

CREDIT CARD POLICY

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Retail Banking Group

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Chapter-1: Introduction

Credit card is a plastic card (including other forms and factors) or payment instrument with a pre-set credit limit that allows cardholders to borrow funds (based on the cardholder's accrued debt) to pay for goods and services of merchants that accept cards for payment. Credit cards impose the condition that cardholders pay back the borrowed money, plus any applicable interest, as well as any additional agreed-upon charges, either in full by the billing date or over the period of time.

This document encompasses detailed guidelines on Credit card Product, Target Customer segments, Sourcing channels, Credit underwriting norms, Collection & Recovery management, NPA management, Risk management, Branding & Marketing of the product & Customer Servicing.

The review of Credit card operations will be conducted by the Audit Committee of the Board on half-yearly basis, it shall include, inter-alia, customer service, frauds, complaints and grievance redressal, card usage analysis including cards not used for long durations and the inherent risks therein.

The Bank will abide by all the guidelines, directives, instructions and advices of RBI as may be in force from time to time. The guidelines in this document should be read in conjunction with these guidelines, directives, instructions and advices. The Bank will adopt best Banking practice so long as such practice does not conflict with or violate any regulatory, statutory, legal or card franchisee's regulations.

In case of any contradiction between any of the guidelines in this Credit Card Policy with that of RBI, guidelines issued by RBI will prevail.

This document is the property of the Bank. It contains information that is internal to the Bank and is of competitive value and sensitive in nature. All employees must treat its contents as confidential to the Bank and keep it secure.

Chapter-2: Product Objective & Definitions

Product Objective

- To add value in the Bank's product portfolio and increase the fee based income, interest income & miscellaneous income of the Bank.

Definitions

The terms related to Credit Card herein shall bear the meanings assigned as below:

- **Add-on Credit Card** means a supplementary credit card to the principal or primary credit card, issued to person/s with predefined relationship with the primary cardholder, within the credit limits and liability of the latter, subject to such terms and conditions as stipulated by the Bank.
- **Annual Percentage Rate** is the annual cost of credit to the cardholder which includes interest rate and all other charges associated with the credit card under different scenarios based on card features.
- **Billing Cycle/Billing Period** is the regular length of time between closing dates of two consecutive bills raised by the Bank.
- **Business Credit Cards** are issued to business entities/individuals for the purpose of business expenses with specified terms and conditions and not for personal use.
- **Cardholders** – A person to whom a card is issued or one who is authorized to use an issued card.
- **Card-issuers** - Banks which issue debit or credit cards and Non-Banking Financial Company (NBFC) which have been permitted by RBI to issue credit cards in India.
- **Card Loyalty/Reward Programme/s** are those schemes linked to a credit card whereby the Bank or associated merchant establishments, upon use of the card/s, offer digital coupons, points, discounts, cash backs or other benefits having monetary value that can be used/redeemed for the same transactions or other future transactions after accumulation.
- **Co-branded Card** is a card that is issued jointly by a Bank and a co-branding entity bearing the names of both the partnering entities.

- **Convenience Fee** is a fixed or pro-rata charge on use of credit cards as one of the alternative forms of payment which is not ordinarily accepted vis-à-vis other forms of payment.
- **Corporate Credit Card** is a credit card that is issued to specific employee/s of a corporate employer wherein the liability could rest with the corporate entity or the employee or jointly on both, as per the product design features.
- **Counterfeit Card** is fictitious, altered, forged or unlawfully obtained issuer's card account information.
- **Credit Limit** is the maximum amount of revolving credit determined and notified to the cardholder to transact in the credit card account.
- **Form Factor** is the physical or virtual instrument that can be used in place of a card to undertake a payment/Banking transaction.
- **FinTech** is a combination of the terms "financial" and "technology," refers to businesses that use technology to enhance or automate financial services and processes.
- **Interest-Free Credit Period** is the time period from the date of transaction to the due date of payment, wherein interest free payment can be made, subject to the payment of entire outstanding on or before the payment due date by the cardholder.
- **Minimum Amount Due** is the minimum amount of money, as a part of the total bill amount, that a cardholder has to pay to not be treated as an overdue bill.
- **Most Important Terms and Conditions (MITC)** are the standard set of conditions for the issuance and usage of credit cards, thereby defining the responsibilities and liabilities of the Bank and the cardholder.
- **Payment System Operator** is an authorized party that undertakes the operation of payment systems. They provide services and deal in payment and settlement-related activities.
- **Payment Aggregator** acts as a third party responsible for managing and processing digital transactions. A payment aggregator facilitates payments from consumers to merchants, be it by credit card, debit card, bank transfer, e-wallet or stored value account, without requiring merchants to go to a bank.

