
FINANCIAL CONSUMER PROTECTION FRAMEWORK

VERSION 1

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Abbreviation

BIRMC	-	Board Integrated Risk Management Committee
CBSL	-	Central Bank of Sri Lanka
FCP	-	Financial Consumer Protection
IRMD	-	Integrated Risk Management Department
KFD	-	Key Facts Document
KMP	-	Key Management Personnel
JFP	-	Janashakthi Finance PLC

1. Introduction

Janashakthi Finance PLC (hereinafter referred to as “JFP” or “the company”) is a finance company licensed by the Central Bank of Sri Lanka (hereinafter referred to as “CBSL”) under the Finance Business Act, No. 42 of 2011, and is listed on the Colombo Stock Exchange. The JFP conducts its business operations through branches located across the island.

The JFP believes that a robust financial consumer protection (hereinafter referred to as “FCP”) framework is essential for ensuring that expanded access to financial services benefits consumers. It empowers them to make informed decisions about utilizing financial services, fosters trust in the formal financial sector, and promotes healthy, competitive financial markets. This document outlines the standardized and structured guidelines for financial consumer protection that JFP shall adhere to.

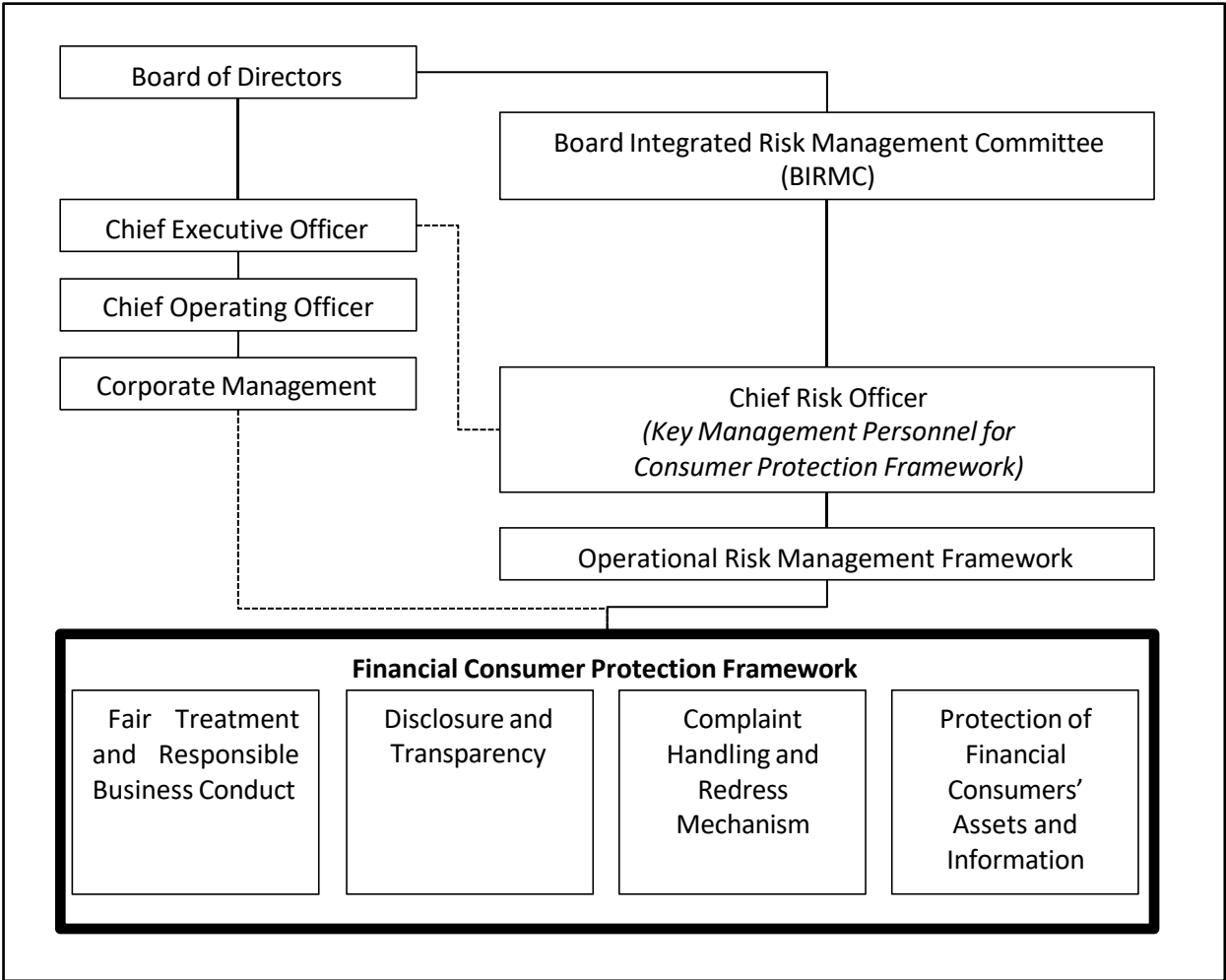
2. Governance

Governance plays a pivotal role in ensuring the effective implementation and sustainability of a FCP framework within the company. The JFP strongly believes that strong governance structures and processes ensure that consumer rights are safeguarded, financial products are designed responsibly, and grievances are addressed promptly.

2.1. Governance structure

Figure 2.1. illustrates the FCP governance structure within the JFP.

Figure 2.1. Financial consumer protection governance structure



2.2. Roles and responsibilities

2.2.1. Board of Directors

The Board of Directors, through the Board Integrated Risk Management Committee (hereinafter referred to as “BIRMC”) of the JFP is responsible to strengthen the FCP framework by;

- a) Establishing, approving, and periodically reviewing the FCP of the company.
- b) Establishing an appropriate structure, along with procedures, systems, and resources, is in place for the effective implementation of FCP policies, including internal controls and codes of conduct for employees and agents or third parties appointed by the company.
- c) Appointing an officer from the Key Management Personnel (hereinafter referred to as “KMP”) to oversee the financial FCP function and report to the Board semi-annually on compliance with the FCP framework.
- d) Ensuring that the KMP monitors, evaluates the financial consumer protection activities, reports to the Board semi-annually and corresponds with the CBSL.
- e) Ensuring that all employees, agents, and third parties appointed by the JFP adhere to the FCP requirements outlined in the FCP Regulations No. 01 of 2023, implementing an appropriate monitoring mechanism to assure compliance with specific Regulations.

2.2.2. Key Management Personnel

The JFP recognizes the FCP framework as a component of the Operational Risk Management Framework of the company. Accordingly, the Chief Risk Officer of the company will serve as the KMP responsible for overseeing the FCP framework of the company. The responsibilities of this role include;

