

Vivardhana Microfinance Ltd.

IT Policy - Ver 4.0

Introduction

Vivardhana Microfinance Ltd has been extending Microfinance loans since April 2018. VMFL relies on Information Technology (IT) for conducting its day-to-day operations efficiently. It is, therefore, necessary to formulate this IT Policy to govern its IT and related processes.

Scope

VMFL has been in operations for the last two years. Also, VMFL does not provide any direct interface for its clients to interact/ access its accounting systems. Therefore, to begin with it is proposed to continue with this single integrated policy document addressing the following areas:

1. Acquiring, implementing, and using application software for meeting its operational and reporting requirements;
2. Setting up and managing security of its IT operations and processes;
3. Security perceptions and expectations of the Board;
4. Ensuring disaster recovery and continuity of business operations and
5. Providing email and Internet access to its employees.

Review

This policy will be reviewed at yearly intervals or as and when warranted by changes in the IT/ Business environment and suitable modifications will be made to this policy. As part of this review, as and when considered necessary, one or more of the above areas may be expanded into independent policy documents.

Accordingly, this policy is being periodically reviewed and amended from time to time as per the details given below:

Date	Version	Description of Changes
18 Jun 2018	-	Draft version of IT Policy created.
18 Aug 2018	1.0	Board Approved version of IT Policy.
05 Mar 2020	2.0	Modified to include encryption and restricted display of Aadhaar Number; Provide for annual review of the policy.
27 Mar 2021	3.0	Modified to include section on "Approach to Application Development".
29 Dec 2023	4.0	Policy revamped to include details of software upgrade, and security measures.

Vivardhana Microfinance Ltd.
IT Policy - Ver 4.0

IT Steering Committee

All issues related to the above areas will be monitored and directed by an IT Committee consisting of MD & CEO, one Board Director, Director – IT and Director – Operations. The committee will review the IT related activities of VMFL and provide suitable strategic and policy directions. The committee will also review this policy as indicated above and direct appropriate changes, if any, to be made.

Applicability

This policy is applicable to all full-time, part-time and contract employees as well as to the vendors who provide IT and related services to VMFL. Contents of this policy will, therefore, have to be made to all employees and vendors currently providing services to VMFL.

Goals of IT

VMFL will use IT to achieve the following goals:

1. Leverage IT to deliver enhanced value to business and improve client satisfaction;
2. Optimize IT investments to minimize recurring and capital expenses;
3. Reduce delays in approving and disbursing microfinance loans;
4. Comply with all statutory requirements as well as VMFL's credit policies and
5. Ensure safety and security of all clients' information.

Approach to IT

In all its IT implementations, VMFL will adopt the following approach:

1. VMFL will automate all its internal operations to the extent possible.
2. VMFL will try to achieve a paperless green office.
3. As far as possible, VMFL will use open software.
4. Where it is not possible, VMFL will use only legally purchased licensed software.
5. VMFL will use cloud-based services to the extent possible.

Accordingly, VMFL has implemented the following services:

1. For Email services, VMFL has subscribed to Zoho Mail.
2. For Office work, VMFL has purchased a 5-user Office-365 pack.
3. For Microfinance loan operations, VMFL has subscribed to Finabile software of Habile Technologies Pvt. Ltd., running in Amazon AWS based environment.
4. Field operators are provided with Samsung Tablets for accessing the central database for registering new clients and tracking recoveries. For remotely managing these tablets and managing the access to Internet sites, Samsung's Knox Mobile Data Management service is enabled.

Vivardhana Microfinance Ltd.
IT Policy - Ver 4.0

Approach to Core Application Development

Considering the resource constraints, VMFL has consciously avoided developing any software in-house. Consequently, VMFL has been using for its operations “Finabile”, the microfinance business application software provided as a service by Habile. This software service continues to meet VMFL’s core business needs.

However, over the last three years, we have also identified several aspects of the Finabile application, which require improvement/ customization, to enhance its value for our operations. But the associated commercials were not affordable and so we had to put these software modifications on hold.

Meanwhile, we also explored the feasibility of partnering with a suitable software developer to set up and modify the core “**Micro Finance Open Source**” (**Mifos**) Open-Source software (on which Finabile is based) as per requirements. However, our efforts were not successful. In the meantime, Habile themselves redesigned their software with important additional features and made an attractive upgrade offer to us. We have therefore negotiated and accepted their offer.

