

Corporate website.

Including above information following information display:

- Current interest rates on all deposit and investment products
- Current base interest rates and other charges on loan products
- Key Facts documents

The information should be updated on a regular basis or when any changes occur, and it is responsibility of the Branch Manager and Head of Operations to ensure that the information displayed as per the requirement and compliance should overlook of and confirm accuracy and complies of the obligations.

2. Customer Education and Awareness

As per the guideline, appropriate mechanism shall be developed to improve the customer knowledge and understanding on the financial products/ services which help them to make improved decisions.

Financial education tools such as brochures, flyers, posters, training videos, (e.g. Money Management, debt management, saving) interactive loan calculators, key messages (e.g. Protect your money, know your product, read and understand terms and conditions, check your statements, pay your loan instalment on time, understand fees and charges, safeguard your personal identification numbers) and specific warnings related to over indebtedness, consequences of multiple borrowing and late repayments etc.

Company educates the customers on the applicable legal provisions related to the product/ service, e.g, finance Business Act, Finance Leasing Act, Mortgage Act, Pawning Ordinance, etc.

AMF conducting on going customer awareness program through media, flyers, leaflet, social media regard to all information, details, procedures of company product and services. All information accurate, up to date and relevant employees are available for clarification on request of customers.

In the event that company seeks to withdraw/ terminate a product and service already in operations, especially deposits products, should be inform in a reasonable time period with an exit mechanism and compensation scheme and if necessary, such a withdrawal / termination disclose in advance.

3. Responsible Business Conduct

3.1. Knowing the Customer and Suitability

Employees and appointed agents shall act professionally with due skill, care and diligence when dealing with customers. It is priority of all appointed agents shall have the necessary resources and procedures in place for safeguarding the best interests of the customers and to cater the product to meet the appropriate financial and non- financial needs of the customer. Initiating and following such conduct will result in obtaining a quality output while maintaining professionalism, integrity & goodwill.

- Know the Customer.
Gather and record sufficient information prior to recommending, offering or providing appropriate product/ service to the customer. The level of information of gathered shall be appropriate to the nature of the complexity of product/ service being sought by the customer. Prior to on- board customer company representative gathers important customer information in order to complete customer due diligence procedures.
- Assess the suitability.
Company or appointed agents shall consider whether product/ service meet the customer's needs and objectives and customer is financially able to bear the risk associated with the products/ service. In order to assess customer suitability AMF staff, gather source of income and other relevant details of customer and educate customer with rates, and clauses applicable to the respective product and services.
- Prevention of Over- Indebtedness
 - When offering a new credit product or service the customer's credit worthiness should be properly assessed and conduct appropriate customer

repayment capacity analysis to ensure that customer is likely to meet the financial obligation associated with the product.

- AMF timely assess customer over indebtedness and conducting on going monitoring of customer payment pattern and updating customer status in monthly meeting.
- Company strictly following risk rating / Crib checking/scoring of customer and limit providing new loans to settle the existing loan facilities given by another financial institution in order to prevent the over exposure beyond the existing credit worthiness of the customer.
- Personal visits and contact customers during the daytime by giving reasonable notice to the customer.
- AMF staff who visits customer should maintain and update Customer visit by using ***Customer Visit Log App***
- Telephonic conversation should be conducted only by using company provided connection (Mobile / Land Line)

3.2. Monitoring, Training of the Employees and Appointed Agents

Company conducting regular employees and agent monitoring through daily/monthly performance. Management Reports and information provide comprehensive details to avoid unreasonable risk.

Branch Manager, Regional manager, SAGM Credit and Operations review employee and agent to evaluate their performance whether employee conducting in an ethical manner.

Company induction training provide comprehensive training for all employees and awareness through managers for agents who interact directly with customers. Training containing details of company Product and Services, Customer handling procedures, Do and Don'ts etc....

Employees and appointed agents shall avoid the following practices.

- Harassing customers
- Using abusive debt collection practices
- Disclosing customer information to others
- Giving false or misleading information about product/ services
- Unduly influence customers or the general public to buy or get involved in the company product/ services.
- AMF strictly following KYC, CDD measures and customer identification procedures. If a situation arises that the agreement has to be signed outside the business place of the company, due to reasonable circumstances, an authorized officer will be present and duly following CDD process to disclose all clauses in agreement.

3.1.3 Remuneration Policy

- Board approved remuneration policy designed for all employees.
- For agent/ outsource contact according to the agreement where it is necessary CBSL approval will be obtained.
- Sales target realistic and review monthly.
- Employees and appointed agents are not remunerated solely on sales performance its included customer satisfaction, loan repayment, performance, customer retention, compliance with regulatory requirements/ best practices guidelines and code of conduct which are related to best interests of the customers as well when continuing renewal of contract AMF considering customer satisfaction other than achievement of sales target.

4. Complaint Handling and Redress

4.1 Complaint Handling Mechanism

Customer service and customer satisfaction should be the prime concern of the company and handling of customer complaints an efficient way is more importance since it safeguards the legitimate interests of the customer.

Customers, who are not satisfied with the service offered form the company or employee behavior, not receive sufficient information about product and service, charges, interest calculation etc. may bring their issues to the attention of the relevant customer compliant handling officer. Customer has right to raise their complaint either inwriting or verbal manner, company should have proper internal customer handling procedure in order to address and resolve without opting for external support.

Branch manager of each AMF branch responsible to hear verbal complaint of the customer and take necessary action to resolve withing minimum time. Unresolved compliant should be escalate to the next decision-making authority and record all information. Senior management of the company should take prompt corrective action on the unresolved matters and communicate to the customer.

If customer unsatisfied with the company response, customer can submit complaint to the Financial Ombudsman as contact information given in particular branch premises. Customer compliant forwarded by regulatory authority will be directed to the company decision making authority for prompt action and will take necessary action and immediate respond without any delay.

5. Equitability and Fair Treatment of Customer

5.1 Equitable and Fair Treatment

All customers of the company should be treated fairly and equally irrespective of their cast, race, nationality, social status, occupation, age and gender etc. The employees should always maintain the principles of integrity and transparency and ensure that the products and services offered comply with the relevant laws and regulations.

5.2 Special attention and Care

The customers such as elderly, disabled or customers with low financial literacy treat under special attention and care to facilitate them to have access to financial service. If customer required additional clarifications, information regarding product and services employees should provide sufficient information without any delay.

Policy on penal interest shall be governed by fairness, incentive to service the debt and due regard to genuine difficulties of customers.

6. Protection of Customer Data and Privacy

As per the Finance Business Act No 42 of 2011, company adhere to protect customer information and privacy and customers fully informed regarding the sharing of personal data related to them with CRIB and the exact purpose of and conditions of collection, processing and distribution of data held about them and on the related confidentiality rules adopted.