- a) Coordinating and collaborating with internal business units to ensure that FCP policies and procedures are fully aligned with regulatory requirements.
- b) Monitoring, evaluating, reporting on FCP activities.
- c) Overseeing and supervising the operations of any agent, and/or third party, who is providing financial products, and/or services to ensure FCP.
- d) Identifying financial products and services, which carry compliance risk on FCP, and

initiating actions to manage such risk.

- e) Deploying employees, who have sufficient knowledge, and expertise in carrying out FCP activities.
- f) Providing relevant training for employees, agents and third parties, who engage with consumers on matters related to FCP regulations.

2.2.3. Operational Management Personnel

As illustrated in Figure 2.1, the FCP framework consists of four components, with operational management responsibilities assigned to specific personnel. The common responsibilities of these officers include;

- a) Implementation of the FCP framework of the company.
- b) Maintenance of records and information on activities related to FCP.
- c) Submission of periodic reports, required by the KMP or the Board of Directors.

3. Policy and Procedure

3.1. FAIR TREATMENT AND RESPONSIBLE BUSINESS CONDUCT

3.1.1. Accessibility Policy

The JFP is committed to complying with all pertinent regulations concerning accessibility, while ensuring no discriminations against financial consumers. The accessibility policy of the JFP focuses three components to ensure fair treatment and responsible business conduct, as elaborated in Table 3.1;

Table 3.1. Accessibility policy

i) Documents, communication, and information accessibility
<ul style="list-style-type: none">• Ensuring consumers receive requested information and documents, timely, in accessible formats, preferred channels, and either in Sinhala, Tamil, or English.• Facilitating to use adequate assistive technology and equipment.• Ensuring the signature of the financial consumer is unambiguous, and acceptable for verification purpose.• Equally treating thumbprint as a conventional signature.
ii) Website accessibility
<ul style="list-style-type: none">• Ensuring all web contents are perceivable, operable, understandable, and robust.• Enabling the following feature in the company website;<ul style="list-style-type: none">○ Font size, colour, and contrast adjustability.○ Full navigability and ability function with the key board.○ Full readability with screen readers.○ All web elements are appropriately labeled.○ All security features are provided in text and audio options.
iii) Infrastructure accessibility
<p>The JFP will strive to ensure that its new offices, including branches and physical infrastructure, are designed to accommodate senior citizens and differently-abled individuals in accordance with specific applicable accessibility regulations. Additionally, the company will make reasonable efforts to modify existing business premises to meet accessibility standards. At the same time, the employee of the JFP's offices are dedicated to assist senior citizens and differently-abled citizens to fulfill their requirements.</p>