- **Replacement of Credit Card** includes issuance of a new card in place of an existing card in lieu of the change in the underlying account relationship, up gradation due to new technology or systems or re-issuance of cards that have been lost, blocked or suspended temporarily, but does not include the opening of a new account after a previous account was closed.
- **Storefront or Shopfront** is the facade or entryway of a retail store located on the ground floor or street level of a commercial building, typically including one or more display windows. A storefront functions to attract visual attention to a business and its merchandise.
- **Surcharge** is a fee, levied by a merchant for purchases made by customer with a credit card.
- **Tokenisation** refers to replacement of actual card details with an alternate code called the “token”, which shall be unique for a combination of card, token requestor and device.
- **Unsolicited Credit Card** is a credit card issued without a specific written/digital request.
- **Upgradation of Credit Card** means enhancement in the benefits and features of credit cards issued, for example, an increase in the credit or cash limit of the card.

Chapter-3: Sourcing Channel

Bank may use following sourcing channels for acquisition of customers for IDBI Bank Credit Cards-

3.1 Direct Sourcing Channels:

Direct channels for sourcing the credit card customers primarily include IDBI Bank Branch networks, Customer self-sourcing and Direct response advertising.

3.2 Indirect Sourcing Channels:

Indirect channels of sourcing may include Co-branding arrangements, Direct Sales/Marketing Agents (DSAs/DMAAs), Market Place, Tele-marketing etc.

3.2.1 Co-branding Arrangements:

Bank may partner with business corporations to issue co-branded cards .Guidelines for issuance of co-branding Credit Cards as advised by RBI in Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022 are as follows:

- i. The co-branding partner shall not advertise the co-branded card as its own product and it shall explicitly indicate that the card has been issued under a co-branding arrangement. In all advertising material, IDBI Bank’s name shall be clearly shown & the co-branded card shall prominently bear the branding of the Bank.
- ii. The co-branding arrangement shall specifically address issues pertaining to various risks, including reputation risk associated with such an arrangement and put in place suitable risk mitigation measures. Further, the information relating to revenue sharing between the Bank and the co-branding partner entity shall be indicated to the cardholder and also displayed on the website of the Bank.
- iii. Bank shall carry out due diligence in respect of the co-branding partner entity to protect themselves against the reputation risk they are exposed to in such an arrangement. Bank shall ensure that in cases where the proposed co-branding partner is a financial entity, it has obtained necessary approvals from its regulator for entering into the co-branding arrangement.

- iv. Guidelines on ‘Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks’, as amended from time to time to be adhered and ensure that the co-branding partner shall deliver - cash backs, discounts and other offers as advertised, to the cardholder on time.
- v. The role of the co-branding partner entity shall be limited to marketing/distribution of the cards and providing access to the cardholder for the goods/services offered.
- vi. The co-branding partner shall not have access to the information relating to transactions undertaken through the co-branded card. The co-branding partner shall be the initial point of contact in case of grievances.
- vii. If any NBFCs, desire to enter into a co-branding arrangement with Bank, Guidelines on Master Directions applicable to NBFCs shall be applicable.

3.2.2 Direct Sales/Marketing Agents/Tele-marketing companies:

DSA / DMA and other agents/companies are independent salespeople who source through the network they create. They work directly with consumers, selling the product and finding each customer personally. The decision-making power for issue of credit card to a customer shall remain only with the Bank and the role of the DSA / DMA and other agents shall remain limited to sourcing the credit card.

Telemarketers are required to comply with directions/regulations on the subject issued by the Telecom Regulatory Authority of India (TRAI) from time to time while adhering to guidelines issued on “Unsolicited Commercial Communications – National Customer Preference Register (NCPR)”.

3.2.3 Market Place:

Marketplace is the financial equivalent of an online retail platform. These online retail platforms are digital shopfronts. Bank may partner with different service providers to source credit card through online mode.

