

# GRC BULLETIN

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## RBI

Key Facts Statement (KFS) for loans & advances

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# CORPORATE LAWS

## Authority

Reserve Bank of India

## Circular Date

April 15, 2024

## Circular Number

RBI/2024-25/18  
DOR.STR.REC.13/13.0  
3.00/2024-25

## Effective Date

April 15, 2024

# RBI – KEY FACTS STATEMENT (KFS) FOR LOANS & ADVANCES

### *Applicability:*

*Applicable to all commercial banks (including small finance banks, local area banks, and regional rural banks), primary (urban) co-operative banks, state co-operative banks, central co-operative banks, and non-banking financial companies (including housing finance companies).*

The Reserve Bank of India (RBI) has announced the harmonization of instructions for disclosing key facts related to loans offered by various regulated entities. This aims to enhance transparency and empower borrowers to make informed financial decisions.

- The circular defines key terms such as Key Facts, Key Facts Statement (KFS), Annual Percentage Rate (APR), and Equated Periodic Instalment (EPI) to ensure clarity and consistency in loan documentation.
- Regulated entities are mandated to provide a KFS to prospective borrowers in a standardized format, written in a language understood by the borrowers. The contents of the KFS must be explained to the borrower, and acknowledgment of understanding must be obtained.
- The KFS must have a validity period of at least three working days for loans with a tenor of seven days or more, and one working day for loans with a tenor of less than seven days. This allows borrowers sufficient time to review and agree to the loan terms.
- The KFS must include a computation sheet of the APR and the amortization schedule of the loan over its tenor. This ensures transparency regarding the total cost of credit and repayment schedule.
- Charges recovered by regulated entities on behalf of third-party service providers, such as insurance or legal charges, must be included in the APR and disclosed separately. Receipts and related documents for such charges must be provided to the borrower.
- Any fees or charges not mentioned in the KFS cannot be imposed on the borrower without explicit consent.
- The KFS must be included as a summary box in the loan agreement for easy reference.



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- Credit card receivables are exempted from the provisions of the circular.
- Regulated entities must implement these guidelines for all new retail and MSME term loans sanctioned on or after October 1, 2024. During the interim period, relevant provisions of existing guidelines shall remain applicable.

**SOURCE:** [Click Here for more details](#)



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