



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
SPECIALIZED COMPANIES DIVISION  
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT

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**Subject: Guidelines on Grievance Redressal System (GRS) in Non-Bank Microfinance Companies (NBMFCs)**

The Securities and Exchange Commission of Pakistan (the “Commission”) in exercise of powers conferred under sub-section (3) of section 282B of the Companies Ordinance, 1984 hereby specifies guidelines for establishment of Grievance Redressal System in the Non-Bank Microfinance Companies (“NBMFCs”).

The purpose of these guidelines is provision of formal channel of grievance redressal to clients of NBMFCs. These guidelines will facilitate and guide the NBMFCs to set out a system within the organization for complaints and problem resolution for their clients. These guidelines envisages a fair, transparent, flexible efficient and effective system and it is hoped that this will not only increase customer satisfaction but will also reduce operational and reputational risk of the NBMFC.

The guidelines are enclosed as Annexure to this Circular.

  
(Shauzab Ali)  
Commissioner (SCD)

**Distribution:**

1. Chief Executive Officers, NBMFCs
2. Pakistan Microfinance Network
3. Chief Executive Officer, Pakistan Microfinance Investment Company

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**GUIDELINES ON GRIEVANCE REDRESSAL SYSTEM (GRS) IN  
NON-BANK MICRO FINANCE COMPANIES (NBMFCS)**

**1. Introduction:**

GRS in NBMFCs encompasses complaints received from its customers and the policies and procedures put in place to deal with these complaints. A complaint is an oral or written expression of dissatisfaction relating to the NBMFC from a customer where a response or resolution is expected. For the purpose of these Guidelines, a customer is defined as a person who has obtained finance from an NBMFC or has any business relationship with the NBMFC. GRS should be fair, transparent, accessible, and efficient as an effective system increases customer satisfaction, reduces operational and reputational risk of a NBMFC and assist in bringing improvements in products, services, processes and delivery channels. An effective GRS in NBMFCs also reduces burden on external dispute resolution forums.

**2. Basic Principles for GRS in NBMFCs**

- (i) The board and senior management of a NBMFC should take measures to instill and promote a culture that recognizes the importance of complaints and their timely resolution.
- (ii) Every complainant must be treated fairly.
- (iii) Complaints must be resolved within shortest possible time.
- (iv) Complaint handling mechanism of the NBMFC should be visible and accessible.
- (v) Complaint handling mechanism should be comprehensive and integrated to core business.
- (vi) Complaint handling system should be adequately monitored.

**3. Complaint Handling Mechanism:** The minimum requirements for complaint handling mechanism in a NBMFC are as under:

- (i) **Structure:**
  - a) The NBMFC shall designate a key executive to look after the complaint handling mechanism. It is expected that the NBMFCs will address the possibility of conflict of interest while assigning the complaint handling mechanism to a key executive.
  - b) The NBMFCs shall also ensure that the complaint handling function works independently and have adequate powers and resources.
- (ii) **Policies and procedures:**
  - a) The NBMFCs are required to put in place a complaint handling policy and delineate detailed procedures to deal with complaints.
  - b) The policy and procedure should be duly approved by the board of NBMFC.
  - c) The procedures should clearly define the complaint resolution process, roles and responsibilities of people involved right from the receipt of a complaint to its resolution or disposal.
  - d) The procedures should also outline the mechanism of review and analysis of the complaints and how corrective measures shall be taken to fix the lacunae in a product or procedure as identified through analysis of complaints.



(iii) **Process visibility and accessibility:**

- a) NBMFCs should ensure that their complaint handling mechanism is visible and easily accessible for all customers.
- b) NBMFCs must have information about their complaint handling mechanism clearly available to the public (notably, in product statements, loan application, loan approval letter, by putting standees in the branches, on their websites, etc.). The information must include how to lodge a complaint along with contact details (address, phone & fax numbers and email address) and that it is free-of-charge.
- c) NBMFCs shall accommodate complaints received through any source of communication channel (whether verbal or in writing) and may communicate with complainants via SMS, email, recorded line or surface mail or any other agreed channel.
- d) While declining any complaint, the NBMFCs must inform the customer of his right to approach any external dispute resolution forums along with their contact details.