Chapter-4: Conduct of Credit Card Business

4.1 Interest rates and other charges

- The Bank will charge interest in accordance with the RBI and internal guidelines issued from time to time. The exact pricing/ interest rates and other charges will be decided by Asset-Liability Committee (ALCO) and shall be publicize through Banks website and other means with all transparency.
- Interest should be charged on the basis of “Annualized Percentage Rates (APR)” for different situations such as retail purchases, balance transfer, cash advances, nonpayment of minimum amount due, late payment etc.
- The terms and conditions for payment of credit card dues, including the minimum amount due, shall be stipulated so as to ensure there is no negative amortization. The unpaid charges/levies/taxes shall not be capitalized for charging/compounding of interest.
- Cardholders shall be informed regarding the implications of paying only ‘the minimum amount due’. A legend/warning to the effect that “Making only the minimum payment every month would result in the repayment stretching over months/years with consequential compounded interest payment on your outstanding balance" shall be prominently displayed in all the billing statements to caution the cardholders about the pitfalls in paying only the minimum amount due.
- The MITC shall specifically explain that the ‘interest-free credit period’ is suspended if any balance of the previous month’s bill is outstanding.
- Bank shall report a credit card account as 'past due' to credit information companies (CICs) or levy penal charges viz. late payment charges and other related charges if any, only when a credit card account remains 'past due' for more than three days.
- Changes in charges shall be made only with prospective effect giving prior notice of at least one month.
- Waiver of interest, fees and any other charges should be permitted only in exceptional circumstances and with the approval of the delegated authority.

4.2 Billing

- There should be no delay in sending/dispatching/emailing bills/statements so that customer has sufficient number of days (at least one fortnight) for making payment before the interest starts getting charged.
- In case, a cardholder protests any bill, Bank shall provide explanation and wherever applicable, documentary evidence shall be provided to the cardholder within a maximum period of 30 days from the date of complaint.
- No charges shall be levied on transactions disputed as 'fraud' by the cardholder until the dispute is resolved.
- In order to provide flexibility in billing cycle, cardholders shall be provided a one-time option to modify the billing cycle of the credit card as per their convenience.
- Any credit amount arising out of refund/failed/reversed transactions or similar transactions before the due date of payment for which payment has not been made by the cardholder, shall be immediately adjusted against the 'payment due' and notified to the cardholder.
- To adjust credit amount beyond a cut-off, one percent of the credit limit or ₹5000, whichever is lower, arising out of refund/failed/reversed transactions or similar transactions against the credit limit for which payment has already been made, cardholder consent should be obtained. The consent shall be obtained through e-mail or SMS within seven days of the credit transaction. Bank shall reverse the credit transaction to the cardholder's Bank account, if no consent/response is received from the cardholder. Notwithstanding the cut-off, if a cardholder makes a request to the Bank for reversal of the credit balance in the card account into his/her bank account, the Bank shall do it within three working days from the receipt of such request.

4.3 Reporting to Credit Information Companies

- For providing information relating to credit history/repayment record of the cardholder to a Credit Information Company (that has obtained Certificate of Registration from RBI), the Bank shall explicitly bring to the notice of the customer that such information is being provided in terms of the Credit

Information Companies (Regulation) Act, 2005.

- Before reporting default status of a credit cardholder to a Credit Information Company, a seven day notice period shall be issued to such cardholder about the intention to report him/her as defaulter to the Credit Information Company. In the event the customer settles his/her dues after having been reported as defaulter, the Bank shall update the status within 30 days from the date of settlement. The disclosure/release of information, particularly about the default, shall be made only after the dispute is settled.
- Credit relating information of new credit card account shall not be report to Credit Information Companies prior to activation of the card. Any credit information relating to such inactivated credit cards already reported to Credit Information Companies shall be withdrawn immediately; under no circumstances it shall take more than 30 days from the effective date of these directions

4.4 Bank Employees/ Agencies /Agents Conduct

- Bank agencies/agents for debt collection shall refrain from actions that could damage Bank's integrity and reputation and observe strict customer confidentiality. All communications issued by recovery agents must contain the name, email-id, telephone number and address of the concerned senior officer of the Bank whom the customer can contact. Also the name and contact details of the recovery agent shall be provided to the cardholder immediately upon assigning the agent to the cardholder.
- During the appointment of outsource agencies for various credit card related operations activity, quality of the customer service and confidentiality of the customer's records, privacy should be maintained.
- Random checks and mystery shopping to be conducted to ensure that agents have been properly briefed and trained as to how to handle customers and are also aware of their responsibilities, particularly with regard to soliciting customers, hours for calling, privacy of customer information, conveying the correct terms and conditions of the product on offer.
- Bank employees/agents are restricted to indulge in mis-selling of credit cards by providing incomplete or incorrect information to the customers, prior to the

issuance of a credit card. Any complaint received in this regard against any employee/agent shall be taken on record and appropriate action shall be initiated against them including blacklisting of such agents. A dedicated helpline and email-id shall be available for the cardholders to raise complaints. Code of Conduct as mentioned in Retail Collection Process Manual shall be applicable for engagement of collection agency/agents.

