



DIGITAL ALTERNATIVE LENDING ASSOCIATION  
SRI LANKA

CODE OF CONDUCT

OCTOBER 2022

## 1 Introduction

- The DALA Code of Conduct is an important milestone for Sri Lanka's on-line lending services industry as it provides a self regulatory platform for its members.
- Recognising the need for the industry to take action to improve itself, DALA members have worked together to develop a code of conduct that promotes good conduct and a strong customer focused culture. The Code of Conduct supports existing law and regulations, bringing self-regulation to the industry.
- This Code of Conduct demonstrates the commitment of DALA members to continuously improving conduct, culture and consumer outcomes for the benefit of Sri Lankans and the Sri Lankan economy.

## 2 Purpose Statement

To ensure that the members conduct their business ethically, honestly and in full compliance with the laws of the country, thereby fostering sound business practices, harmony among the members, favourable relationships with the relevant Authorities and maintaining the integrity and the trust of the digital lending business in Sri Lanka.

## 3 Application of the Code

- All members of DALA must comply with this code and will sign a copy of the Code which will be retained by the President of DALA.
- Members must act in a way to maintain and enhance the positive image of the industry
- Members must take reasonable endeavours to ensure that employees and agents are aware of, and comply with, codes of conduct and standards
- This code is not intended to create legal or other rights between any person other than the Association and its Members. This code is intended to complement existing Sri Lankan law and is not intended to replace it in any way. In the event of any conflict or inconsistency between Sri Lankan law and this code, the law shall take precedence. Members are expected to comply with Sri Lankan law and maintain a high standard of risk and compliance practice.
- This code will operate in conjunction with, and complement, industry codes and standards. The code standards apply as they relate to each DALA Member's business model. Members are responsible for their own actions and compliance with statutory and relevant contractual obligations.

## 4 Membership

- Any organization registered in Sri Lanka and providing on-line lending to individuals resident in the country is eligible to apply for membership
- Such prospective members must complete the 'Membership Application' form and forward to the President of the Association
- The Executive Council (EC) will consider and approve a new membership application based on the recommendation of the President
- EC will decide on the registration fee from time to time which will be communicated to the prospective member in advance
- Member contributions will be variable and made quarterly in advance based on a forecast provided by the President. All members will share the cost equally.
- Each member will have one vote at a general meeting
- Members are entitled to display the logo of the Association in their web site, stationery and any marketing collateral as specified by the Association's Rules.
- Members shall permit the display of their name & logo in the DALA website.
- Members shall provide business & market statistics to DALA every six (6) months to ensure the validity of the industry database.

## 5 The Executive Council

- The Executive Council will be tasked with providing guidance to the President and the Management Committee
- The minimum number of EC members will be 3 and the maximum shall be 9.
- Not every member has the automatic right to a seat in the Executive Council.
- The EC will choose one of its members as the Chairman for a period of one year. If willing, he / she may be appointed for another year with the approval of the general assembly. However, the maximum period a person can hold office consecutively as a Chairman shall be 2 years.
- All EC members will be re-elected every year at the AGM. The EC can make temporary appointments which has to be ratified at the following AGM.
- EC members must record a presence of at least 50% at the EC meetings (physical or virtual) to be eligible for re-election at the ensuing AGM.

## 6 Standards of Business Conduct

- Members must carry out their business professionally, with due care, competence and skill, and act with integrity. They must behave in a way that promotes public confidence in the Online lending services industry.

- Members must at all times adhere to the applicable laws of the country and allow the Association to carry out a review once per annum or as deemed necessary by the Secretariat.
- Members must communicate with customers clearly and effectively especially regarding interest, fees, charges and other relevant terms.
- Members shall not lend to any persons below 18 years of age
- Members must make reasonable efforts to ensure that customers are provided with sufficient information to enable them to make informed decisions about product and services and maintain proof of such communication.
- Members must seek and respond to customer feedback.
- Members must provide employees and distribution channel personnel with appropriate training.
- Members must maintain appropriate internal processes for explaining the risks to a customer of replacing or retaining an existing product or service.
- Members must manage conflicts of interest fairly and in a way that promotes good customer outcomes.
- Members must at all times treat customers fairly.
- If the Debt collection is outsourced, the member shall conduct training, review practices of the Debt Collector and conduct regular checks to ensure that the ethics and the reputation of the industry is maintained.

## 7 Industry Ethics

- Members shall not poach employees of another DALA member without the express permission of the current employer. Any dispute in this process shall be brought to the notice of the Executive Council through the President of DALA.
- No member shall solicit customers of other members knowingly.
- It is expected that the members will ensure responsible marketing communication practices. Any information disseminated to the public through any form of advertising shall not be offensive or misleading.
- Confidential matters discussed at the Executive Council shall not be disclosed to the staff or any third party unless express permission is granted for the dissemination of such information.
- All members must sign a statutory compliance form each year as provided by the Association.
- No member shall adopt strategies to harass customers. If collection is outsourced, proper mechanism should be in place to monitor the procedure.
- Members are expected to cooperate and support initiatives taken by DALA to promote the unity among the membership and market the industry.
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## 8 Breach of the Code

- The Executive Committee on the recommendation of the President of DALA shall conduct any investigation in to any serious violation of the Code of Conduct.
  - Where a potential material breach of a Code Standard is identified, DALA will work to help the member minimise the risk of harm to customers and the risk of damage to the reputation of the online lending services industry.
  - There will be a thorough process by the Association to review and assess potential breaches. The process may include an independent Disciplinary Committee if decided by the President of the Association.
  - Where a material breach is found, sanctions may include:
    - A reprimand in writing
    - A reparation order made by the Association
    - A payment towards the DALA's costs of investigating and bringing the disciplinary action
  - Suspension from membership of the DALA or even termination of membership of the DALA depending on the severity of the breach
  - If the member has materially breached a Code Standard, details of the breach may be disclosed to the public and/or the regulator. Details that may be disclosed include the identity of the member, the nature of the breach, any remedial action taken and/or any sanctions imposed.
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