Meet Grameen Financial Services Pvt. Ltd.
Grameen Financial Services Pvt. Ltd. (GFSL) is an Indian Non Banking Financial Company (NBFC) that strives to enable economic and social change in poor and low-income households via its financial and development services. Currently GFSL operates in the states of Maharashtra, Karnataka and Tamil Nadu, serving 321,161 active borrowers with an outstanding loan portfolio of $55.84 million. Launched in 1999 as Grameen Koota in Bangalor (Karnataka), the NGO quickly expanded to reach 2 lakh (200,000) households by 2008. Later that year Maarg, an individual lending program, was launched to meet clients’ increased demand for credit. Since then GFSL has transformed to a regulated NBFC, expanded both its financial and development services and won numerous awards—MIX Market ranked GFSL the #1 microfinance institution (MFI) in India and #4 MFI worldwide.

The Tool
GFSL was selected as a winner for the Smart Campaign Call for Tools: “Training on Ethical Staff Behavior” because their Learning Module helps create a corporate culture that values high ethical standards among staff by ensuring that staff understand the institution’s Code of Conduct.

GFSL’s Code of Conduct E-Learning Module is used to test employee knowledge of the institution’s Code of Conduct. GFSL’s code was created based on other codes endorsed by leading microfinance bodies in India—the Microfinance Institutions Network (MFIN) and Sadhan—as well as the guidelines offered by the Smart Campaign. During GFSL’s employee induction, all trainees are introduced to the code, as well as the institutional mission, vision, and values. Employees are trained on the expected treatment of customers, as well as appropriate and inappropriate workplace behavior. The following module is an interactive review of training material, and tests understanding of the institution’s ethical standards. GFSL administers the test following the staff induction training, and uses it as a refresher course for all staff once a year. All employees must successfully complete each of the questions in the module.

The Smart Campaign encourages institutions to download and review this document and consider it as a good example of a systematic gauge of employee understanding of ethical standards. Note: the specific guidelines, policies and procedures contained in this module are specific to the institution and legal framework within India. The may not be applicable for all institutions.
Code of Conduct E-Learning Module

Code of Conduct: Instructions

- This interactive e-learning module will take you through the codes of conduct of various organizations and GFSPL practices.
- At regular intervals, you will encounter simple questions that will test your understanding of the material covered.
- You cannot proceed further until you correctly answer all questions.
- You can navigate back to review the material to answer the questions.
- At the end of the module, you will take a quiz.

Section 1

1: As per Sa-Dhan’s mission statement, the mission is to service:
   a) The weaker section of society.
   b) The urban poor.
   c) Low income clients, especially women.

Answer: c) Low income clients, especially women.

2: We respect our members’ honor and ________________.
   a) Religion.
   b) Dignity.
   c) Behavior.

Answer: b) Dignity.

3: To provide convenient service to a member, we can transfer the loan account of that member ________________.
   a) From one bank to another.
   b) From a client’s name to her husband’s name.
   c) From one GFSPL branch to another GFSPL branch.
   d) From one village to another.

Answer: c) From one GFSPL branch to another GFSPL branch.

4: Transfer of loan accounts from one branch to another is done within ___ days from date of receipt of request.
   a) 15
   b) 21
   c) 30

Answer: b) 21

5: GFSPL does not take collateral for loans up to Rs. 5,000:
   a) True
   b) False

Answer: b) False
Section 2
1: As per the MFIN\(^1\) Code, at least ________ of any member MFI’s new recruits should be those whose immediate previous job was not with another MFI.
   a) 75%
   b) 25%
   c) 50%
*Answer: c) 50%*

2: While communicating charges to customers, we have to use a language that is _____.
   a) Technical.
   b) Easily understood by them.
   c) Difficult for them to understand.
*Answer: b) Easily understood by them.*

3: As per the MFIN Code, which of the following regarding a loan product has to be explained to the borrower?
   a) Interest rate and processing fee
   b) Important terms and conditions of the loan
   c) Insurance and any other charges
   d) All of the above
*Answer: d) All of the above*

4: The loan passbook has the flat interest rate mentioned on it:
   a) True
   b) False
*Answer: b) False*