- The disclosure of customers' information to the DSAs/DMA/recovery agents shall be limited to the extent that will enable them to discharge their duties. Personal information provided by the cardholder but not required for recovery purposes shall not be released. Bank shall ensure that the DSAs/DMA/recovery agents do not transfer or misuse any customer information during marketing of credit card products.

4.5 Credit Card Issuance to Foreign Nationals:

- Though, there is no bar on issue of credit cards to Foreign Nationals residing in India provided the dues are cleared out of repatriable funds, it may not be advisable to issue credit cards to tourists or any other foreign nationals visiting India for a short period for obvious reasons. With introduction of Foreign Exchange Management Act (FEMA), 1999 the accounts opened by foreign nationals who are resident in India are treated as resident accounts. Such accounts are at par with other resident rupee accounts. In view of the above, Bank may consider issuing Credit card on the basis of merits of each case, after assessing the credit risk.

4.6 Credit Card Issuance to NRI / POI:

- Applicant should be an Indian Passport holder. The applicant should give an undertaking to the Bank that if he/ she ceases to be an Indian Passport holder, he/she will surrender the card to the Bank without fail.
- The applicant should maintain an NRE/ NRO account with our Bank. The Settlement of Credit Card dues and charges should be to the debit of NRE/ NRO account. The Settlement of credit card dues to the debit of NRO rupee account /NRE accounts to the extent of card limit for use of credit cards issued by Banks in India is subject to the conditions for use of the international credit cards by

residents. Besides giving their overseas address, local address in India should necessarily be provided.

4.7 Reward Program:

- All IDBI Credit Cards will be eligible for reward points/vouchers/cashback as per the structure defined by the Bank from time to time.

4.8 Issue of unsolicited facilities

Unsolicited loans or other credit facilities shall not be offered to the credit cardholders without seeking explicit consent. Explicit consent of the card holders shall invariably be taken whenever there is any change in terms and conditions.

4.9 Types of credit cards

- Issuance of credit cards to individuals for personal use together with add-on cards wherever required.
- Issuance of cards linked to overdraft accounts that are in the nature of personal loans without any end-use restrictions subject to the conditions as stipulated in the overdraft account.
- Issuance of business credit cards to business entities/individuals for business expenses. The business credit cards may also be issued as charge cards, corporate credit cards or by linking a credit facility such as overdraft/cash credit provided for business purpose as per the terms and conditions stipulated for the facility concerned. Corporate credit cards can be issued together with add-on cards wherever required.
- The liability of the corporate/business entity on account of business cards shall form part of their total assessed credits for compliance to instructions issued by the Reserve Bank on Exposure Norms as well as Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.
- The add-on cards shall be issued only to the persons specifically identified by the principal cardholder under both personal and business credit card categories. Add-on cards shall be issued with the clear understanding that the liability will be that of the principal cardholder. Similarly, while issuing corporate credit cards, the responsibilities and liabilities of the corporate and its

employees shall be clearly specified. The liability of the corporate/business entity shall form part of its assessed credits.

4.10 Closure of Credit Card

- Any request for closure of a credit card shall be honored within seven working days, subject to payment of all dues by the cardholder. Subsequent to the closure of credit card, the cardholder shall be immediately notified about the closure through email, SMS, etc. Cardholders shall be provided option to submit request for closure of credit card account through multiple channels such as helpline, dedicated email-id, Interactive Voice Response (IVR), prominently visible link on the website, internet Banking, mobile-app or any other mode. Failure to complete the process of closure within seven working days shall result in a penalty of ₹500 per day of delay payable to the customer, till the closure of the account provided there is no outstanding in the account.
- If a credit card has not been used for a period of more than one year, the process to close the card shall be initiated after intimating the cardholder. If no reply is received from the cardholder within a period of 30 days, the card account shall be closed, subject to payment of all dues by the cardholder. The information regarding the closure of card account shall also accordingly be updated with the Credit Information Company/ies within a period of 30 days. Subsequent to closure of credit card account, any credit balance available in credit card accounts shall be transferred to the cardholder's Bank account.
- In case card holder submits the request for surrender/cancellation to Branch, after the settlement of all dues, the card shall be cancelled and destroyed safely.