3.1.2. Fair Business Practices

The JFP conducts its businesses with integrity, transparency, and accountability, fostering trust and confidence among financial consumers, while adhering to applicable regulations and ethical standards. Accordingly, the employees of the company and agents/ third parties appointed by the company shall not employ in unfair business practices to the detriment of financial consumer, and shall not act in bad faith or negligently in providing financial products and services to financial consumers.

3.1.3. Sales Practices

The JFP is committed to ensuring that all sales practices are ethical, and in full compliance with regulations to uphold the trust and confidence of financial consumers. The company prioritizes customer-centricity in all interactions by;

- i. Ensuring that products and services offered by the JFP are acceptable for the financial needs, financial capability, and risk profile. Misleading, aggressive, or coercive sales practices are strictly prohibited.
- ii. Empowering financial consumers to make well-informed choices by disclosing all relevant information in plain language and ensuring adequate time for them to review and understand it.
- iii. Ensuring all sales personnel to undergo regular training on ethical sales practices, financial literacy, consumer rights, and holding them accountable to the highest standards of professional conduct.

3.1.4. Advertisement and Sales Promotion

The JFP is committed to ensuring that all advertising and sales promotion activities are conducted with fairness, in full compliance with applicable regulations, and ethical standards based on needs and capabilities of financial consumers, by adopting and enforcing following principles in all advertisement, and promotions or promotional materials;

- i. Providing accurate, clear, and complete information about the products and services.
- ii. Avoiding misusing of footnotes and disclaimer and misleading or false information.
- iii. Not omitting information, which are important for the financial consumer to make decision.

- iv. Avoiding marketing strategies, which may harm specific consumer segments.
- v. Provide financial consumers with actively opt-in to receiving marketing materials, and easy means to opt-out from receiving marketing materials at a later point in time.
- vi. Including contact details of the company, credit rating, and stating that the “Janashakthi Finance PLC is supervised by the Central Bank of Sri Lanka”, in all advertisement and promotional materials.

The Human Resource Management Policy of the company assures that the Key Performance Indicators (KPIs) of the employees attached to Marketing / Sales are not solely based on the sales targets, but include non-financial indicators, which encourages responsible and ethical business conduct.

By adopting and enforcing these principles, the JFP aims to build trust, ensure fairness, and foster long-term relationships with the customers, aligning with the company’s commitment to financial consumer protection and ethical practice.

3.1.5. Product Suitability and Design

The JFP is committed to upholding the highest standards of financial consumer protection by ensuring that the products and services are designed and delivered to align with the diverse needs, capacities, risk profiles, and best interests of customers of the company, adopting and enforcing following principles;

- i. All financial products are developed with a comprehensive understanding of the financial needs, risk profiles, and preferences of the JFP’s target customer segments.
- ii. Conducting a thorough assessment to ensure its ability for an intended customer to fulfill terms and conditions associated the product.
- iii. Offering rates / fees / prices commensurate with market-related rates / fees / prices, cost structure of the company, and regulatory requirements.

3.1.6. Fair Contract Terms

The JFP is committed to ensuring fairness, and ethical practices in all consumer contracts as part of the company’s adherence to the FCP framework, ensure all contracts adhere to

applicable laws and regulations in Sri Lanka, including the principles outlined in the FCP Regulations No. 01 of 2023. The company recognizes the importance of protecting consumers from unfair contract terms, which could lead to financial or legal disadvantages.

Consequently, the JFP is committed to provide all the contractual documents to the financial consumer within a reasonable time before signing the contract.

3.1.7. Sale or Transfer of Debt or Any Other Product

All sales or transfers of debt or financial products will be carried out in compliance with the Monetary Board's directives, the FCP Regulations, and other applicable laws in Sri Lanka.

