

Outsourcing Policy of Pradakshana Fintech P Ltd

Introduction

- The rapid expansion and the growth in the technological transformation in the field of financial services, lack of understanding on digital data based lending and the need to focus on core services and introduction of new services have influenced the need of outsourcing in the organization. Apart from cost savings and accessing specialist expertise not available internally, for achieving strategic aims and efficient delivery mechanism, outsourcing remains preferred destination for enabling perfection in selective business processes until internal competencies are developed.
- Recognizing the need for outsourcing some of the selected activities by the banks, Reserve Bank of India has put in place comprehensive guidelines for addressing the risks that the FIs/banks would be exposed to on account of engaging any outsourcing agency.
- The outsourcing policy of our organization based on RBI guidelines has been devised to ensure safeguarding the interest of the company and the customers by adopting sound and responsive management practices through due diligence and management of risks arising from outsourcing activities.

Scope of the Policy

The policy incorporates the criteria for selection of the activities that may be outsourced, risks arising out of outsourcing, management of these risks, delegation of powers, etc. The policy shall apply to activities outsourced to service providers.

Definition of Outsourcing

For the purpose of this policy, Outsourcing shall refer to Company's use of a third party to perform activities on a continuing basis (including agreements for a limited period), that would normally be undertaken by the company. The activities shall refer to outsourcing of financial services and technology related issues as laid down by respective agreements.

Following activities that are outsourced as per the current policy

Financial services that can be outsourced at this point of time by the company include identification of the potential client, application processing like loan origination, document processing, marketing and research, supervision of loans, data processing and back office related activities.

Management of Risk associated with outsourcing activities

To enable sound and responsive risk management practices for effective oversight, due diligence and management of risks arising from outsourcing activities, the company decides to outsource a financial activity /service shall follow the below mentioned principles applicable to arrangements. A well-defined structure of roles & responsibilities shall be in place in the respective agreements.

- While outsourcing a financial activity, Company shall consider all relevant laws, regulations, guidelines and conditions of approval, licensing or registration
- Proper due diligence of outsourcing agency like Board details, Director Profiles, Director KYCs
- If Agency is supported with FDI, proper acknowledgement of FCGPR issued by RBI with respect to those investments.
- Shareholding pattern of the Agency.
- Past experience and competence to implement and support the proposed activity over the contracted period;
- Financial soundness and ability to service commitments even under adverse conditions;
- Business reputation and culture, compliance, complaints and outstanding or potential litigation;
- Standards of performance including in the area of customer service;
- Security and internal control, audit coverage, reporting and monitoring environment, Business continuity management;
- External factors like political, economic, social and legal environment of the jurisdiction in which service provider operates and other events that may impact service providers' operations and other events that may impact service performance;

The above points should be reviewed while renewing the agreements.