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Code of Conduct

1. Rationale

- 1.1 The Association has been established to build a new and acceptable image, to generally further the interests of its members and to remove the factors which contribute to the negative perceptions of the micro lending industry.
- 1.2 Membership is open to any person or organisation involved in the micro lending industry who will formally commit to and comply with the Association's memorandum and articles and Code of Conduct.
- 1.3 Members of the public and business owners rely on members services and expect a high standard of professionalism and integrity. Members must uphold this Code of Conduct in all relationships with clients, colleagues, suppliers and the general public.
- 1.4 The objectives of the Association are:
 - to position the micro lending industry as a legitimate and credible one:
 - to gain recognition for micro lenders as an important and integral part of the financial services mainstream:
 - to distance itself from harmful business practices in the industry and to play an active role in the elimination of such practices.
- 1.5 Members are entitled to use the insignia of the Association (in accordance with guidelines which will be issued from time to time) as evidence that they are reputable and of good standing.

2. Definitions

- 2.1 In terms of this Code of Conduct, unless the context otherwise indicates;
 - (a) "Association" means the Association of Micro Lenders, an association incorporated in terms of Section 21 of the Companies Act of 1973 as amended;
 - (b) "Micro lending" means the provision of credit to people who are unable to obtain loans or credit from commercial banks because their only security is the fact that they have a regular source of income;
 - (c) "Member" is any person or organisation, or person employed by that person or organisation, involved in the micro lending industry who commits to this Code of Conduct and remains in good standing;

- (d) “Client” means any person or organisation who enquires after the services of a member, whether or not they avail themselves of those services;
- (e) “Legislation” means any existing, pending or future legislation in the Republic of Namibia with which providers of loans must comply;
- (f) “Memorandum and articles” means the memorandum and articles of association of the Association.
- (g) “Disciplinary committee” is a committee appointed by the Association in terms of its memorandum and articles as amended from time to time.

2.2 “He, has been used in place of he/she in the interests of brevity.

3. Duties to protect the public and the industry

General

3.1 In terms of micro lenders general duty to members of the public and other persons or bodies, a member:

- (a) Shall protect the interests of clients at all times;
- (b) Shall at all times respect and honour the dignity of clients;
- (c) Shall operate with all care and skill as might reasonably be expected;
- (d) Shall comply with all legislation and regulations relevant to the industry;
- (e) Shall not through any front or nominee do anything which would not be permissible for him as a micro lender;
- (f) Shall not deny equal services to any person for reasons of race, creed, or gender;
- (g) Shall refrain from any behaviour which could harm the Association and/or other members;
- (h) Shall conduct his affairs in the spirit of the law as well as the letter;
- (i) Shall report in writing to the Association any known breach of this code by another member and any other person or organisation acting illegally in the micro lending field;
- (j) Shall give unqualified support to the office NAMFISA.

Capital

3.2 Capital employed in a member’s business shall be restricted to owner’s capital, retained earnings and monies borrowed from commercial banks. No member may obtain deposits contrary to legislation governing deposit taking institutions.

Cooling-of Period

3.3 Should a client, within three working days of receiving a loan, decide to repay the loan in full and does so, all charges will be waived with the exception of interest charged at bank prime rate for the period over which the advance was outstanding.

4. Misrepresentation and harmful marketing techniques

4.1 No micro lender shall influence clients in using or not using:

- (a) the services of any attorney, accountant, auditor or other professional advisor;
- (b) the services or financial assistance offered by any financial institution;
- (c) the financial assistance offered by any person.

4.2 No micro lender shall:

- (a) make or contribute to making any false statement or false books of account or other records;
- (b) claim to be an expert in any service if he is not;
- (c) use any harmful or misleading ways to solicit business;
- (d) conduct his business in such a manner as to harm the Association or any of its members.

5. Confidentiality

5.1 No micro lender shall divulge any confidential information obtained by him in the course of his transactions as a micro lender.

6. Disclosure

To clients

6.1 Members will provide professional advice, placing the client's interests above their own.

6.2 Members shall use a standard written agreement, containing all of the terms and conditions of the loan. The effective interest rate and all other charges shall at all times be clearly stated.

6.3 Members shall explain to every prospective client, before a contract is signed, the meaning and consequences of the contract. This explanation will be made in the language of choice of the client.

6.4 Should a client be denied a loan, a full explanation shall be provided by the member.

To the Association

- 6.5 Members shall maintain a proper set of accounting records compliant with the provisions of the Companies Act as well as full details of all loans advanced, interest and other charges raised, repayments received and balances outstanding.
- 6.6 Members will furnish the Association with such regular financial and other information as the Association may require for consolidated reporting to the Namibian Financial Institutions Supervisory Authority (NAMFISA) or for compliance with any legislation. Members will submit themselves to independent audits of this information.
- 6.7 Members shall at all times allow access and provide assistance to the management of the Association, or their appointed agents, to enable them to assess the manner in which the member conducts his business, at least once a year.

General

- 6.10 If a member conducts his business in terms of a franchise, he shall disclose clearly and unambiguously in all correspondence, circulars, advertisements and other written documentation that he operates in terms of a franchise and state thereon his name and the name of the franchiser.
- 6.11 If a member conducts his business under a trade name or style other than his own name he shall clearly disclose his full name in all correspondence, circulars, advertisements and other written documentation.

7. Lending limits

- 7.1 (a) Where loans granted are to be repaid within 31 days, the loan amount may not exceed 50% of a client's net monthly income.
 - (b) Where loans are granted with repayment terms longer than one month, the loan repayment instalments may not exceed 25% of a client's net monthly income.
- 7.2 Before granting a loan, a member must take reasonable steps to establish whether the client has an outstanding loan with another micro lender. Any other loan balance should be taken into account when calculating the requirements of 7.1 above.

8. Remuneration

- 8.1 The Association subscribes to the view that free market forces should determine interest rates.
- 8.2 Where called upon to do so, the Association may, at its sole discretion, issue an opinion as to what constitutes an interest rate that is excessive in terms of market forces.

9. Repayment and collection methods

- 9.1 Clients shall be entitled to early loan repayment without penalty.
- 9.2 Members will apply strict collection procedures but will not use any violent, illegal or unethical methods to do so.
- 9.3 Members will endeavour to make use of the best available technology to secure repayments from clients in an ethical and socially acceptable manner, which do not invade the privacy of the client or the security of his assets.

10. Disciplinary measures

- 10.1 A proven contravention of any one or more of the prescriptions of this Code of Conduct will subject a member to the sanctions as set out in the Association's Constitution.
- 10.2 Any interested party may report in writing improper conduct of a member to the Association, if such conduct in his opinion amounts to any contravention of the Code. All members will be investigated and appropriate action will be taken by the Association.

11. Use of Insignia

- 11.1 Members will only use the insignia of the Association according to the rules as laid down by the Association from time to time.

12. Vicarious responsibility

- 12.1 Every micro lender who is the sole proprietor of a micro lending business or a partner in partnership or a director of a company or a member of a close corporation carrying on the business of a micro lender, shall be held responsible for any contravention of or failure to comply with this Code of Conduct by any other partner, director, or member or any micro lender in the service of such sole proprietorship, partnership, company or close corporation, unless he has prior to such contravention or failure to comply taken all reasonable steps to prevent the same and could not in the circumstances have prevented such contravention or failure to comply.