3.1.8. Conducts on Agent or Third Part Appointments

The JFP is committed to ensuring, that all agents and third parties engaged in delivering financial services uphold the highest standards of integrity, professionalism, and consumer protection. The following principles guide the approach of the company:

- i. Entering into formal contract including non-disclosure agreement, where the JFP appoints an agent/third party, upon prohibiting following activities.
 - a. Harassing financial consumers.
 - b. Disclosing financial consumer information to unauthorized parties.
 - c. Giving false or misleading information on products or services.
 - d. Undue influence on financial consumers or general public to buy or get involve in the products and services of the company.
- ii. Performing due diligence before contracting any agent/third party.
- iii. Continuous monitoring of performance of the agents/third party.

3.1.9. Debt Recoveries

The JFP is committed to upholding ethical, transparent, and fair debt recovery practices in compliance with the FCP Regulations and applicable laws of Sri Lanka. Specific employees attached to the debt recovery processes shall respect the dignity and rights of customers, while ensuring the company's financial stability and operational sustainability. Key principles guiding the debt recovery policy include:

- i. Solely contacting the financial consumer, guarantors, and persons, nominated by the financial consumer for any information, except for information verification purposes.
- ii. Handling financial consumer data and information with utmost confidentiality and used strictly for debt recovery purposes.
- iii. Treating financial consumers fairly and respectfully, ensuring no harassment, threatening, coercion, public shaming or unfair practices are employed.
- iv. Employees shall not contact financial consumers in person or by other means such as telephone between the hours from 9AM to 6PM, for the purpose of debt recoveries.

3.1.10. Contacting a Financial Consumer

The JFP is committed for following practices;

- i. All specific employees shall maintain a record of financial consumer site visits with following information related to the visit; visit date, visit time, facility number, name of the borrower, arrears age, visited party, purpose of visit, town, contact number, promised action, promised date, other responses of the customer, employee's signature, and superior's signature.
- ii. In circumstances of an employee is making telephone contact with a financial consumer, the employee shall introduce himself or herself, mentioning the name of the company, and the purpose of contacting.
- iii. The JFP is committed to maintain call recordings and call register of the call center.
- iv. When obtaining a physical signature, the JFP is committed to obtain a signature for security or contractual documents outside the premises of the JFP, only if a reasonable circumstance arises upon request of a financial consumer, and in presence of an JFP's authorized officer.

3.1.11. Fraud and Misuse of Financial Consumer Assets

The JFP is committed to safeguarding the financial assets of its consumers against fraud, theft, and misuse. The company uphold the highest standards to protect the trust and confidence of all financial consumers, in all financial transactions and services, based on the following principles;

- i. **Proactive Prevention:** Robust operational controls, including Risk Control Self

Assessments (RCSA), strict operational guidelines, and employee training programs.

- ii. **Prompt Detection and Response:** Monitor all consumer transactions and accounts in real-time, ensuring swift action on suspicious activities.
- iii. **Consumer Rights and Remedies:** Guarantee fair and transparent resolution mechanisms for affected consumers, including appropriate redressal and compensation.
- iv. **Legal and Regulatory Compliance:** Adhere to applicable laws, regulations, and best practices.

3.1.12. Free Market

As a Finance Company operating in Sri Lanka, the JFP is committed to fostering a competitive and transparent marketplace that upholds the principles of a free market. The company's operations and practices are aligned to promote fair competition, innovation, and consumer choice, while ensuring compliance with all applicable laws and regulations governing financial market. Consequently, the JFP pledges to;

- i. Create an environment, where financial products and services are offered on merit, ensuring equal opportunities for all market participants.
- ii. Empower financial consumers to make informed decisions by providing clear, accurate, and timely information about our products and services.
- iii. Actively discourage and avoid any unfair, deceptive, or anti-competitive practices, which could distort the market or harm financial consumers.
- iv. Work closely with the CBSL and other regulatory authorities to uphold the integrity of the financial system and ensure consumer protection in a free market environment.

Moreover, the company is committed to;

- i. Display the business license, registration or appointment obtained from the CBSL, latest audited financial statements, credit rating with underlying specifications, key contact details of the person handling complaints, business hours, and holiday notices, in a prominently visible position at the public places of the business premises of the JFP.

- ii. Publish the latest annual effective and nominal interest rates of deposits and lending products, details of fees, commissions, and other related charges, with effective date and as applicable on the company website.
- iii. Display the location of the JFP's Head Office, Corporate Office, and Branches.