4.11 Compensation for failed transactions using authorized payment systems -
According to compensation policy of Bank.

Chapter-5: Credit Underwriting

A prudent credit underwriting standards shall be maintained at all times so that the credit card portfolios can withstand the effect of economic downturns when undesirable trends in lending such as the edging up of delinquency are more likely to take place over and above mitigating other related credit & fraud risks. Bank will arrive at a maximum credit limit for each applicant to control his/her total unsecured credit exposure. The amount of credit limit will be based on the credit profile of the cardholder and his/her stable monthly income.

The Bank shall strictly follow the below mentioned guidelines:

- All credit appraisal (physical or digital) would be subject to necessary due diligence for ensuring consistency in quality & adopting uniform credit standards. While issuing credit cards, credit risk & independent financial means of applicant should be assessed.
- Credit limit for a customer shall be assessed taking into consideration all the limits enjoyed by the cardholder from other entities on the basis of self-declaration/credit information obtained from a Credit Information Company, as appropriate.
- There shall transparency in the conversion of credit card transactions to Equated Monthly Instalments (EMIs) by clearly indicating the principal, interest and upfront discount (to make it no cost), prior to the conversion. The same shall also be separately indicated in the credit card bill/statement. EMI conversion with interest component shall not be camouflaged as zero-interest/no-cost EMI.
- Loans offered through credit cards shall be in compliance with the instructions on loans and advances issued by the Reserve Bank from time to time.
- Credit limit as sanctioned and advised to the cardholder is not breached at any point in time without seeking explicit consent from the cardholder.
- Credit Information Reports (CIR) of the borrower from CIBIL or other agencies, shall be generated and examined that there is no adverse information about the borrower in the reports drawn.
- Scrutiny of past credit history of prospective customer shall be carried out diligently. Examination of the credentials of the customer also helps in ensuring

compliance with the guidelines on KYC and AML under Prevention of Money Laundering Act.

- Bank shall study, analyze the financial position of the borrower, assess the need based requirement of credit facilities, and capability of the borrower to service the dues up to the Limit Sanctioned.
- Credit Card facility is extended by the Bank for genuine Day to day use. The Bank does not lend money for speculative purposes and / or for any unlawful activity.
- Any deviations from the norms stipulated in the Credit Card product paper must be clearly recorded in the Credit Underwriting along with proper justifications and shall be approved by the appropriate authority as per Delegation of Powers (DOP) mentioned in Master Circular on Credit Cards.

5.1 Timeline for Issuance of Credit Card

Post submission of all required documents and adherence of Bank guidelines the total turnaround time for issuance of Credit Card is 12 days

Chapter-6: Collection and Recovery Management

With the consumer debt constantly increasing at a faster pace, it is of paramount importance for the Bank to get customers pay their credit card dues in a predictable and timely manner. Maintaining a healthy asset quality of the credit card portfolio and minimizing Non-Performing Asset (NPA), provisions & write-offs are the enablers to keep delinquency and customer attrition at a minimal level. A well-defined and implemented 'collection and recovery' strategy can help in greater recovery, lower losses and boost in profit margins.

6.1 Receivables from customers

The maximum credit limits offered through IDBI Bank Credit Card is Rs.10 lakh. Bank offers a free credit period (currently maximum 48 days) depending on the customer's billing cycle and product feature. The credit card customer may exercise the option to pay TAD (Total Amount Due) or MAD (Minimum Amount Due) on or before the payment due date indicated in the statement. Bank shall inform the cardholders of the implications of paying only 'the minimum amount due'.

6.2 Modes of Repayment:

On receipt of the statement, the credit card customer can make the payment to IDBI Bank towards his dues by way of - Cheque payment, Demand Draft payment, Cash payment, Auto Debit payment, RTGS payment, NEFT payment, I-Net payment or any other medium which the Bank may devise from time to time. The customer may make the payment for TAD (Total Amount Due) or MAD (Minimum Amount Due) on or before the payment due date as indicated in the statement.

6.3 Delinquency:

Credit Card customer is classified as delinquent when he fails to make the payment of minimum amount due by the due date.

The bucket wise Special Mention Account (SMA) delinquency is as follows:

- **SMA-0 { <=30 DPD}**
- **SMA-1 { > 30 <= 60 DPD}**
- **SMA-2 { >60 <=90 DPD}**

6.4 Process after 90 DPD (Days Past Due)

- a. Credit card will be treated as non-performing asset (NPA) if the minimum amount due, is not paid fully within 90 days from the payment due date as mentioned in the statement.
- b. The Card will be hot listed and Account will be classified as NPA.
- c. At 91 DPD, dunning letter will be sent to customer by Credit Card Team centrally. Dunning means “persistent demand for payment” and is the process of sending written reminder letters to the delinquent customers. Apart from serving the purpose of having sent written correspondence, it is useful in all legal matters where the dunning letters serve as valid proof or evidence.
- d. Branch should arrange for Field Visit through Branch Official or empanelled agency.
- e. All operative accounts (including Term Deposits) of the customer will be lien marked for the due amount and periodic recovery will be initiated till the time outstanding amount is totally recovered. Once the full recovery is done lien will be removed from the accounts.
- f. If customer still fails to pay, Bank shall initiate actions as per the applicable NPA guidelines of the Bank related to unsecured retail credit.