5: We avoid over indebtedness by providing financial services that consider ____ & ____.
   a) Target and company requirements.
   b) Business requirements and branch profit.
   c) Member needs and repayment capacity.
*Answer: c) Member needs and repayment capacity.*

6: GFSPL does not lend to persons whose total outstanding loans from all the sources exceeds Rs. 50,000:
   a) True
   b) False
*Answer: a) True*

Section 3
1: If a member is admitted into the hospital, then we can go to the hospital for collecting loan repayment:
   a) True
   b) False
*Answer: b) False*

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\(^1\) Microfinance Institutions Network (MFIN) is a self-regulatory organization set up by leading Microfinance Institutions in India to promote microfinance and achieve larger financial inclusions goals.
2: We build long-term relationships with our customers.
   a) True
   b) False
   Answer: a) True

3: As per Sa-Dhan’s Code, we should maintain _______ during our visits to clients’ place for collection of dues.
   a) Work schedule
   b) Decency and decorum
   c) Good personality
   Answer: b) Decency and decorum

4: As per the Reserve Bank of India’s (RBI) fair practices code, Non-Bank Finance Companies (NBFCs) should not resort to undue harassment, use of muscle power (physical force), etc. for recovery of loans:
   a) True
   b) False
   Answer: a) True

5: As per the RBI’s fair practices code, NBFCs should not interfere in the personal affairs of members:
   a) True
   b) False
   Answer: a) True

6: As per Sa-Dhan’s Code, a member’s information can be disclosed to a third party who has been authorized by that member:
   a) True
   b) False
   Answer: a) True

**Section 4**

1: Social Economic Developments (SED) Workshops are conducted to build awareness of:
   a) Health and Sanitation.
   b) Education.
   c) Savings.
   d) All of the above.
   Answer: d) All of the above.

2: As per the MFIN Code, in case of incidents of high default, all member MFIs shall cooperate in recovery and restrain lending in the area:
   a) True
   b) False
   Answer: a) True

3: As per Sa-Dhan’s Code, MFIs should explore expansion in _____ areas to reduce competition.
   a) Underserved
   b) Over served
   c) Distant areas
   Answer: a) Underserved
4: As per Sa-Dhan’s Code, regular interaction with other MFIs is required for:
   a) Following fair and ethical lending practices.
   b) Data/incident sharing.
   c) Both a & b.
Answer: c) Both a & b.

5: As per MFIN’s Code, it is proposed that MFIs supply data to Credit Bureaus to participate in a forum to share:
   a) Members’ data.
   b) Finance information.
   c) Credit information.
Answer: c) Credit information.

Section 6

1: Grievances of members can be addressed to:
   a) The Branch Manager.
   b) The Grievance Redress Officer.
   c) Both a & b.
Answer: c) Both a & b.

2: As per Sa-Dhan’s Code, we have to monitor client dropout rate and reasons for the same by conducting:
   a) Regular exit surveys.
   b) Medical check ups.
   c) Workshops.
Answer: a) Regular exit surveys.

3: The Board of Directors of the MFI should periodically review compliance to the RBI fair practices code and functioning of:
   a) Regional Offices.
   b) Grievance Redress Mechanism.
   c) Branches.
Answer: b) Grievance Redress Mechanism.

4: As per Sa-Dhan’s Code, MFIs are committed to ensure:
   a) Quality services to clients.
   b) Efficient and timely service delivery.
   c) Both a & b.
Answer: c) Both a & b.

5: Only members can report malpractice by GFSPL staff:
   a) True
   b) False
Answer: b) False
Section 7

1: We educate our members on our Code of Conduct through:
   a) Our field staff.
   b) Newspapers.
   c) Pamphlets.
Answer: a) Our field staff.

2: The Code of Conduct has to be followed by:
   a) Only other MFI staff.
   b) Only by GFSPL staff.
   c) Both GFSPL & Other member MFI staff.
Answer: c) Both GFSPL & Other member MFI staff.

3: Loan disbursement should be done within _____ days after receiving loan applications:
   a) 21.
   b) 7.
   c) 15.
Answer: c) 15.

4: By obtaining peer assurance from member groups for loan repayment, we obtain:
   a) Financial collateral.
   b) Tangible collateral.
   c) Social collateral.
Answer: c) Social collateral.