3.1.13. Financial Consumer Education and Awareness

The JFP is committed to empowering its customers by enhancing their financial literacy, enabling them to make informed decisions about financial products and services. Recognizing the importance of consumer education in fostering financial stability and resilience, the company is dedicated to develop and implement educational initiatives to enhance consumers' understanding of financial concepts, risks, rights, and responsibilities.

3.2. DISCLOSURE AND TRANSPARENCY

The JFP is committed to ensuring that all disclosures made to financial consumers are clear, accurate, non-misleading, complete, timely and easily accessible in the language preferred by the financial consumer either in Sinhala, Tamil, and English, enabling them to make informed decisions.

3.2.1. Information on Financial Products and Services

The JFP is committed for;

- i. **Comprehensive and Complete Information:** Detailed descriptions of financial products and services, including their features, benefits, terms, conditions, pricing, and associated risks, will be provided to financial consumers.
- ii. **Standardized Format:** Presenting all information in a standardized format, where applicable, to facilitate easy comparison of products and services.
- iii. **Amendments or Alteration Disclosure:** Notifying affected financial consumers at least thirty (30) calendar days in advance of amendments or alterations being made to the range of financial services, the JFP provides.
- iv. **The company is committed to convey information in a clear and transparent manner through digital channels, assuring;**
 - a. The availability of the key information prominent in digital channels, with

secondary layers of information provided for further details.

- b. The availability of the offline channels to obtain further information and assistance.
- c. Keep the order and flow of information provided through the mobile channels to enhance transparency and comprehension.
- d. Disclosure of pricing and key terms and conditions before the transaction is completed in digital transaction process.

3.2.2. Key Facts Document

The JFP is committed to disclose a standardized document in the form of a Key Facts Document (hereinafter referred to as “KFD”) in either printed or electronic form for the financial product/services written in simple language in Sinhala, Tamil, and English, in the company website. Based on the FCP Regulations No. 01 of 2023, the JFP is committed to display the KFP as tabulated in Table 3.2.

Table 3.2. Essential information for the KFD

i) Credit products
<ul style="list-style-type: none">• Key product features.• Procedure to be followed to obtain a facility.• Inherent restrictions of the product.• Main terms and conditions.• Complaint handling procedure.
ii) Deposit products
<ul style="list-style-type: none">• Key product features.• Minimum balance requirements, account opening, maintenance. and closing fees.• Coverage of the deposit insurance.• Inherent restrictions of the product.• Procedures for unauthorized transactions.• Complaint handling procedure.

3.2.3. Contractual Documents: Credit Facilities

In terms of the FCP Regulation No. 01 of 2023, the JFP is committed to provide an application, offer letter and agreement, and disclose the below mentioned information in the contractual documents of the credit products as applicable;

- i. Name of the borrower
- ii. Contract Number (Loan Reference Number)
- iii. Amount Granted
- iv. Date granted and the credit repayment period
- v. Annual Effective Rate of interest and basis (Fixed or Floating)
- vi. If floating, benchmark rate and frequency of rate revision
- vii. Repayment schedule and frequency of installments
- viii. Details of securities offered
- ix. Breakdown of additional charges, commissions and other costs payable by the financial consumer (if applicable)
- x. Penal interest rate (per annum) in the event of delayed payment
- xi. The recovery procedure in the event of default of payments by the financial consumer, including the timing and the types of costs involved in repossession of assets, the procedure to be followed by the financial consumer, after repossession, any other types of charges as applicable, etc.
- xii. Procedures to revoke or stop payment on a credit instrument
- xiii. Liability of parties in the event of unauthorized transactions on their accounts or fraud involving a credit instrument
- xiv. Consequences and costs to the financial consumer on using credit instrument to the account with insufficient funds
- xv. Terms and conditions of all tied or bundled financial products or services sold.

3.2.4. Contractual Documents: Deposits

In terms of the FCP Regulation No. 01 of 2023, the JFP is committed to disclose following information in the applicable application / mandate / certificate / pass book / renewal notice;

- i. Balance of the account in an appropriate mode and frequency, as applicable
- ii. Applicable annual effective interest rate/ yield rate/ profit sharing ratio

- iii. Charges or fees for account opening and minimum balances
- iv. Account maintenance fees
- v. Responsibility of the financial consumer to keep the account access information confidential, including Personal Identification Numbers and passwords linked to the account limitations on the account functionality such as the number of withdrawals and transactions allowed free of charge
- vi. Limitations on the account functionality
- vii. In the case of term deposits, a notice of renewal prior to the maturity date
- viii. Availability and coverage of the deposit insurance
- ix. Procedures and costs for the financial consumer to close the account
- x. Conditions to be classified as an inactive or dormant account and the consequences of an account becoming inactive or dormant.