The guidelines related to Empanelment of Recovery/Collection agencies and Processing of One Time Settlement (OTS)/Negotiated Settlement (NS) for Credit Cards are covered through Bank’s NPA Management Policy.

6.5 Collection Methods

The following collection tools/methods may be used based on the circumstances as detailed herein:

- Tele-collections
- Awareness Calling
- Collections Calling
- Dunning (Reminder letters)
- Forced Credit Card degradation/reduction in assigned credit limit/termination

- Special Collection methods - Letter to Employer, Paper Ads / Public Notice, Inclusion of a Clause on reporting to Credit Information Company (CIC).

6.6 Waivers and Settlement

6.6.1 Waivers:

In Credit Card business, there are instances of some customer accounts appearing delinquent with very small amounts, primarily on account of bounced Cheque / ECS charges or penal interest. Due to the high number of low amounts overdue, it may not be practical to collect such amount. Hence, depending on case-to-case basis, waiver of these small amounts may be given in accounts considering cost benefit analysis and customer relationship value. Approving Authority for all such waivers on charges will be as per Bank guidelines on Delegation of Power- (DOP) on Credit Cards.

6.6.2 Right to Set-off:

Where a customer has credit balance in one of his accounts (including accounts in other branches of the Bank) and has defaulted in the payment of IDBI Bank Credit Card, Bank has a right to adjust the credit balance with the credit card due and to arrive at the net sum due.

6.6.3 Legal Action:

Legal action is taken when all normal collection procedures failed. It is generally used as a strategy to bring the customer for discussion to honor his dues.

6.6.4 One Time Settlement (OTS):

The objective of a compromise settlement is to recover maximum dues with minimum expenses to the Bank, in the shortest possible time frame.

Internal approval of all OTS proposals from the competent authority as per the extant Delegation of Power (DOP) is to be obtained. However, OTS process has to be initiated only after prior written approval from Product Head- Credit Cards.

6.6.5 Settlement Payment Terms:

- The entire settlement amount should preferably be paid by way of bullet payment. In exceptional cases, maximum 3 monthly installments may be considered. In case of default in payment of installment OTS may be revoked immediately.
- After approval of proposal, endeavor shall be made to obtain post-dated cheque for OTS amount. In the case of non-suit filed accounts, it shall be ensured that the documents are kept alive by obtaining Letter of Acknowledgement of Debt from borrowers / guarantors.

6.6.6 Compromise Settlement in written off accounts:

OTS approval process of write off credit cards which are closed and transferred in memorandum of books (a dummy ledger created and maintained in soft copy to keep the records of all written off cases). While calculating the sacrifice amount, simple interest at document ROI (rate of interest) may be calculated on principal and interest outstanding from the date of closure of the account till the proposal date of OTS payment or full payment for closure.

6.6.7 Reporting of OTS cases to Credit Bureau:

All compromise settlements in NPA / likely NPA accounts are reported as “Settled” to Credit Bureau in order to update the record in the credit history of the borrower. Compromise settlement in Write off accounts are reported as “Post write off settled” to Credit Bureau.

Chapter-7: Non-Performing Asset Management

Asset Classification and Provisioning of NPA are done by Finance and Accounts department through IRAC (Income Recognition, Asset Classification-A computer based application) in line with RBI guidelines.

7.1 Asset classification & Provision

Bank will classify the Credit Card outstanding into the following broad groups, based on the conditions mentioned herein and accordingly the provisioning have to be made:

[A] Standard Assets-Credit Cards which does not carry more than normal risk attached to the business are classified as Standard Assets. Bank has to make provisioning at **0.40%** on the total Standard Asset outstanding.

[B] Sub-standard Assets- Credit Cards which has remained as NPA for a period less than or equal to 12 months. The Bank has to make provisioning of **25%** of principal outstanding for the Credit Cards falling into Sub-Standard Asset category.

[C] Doubtful Assets - Credit Cards is classified as doubtful, if it has remained in the sub-standard category for 12 months and provisioning to the tune of **100 %** has to be made by the Bank.