The redesigned software application will preserve the existing user Finabile User Interface and will include the following important enhancements:

1. Support for the NPA related requirements stipulated by RBI.
2. Rule Engine for screening and credit scoring applicants based on rules set by VMFL.
3. Support for online downloading of credit-related data of clients from Equifax.
4. Support for online KYC verification of clients using CKYC and Aadhaar.

This approach is in tune with our IT goal of “Optimizing IT investments to minimize recurring and capital expenses”. It will also help in improving our loan monitoring and follow-up capabilities.

Email and Internet

Email and Internet facilities will be used for all internal communications as well as with all external agencies. However, availability of email and internet facilities to individual employees will not be automatic and will be only at the discretion of the management.

VMFL is using Zoho Email facility for its official purposes and for the present Director - IT will manage the Email service.

Security

Finabile Application:

VMFL will permit only role-based access to its employees for all its services and applications. Permitted employees will have just enough rights to perform their work. Administrator rights will be only with Director – IT. Subsequently as and when additional

Vivardhana Microfinance Ltd.

IT Policy - Ver 4.0

IT staff are inducted, if considered necessary, the rights could be delegated to one or more staff members.

Finabile application will be set up to enforce the following rules:

1. Every user must change his/ her password once every 30 days.
2. The password chosen by a user should be at least 6 characters long and include at least one lower case letter, one upper case letter and one digit.
3. Users will be automatically logged out of Finabile after 5 minutes of inactivity.

VMFL will ensure that user IDs and permissions granted to an employee are disabled as soon as the employee resigns or is terminated.

Finabile, the core financial application, is being maintained by Habile Technologies Private Limited, the software vendor. They will be provided with a separate user ID, which will be used by them for all their support activities. They will make changes to the software and associated systems only with the approval of VMFL's Director – IT. They will first make available all software changes and enhancements in the Test environment and VMFL will be responsible for testing the same and authorizing their movement to production.

Finabile application system captures Aadhaar number of the borrowers and nominees. Hence, it should be ensured that all Aadhaar numbers are encrypted and stored. Only the officials of VMFL authorized by the MD will be able to view the full encrypted Aadhaar number through a specific menu option. This option will not be available for any other user. For all these users only the last four digits of the Aadhaar number will be displayed and all other digits will be masked. (For example, an Aadhaar number like 1234 5678 9012 will be displayed to all users only as xxxx xxxx 9012.)

Access to both production and test databases as well as to Mail server will be only through secure encrypted (HTTPS) connections.

Email Security:

Zoho Email service will be configured to enforce the following rules:

1. Every user must change his/ her password once every 30 days.
2. The password chosen by a user should be at least 6 characters long and include at least one lower case letter, one upper case letter, one special character, and one digit.

VMFL will ensure that the email ID and permissions granted to an employee is disabled as soon as the employee resigns or is terminated.

No user should use the VMFL provided email ID for sending and receiving personal emails . It should be used only for the VMFL's business-related purposes.

Internet Access:

Vivardhana Microfinance Ltd.

IT Policy - Ver 4.0

VMFL employees will be provided with Internet access, if it is required for their official work. When Internet access is permitted by VMFL, employees should adhere to the following:

1. They should not use it for personal purposes.
2. They should not download and install any unauthorized software.
3. They should not download any unauthorized/ illegal material.
4. They should not upload or share any material/ information related to VMFL without the permission of the Management.

RBI Alerts:

VMFL is using Finable software on a SaaS model and so Habile Technologies is responsible for patching the operating systems and associated system software. Therefore, VMFL will share with Habile Technologies the Alerts and Security Advisories circulated by RBI from time-to-time for necessary action.

Business Continuity and Disaster Recovery

Habile Technologies Private Limited will ensure that daily backup of Finable database and other related datafiles and application programs are taken and preserved. They will be responsible for restoring the backups to the production system, as and when required, with the prior approval of VMFL.

VMFL will receive a backup copy of the database every day. This will be restored to a local database and checked for data consistency and accuracy.

VMFL's Mail System Administrator should ensure that all Zoho Mailboxes of all VMFL users are backed up at least once in 45 days.

Systems and Security Audits

VMFL will ensure that a systems audit of the Finable software and related applications is conducted at least once in a year. The audit will also include Vulnerability Assessment and Penetration Testing of the applications.