3.2.5. Disclosure of Terms and Conditions

The JFP is committed mention the below mentioned terms and conditions of both lending and deposit products relevant to the financial consumers in specific contractual documents as and if applicable;

- i. Rights and responsibilities of the financial consumers.
- ii. Rights and responsibilities of the JFP.
- iii. Key risk to the financial consumer.
- iv. Interest, commissions, fees, and charges relevant to the contract, including in events of early settlements / pre-mature withdrawals as applicable.
- v. Penalties, and remedies in the event of a breach of a contract.
- vi. Contact information of the JFP's financial consumer services.
- vii. Terms, and conditions, which may lead to termination of the contract.
- viii. Procedure and latest contact details of the JFP on complaints handling, and alternate dispute handling mechanism such as Financial Ombudsmen and CBSL.
- ix. Rules regarding reporting suspicious transactions and above the threshold transactions, and reporting procedure of a stolen financial instrument.
- x. The disclosure of financial consumer information to a party legally authorized to obtain such information.

3.2.6. Settlement of Obligations

- i. The JFP is committed to provide a financial consumer, who has fully settled the financial obligations with a written declaration indicating the full settlement of the obligation.
- ii. The JFP is committed to take measures to release the documents related to the property that is subject to collateral of a credit facility to the financial consumer within seven (07) working days from the date of full settlement of the obligation.

3.3. COMPLAINT HANDLING AND REDRESS MECHANISM

The JFP recognizes the importance of addressing customer grievances promptly and ensuring their satisfaction while maintaining compliance with regulatory requirements.

The “Customer Complaint Handling Procedure” of the JFP, outline the appropriate mechanism to receive, resolve with fair redress, compensation, and respond to individual grievances, and complaints of the financial consumers, including retention of such records. This specific document is published in the website of the JFP.

The JFP has formed a specific Customer Complaint Handling Unit, independent from business units, which is supervised by a KMP.

The Integrated Risk Management Department of JFP shall analyze all customer complaints and present them to the BIRMC at its meetings, which are conducted every two months.

3.4. PROTECTION OF FINANCIAL CONSUMERS’ ASSETS AND INFORMATION

3.4.1. Financial Assets Protection

The JFP recognizes its fiduciary duty to protect consumers from financial losses due to frauds, unauthorized access, misuse of information, and other risks that could compromise their financial well-being or personal privacy, unless proved that the loss occurred due to financial consumer’s negligence and fraudulent behaviour. The company is dedicated to creating continuous awareness of fraudulent practices, educating financial consumers about their responsibilities, and outlining measures to safeguard against such threats.

The company is committed to take disciplinary actions, against any employee involved in a fraud, misappropriation, and misuse of financial consumer's assets, report to the respective regulatory departments of the CBSL.

3.4.2. Information Protection

The JFP is committed to;

- i. Collect financial consumer's personal information within the limits of any law, regulations, direction, or guideline, only using lawful and fair means, and only for specified, explicit, and legitimate purposes, while in compliance with data privacy, and confidentiality requirements.
- ii. Implement robust security and control measures to protect financial consumers' personal information, retaining such information for minimum of six (6) years after the termination or expiration of a contract, unless otherwise mandated by law.
- iii. Restrict sharing of financial consumers' personal information with third parties, except with the consumer's explicit consent or as legally required.
- iv. Retain key information, contractual documents, and transaction history for a minimum of six (6) years after contract termination or expiration.
- v. Retain all source documents related to transactions for a minimum of six (6) years from the transaction date, unless specified otherwise by applicable laws

Moreover, the JFP is committed to refrain from sharing financial consumer's information with a third party for any purposes, unless;

- I. The information is being disclosed for the purpose for which it was originally collected, provided that it was reasonably apparent to, or would be reasonably expected by, the financial consumer.
- II. With the informed consent of the financial consumer.
- III. As otherwise required or permitted by these Regulations, a court of law or any other written law.

4. Financial Consumer Protection Framework Review

This document and related policy documents should be reviewed and revised regularly (minimum annually), to reflect changes in business environment, products and services offered.