(iv) **Acknowledgment of a complaint:**

- a) The NBMFCs shall accommodate complaints received through any source of communication channel.
- b) The NBMFCs must ensure that once a complaint is received, it should be assigned a complaint number.
- c) An acknowledgement should be sent via SMS, email, recorded line or surface mail confirming the receipt of the complaint.
- d) In case the complaint is received after the working hours, the acknowledgement shall be sent on the following working day.
- e) The acknowledgement should briefly describe the complaint process, the time line to resolve or decide the complaint and the contact details for follow up on his/her complaint.

(v) **Interim Reply:**

In case a complaint requires detailed investigation, the NBMFC must inform the complainant that the scrutiny of the matter requires more time. The reply, in such case, should briefly describe the scrutiny required to find facts and expected time during which final reply would be provided. Interim responses can also be in form of SMS, emails, recorded line, etc.

(vi) **Final reply:**

- a) The NBMFC must inform the customer of its final reply within the prescribed time limit.
- b) The final reply must set out its decision on the complaint i.e either offer redress and/or deny the complaint and provide clear reasons for doing so.
- c) The NBMFC must inform the complainant of the right to refer the complaint to an external grievance mechanism along with the contact details.

(vii) **Final reply in case of denied complaints:**

Not all complaints can be resolved to the satisfaction of the complainant. In such cases, the NBMFC must inform the complainant that his/her grievances cannot be resolved, the



reasons /justification on the basis of which the complaint is being denied and alternate grievance redressal forum available to the complainant and their contact details.

(viii) **Resolution Time Line:**

NBMFCs are encouraged to resolve all the complaints expeditiously. In this regard following maximum timelines may be observed for all complaints:

Acknowledgement	Within one working day. In case of complaints received after working hours, the next working day would be considered its receipt day.
Interim reply	If the complaint requires detailed scrutiny, the NBMFC within 5 working days shall inform the complainant that the complaint requires detailed scrutiny
Final reply	<b>Complaints that don't require detailed scrutiny:</b> 15 working days <b>Complaints which require detailed scrutiny:</b> 30 working days

(ix) **Escalation procedure:**

It is important that complaint should be resolved as early as possible and complacency in dealing with complaints should not be tolerated. For the purpose, the NBMFCs should establish an escalation procedure whereby a complaint not resolved or disposed of within particular timeframe should be escalated to next hierarchy.

(x) **Complaints of Persons with Special Needs:**

- a) NBMFCs are required to exercise extra care while dealing with complaints of illiterate, old age or physically handicapped complainants.
- b) It should be ensured that the understanding capacity of these persons is given ample weightage while deciding the complaint. Old age complainants should be treated empathically and to the maximum possible extent their complaint should be resolved preferably at the branch level for their convenience.

(xi) **Record keeping:**

The NBMFCs shall keep complete record of the complaints for a period of at least two years.

(xii) **Monitoring and assessing Complaint Handling Mechanism:**

- a) NBMFCs should implement a system designed to capture all complaints data for analysis. The complaint information should include total number of complaints, complaint grouping by product type, information on resolution times and themes. The findings of this report should be shared with the management/board on annual basis to carve out a strategy for the betterment of the complaint management system, reductions in incidence of complaints and bring improvements in products, services, processes and delivery channels.
- b) The internal complaint handling mechanism of NBMFCs should be subject to internal audit at least annually and any deviation or non-compliance of internal procedures as

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well as legal /regulatory requirements should be recorded and reported to board of directors.

- c) The internal audit should also review complaint data and highlight any significant operational risk that the NBMFC may encounter.

(xiii) **Reporting to the Commission:**

The NBMFC shall submit a report to the Commission on formats as may be prescribed from time to time.