5: Whenever we recruit candidates from other MFIs, we recruit only those who have:
   a) Been formally released by their previous MFI employer.
   b) Worked hard in previous companies.
   c) Completed their education.
Answer: a) Been formally released by their previous MFI employer.

6: We recruit our employees:
   a) After satisfactory reference check.
   b) With the help of newspaper advertisement.
   c) Both a & b.
Answer: c) Both a & b.

7: The ________ outlines the term of the loan repayment and other necessary conditions related to the loan.
   a) Loan passbook
   b) Loan application cum disbursement form
   c) Loan installment
Answer: b) Loan application cum disbursement form

8: We communicate all charges of loan product to the member through:
   a) Loan application.
   b) Loan passbook.
   c) Insurance policy.
Answer: b) Loan passbook.
9: We communicate any changes in interest rates to members:
   a) Over the phone.
   b) By meeting individual members.
   c) In Kendra (multi-group) center meeting.

Answer: c) In Kendra (multi-group) center meeting

10: GFSPL does not lend to people who have current outstanding debt from _____ other sources:
   a) 2 or more
   b) any
   c) 3 or more

Answer: a) 2 or more

11: Members can be contacted at any place for collecting loan repayments:
   a) True
   b) False

Answer: b) False

12: You have planned to recover a loan installment from a client, are made aware of the death of her family member. Which should you do?
   a) Go for recovery since the schedule has been fixed already
   b) Call the client and remind her of the loan installment
   c) Avoid going for recovery for the time being since it is an inappropriate occasion but choose another time for the recovery

Answer: c) Avoid going for recovery for the time being since it is an inappropriate occasion, but choose another time for the recovery

13: Receipt of loan installments are acknowledged by making an entry in the client’s:
   a) Loan application.
   b) Loan passbook.
   c) Mini-meeting minutes book.

Answer: b) Loan passbook

14: Our client education and financial literacy policies are implemented through:
   a) Group formation & Compulsory Group Training.
   b) Re-interview & Group Recognition Test.
   c) Social and Economic Development workshops.
   d) All the above.

Answer: d) All the above

15: We should share information with other MFIs related to an incident of repayment problem in the area:
   a) True
   b) False

Answer: a) True

16: _________ obtained from members will help us serve them better:
   a) Processing fees
   b) Feedback
   c) Insurance

Answer: b) Feedback
17: A member/spouse having any grievance against GFSPL Staff services can call our toll-free number:
   a) 18000 450 0205.
   b) 18000 425 0205.
   c) 18000 421 0205.
Answer: b) 18000 425 0205.

18: Reporting of any malpractice by GFSPL’s staff or staff of other MFIs is called:
   a) Code of Conduct.
   b) Grievance redressal.
   c) Whistle blowing.
Answer: b) Whistle blowing

19: As per MFIN’s Code, their board will appoint a(n)____ to provide an independent mechanism to complain against an MFI and seek redressal :
   a) Branch manager
   b) Kendra (group) manager
   c) Ombudsperson
Answer: b) Ombudsperson

20: Situation:
   Stranger/Member’s Relative: “I am Sudha’s relative. Can you give me her loan details?
   Grameen Koota Staff: “I am sorry, Madam. We can share our client’s information only to authorized people with member permission.”
Question: Which code does this conversation relate to?
   a) Fair Practices
   b) Transparency
   c) Privacy of Client Information
Answer: c) Privacy of Client Information

21: We can transfer loan account of a member from one GFSPL branch to another GFSPL branch:
   a) For member convenience.
   b) For branch convenience.
   c) For head office convenience.
Answer: a) For member convenience.

22: We provide credit services based on the member’s need and repayment capacity:
   a) To make them strong.
   b) To avoid over indebtedness.
   c) To make them borrowers.
Answer: b) To avoid over indebtedness.

23: We have to monitor client dropout rate and reasons for the same by conducting regular interviews. This is per which code?
   a) Sa-Dhan’s code
   b) RBI fair practices code
   c) MFIN’s code
Answer: a) Sa-Dhan’s code
24: “CCEC” stands for:
   a) Code of Conduct Enforcement Committee
   b) Central Code Election Committee
   c) Code of Conduct Engagement Committee

Answer: a) Code of Conduct Enforcement Committee