[D] Loss Assets -A loss asset should be entirely written off after obtaining necessary approval from the competent authority. In respect of cards where there are potential threats for recovery on account of serious credit impairments like frauds committed by borrowers etc. the outstanding balances should be straightaway classified as doubtful or loss asset as appropriate and 100% provisioning be made.

Asset classification to be borrower-wise and not facility-wise

In respect of a borrower having more than one facility with a bank, all the facilities granted by the bank will have to be treated as NPA and not the particular facility or part thereof which has become irregular/NPA.

Up-gradation of loan accounts classified as NPA

If arrears of interest and principal are paid by the customer in the case of credit card account classified as NPA, the account may be classified as “standard” account.

7.2 Write off

The prudential write off of NPAs is resorted to for accounting purposes in case of Loss and Doubtful assets with 100% provision.

Write off activity is done by two methods:

1. **Account technically written off:** Credit Card accounts will be labeled as “TWOCC” – Technically written off CC Accounts” and will be kept live in system.
2. **Actual Write off:** Credit Card accounts will be labeled as “WROFF” – Written off account” and such credit cards will be closed in the system by reversing the outstanding penal charges, interests, Cheque bouncing charges and Principal amount. All the accounts mentioned above are reported as Written off account to Credit Bureau.

In case any OTS is materialized for these cases, the account will be labeled as “PWOS - Post write off Settled” and accordingly it will be updated in Credit Bureau record.

Amount recovered from write off credit cards needs to be credited in “BAD DEBTS RECOVERED account”.

Skip

A credit card customer is defined as Skip if the customer is absconding from the given residential/ office address and the forwarding address is not available or the same is incorrect and the cases where customer’s residence and the office telephone number is incorrect/ unlisted/untraceable.

The extant process of Retail Collection and Recovery department applicable in case of other Retail Asset products needs to be followed for credit card skip cases as well.

Non-starter

A Non-starter is a customer who defaults in the first billing cycle of his/her credit card itself. The customer becomes non-starter due to any of the following reasons

1. Unaware of the billing cycle and awareness calling has not happened.
2. Unable to fund the account on the cycle date of the month in case of Auto Debit.
3. Deliberate default
4. Skip / Fraud

All the above cases are immediately allocated for field collections. Non-starters are given top priority in collection, as they are likely to become chronic defaulters and could be skips or frauds.

7.3 Reporting of staff accountability

Examination of Staff Accountability in FTNPA (First Time NPA) & NPA Cases will be applicable as per Bank guidelines.

7.4 Death of Credit Card holder

In case death of credit card holder, notice shall be sent to all legal heirs for recovery of the outstanding and closure of the credit card account. Notice will lead to following circumstances:

1. Legal heirs will pay the entire dues and foreclose the deceased card account.
2. Legal heirs do not agree to clear the dues, in such case legal action to be initiated against all legal heirs by way of filing civil suit.

All provisions of Collection & Recovery Management - Chapter 6, shall be followed for recovery and NPA management as per extant NPA Management Group (NMG) policy of the Bank.

Chapter-8: General Guidelines

- Bank shall keep internal records as per Chapter III of Master Circular on KYC & AML, “Record Management- Obligations under Prevention of Money Laundering Act 2002 (PMLA, 2002) as amended from time to time by Bank.
- RBI’s guidelines on Credit Card– Issuance and Conduct shall be strictly adhered.
- The cardholder shall be provided with a record of the transactions after he/she has completed it, in the form of Bank statement/email/SMS.
- Bank shall provide multiple channels to the cardholder to report the loss, theft or unauthorised use of card or PIN, such as - a dedicated helpline, dedicated number for SMS, dedicated e-mail-id, Interactive Voice Response, clearly visible link on the website, internet Banking and mobile-app or any other mode for reporting an unauthorized transaction on 24 x 7 basis and allow the customer to initiate the blocking of the card.
- Any discounts, cashbacks, reward points, loyalty points or any other benefits offered shall be provided in a transparent manner including source of such benefits. The accounting process for the same shall be verifiable in the books.
- In case of an insurance cover provided with a card, the relevant nomination details are recorded by the Insurance Company and the availability of insurance is included, along with other information, in every statement. The information shall also include the details regarding the insurance cover, name/address and telephone number of the Insurance Company which will handle the claims relating to the insurance cover.

Terms and conditions for issue of cards to customers

- A set of contractual terms and conditions shall make available to the cardholders in writing. These terms shall be expressed in clear and simple language (preferably in English, Hindi or the local language) comprehensible to the cardholder.

- MITC shall be highlighted and published/sent separately to the customers, at the acceptance stage (welcome kit) and in important subsequent communications.
- The MITC shall be provided to the customer at the time of onboarding and each time, a condition is modified with notice to the customer.
- The MITC and copy of the agreement signed between the card-issuer and cardholder shall be sent to the registered email address of the cardholder or postal address as per the choice of the customer.
- Bank shall not levy any charge that was not explicitly indicated to the cardholder at the time of issue of the card and without getting his/her explicit consent. However, this shall not be applicable to charges like service taxes which may subsequently be levied by the Government or any other statutory authority. The details of all the charges associated with cards shall be displayed on the Bank website.
- Bank shall provide the MITC to the cardholder and shall contain the following details along with other terms and conditions:
 - (a) Fees and Charges:
 - (b) Drawal Limits
 - (c) Billing
 - (d) Default and Circumstances
 - (e) Termination/Revocation of Card Membership
 - (f) Loss/Theft/Misuse of Card
 - (g) Grievance Redressal and Compensation Framework
 - (h) Disclosure
- Bank shall include all types of charges in the MITC such as joining fees, Annual membership fees, Cash advance fee, Service charges, Interest free (grace) period, finance charges, overdue interest charges, charges in case of default, etc.
- The convenience fee, if any charged on specific transactions, shall be indicated to the cardholder in a transparent manner, prior to the transaction.
- The terms shall clearly specify the time-period for reversal of unsuccessful/failed transactions and the compensation payable for failure to

meet the specified timeline.

- The terms & condition may be altered by Bank after giving 30 days' prior notice to the cardholder to enable him/her to withdraw if he/she so chooses. After the notice period of 30 days, the cardholder would be deemed to have accepted the terms if he/she had not withdrawn during the specified period. The change in terms shall be notified to the cardholder through all the communication channels available.

Compliance with Other Regulations

The issue of cards as a payment mechanism shall also be subject to relevant instructions on cash withdrawal, issue of international card, security issues and risk mitigation measures, card-to-card fund transfers, merchant discount rates structure, failed ATM transactions etc. issued by the Department of Payment and Settlement Systems, Reserve Bank of India under the Payment and Settlement Systems Act, 2007, and the Foreign Exchange Department, Reserve Bank of India under Foreign Exchange Management Act, 1999, as amended from time to time.

Tokenisation of Credit Cards

Tokenisation refers to replacement of actual card details with an alternate code called the “token”, which shall be unique for a combination of card, token requestor (i.e. the entity which accepts request from the customer for tokenisation of a card and passes it on to the card network to issue a corresponding token) and device.

- Tokenization request shall be done only with explicit customer consent through Additional Factor of Authentication (AFA), and not by way of a forced / default / automatic selection of check box, radio button, etc.
- Actual card data, token and other relevant details shall be stored in a secure mode by the token.
- Customers shall have the option to register / de-register their card for a particular use case i.e., contactless, QR code based, in-app payments, etc.

Redressal of grievances

- (a) The name, direct contact number, email-id and postal address of the designated grievance redressal officer of the Bank shall be mentioned on the account

statements. The designated officer shall ensure that grievances of cardholders are redressed promptly without any delay.

- (b) The Grievance Redressal process shall have a provision for automatic escalation of unresolved complaints from a call center/base level to higher authorities. There shall be a system of acknowledging customers' complaints for follow up, such as complaint number/docket number, even if the complaints are received over phone.
- (c) If a complainant does not get satisfactory response from the Bank within a maximum period of one month from the date of lodging the complaint, he/she will have the option to approach the Office of the concerned RBI Ombudsman for redressal of his/her grievance/s.

Confidentiality of customer information

- (a) Any information relating to customers obtained at the time of issuing the card shall not reveal to any other person or organization. Further, in case where the customers give explicit consent for sharing the information with other agencies, Bank shall explicitly state and explain clearly to the customer the full meaning/implications of the disclosure clause. The information sought from customers shall not be of such nature which will violate the provisions of law relating to maintenance of secrecy in the transactions.
- (b) Under a co-branding arrangement, the co-branding entity shall not be permitted to access any details of customer's accounts that may violate the Bank's secrecy obligations.
- (c) In any form of communication with the customer, it is to be ensured that all sensitive information of credit card is always masked.

Lost/stolen cards and non-receipt of issued cards

To protect the card holder's interest and prevent the misuse of card which are lost/stolen, following measures are in place:

- For every transaction, customer receives an SMS on real time basis.
- For mitigating the risk arising out of wrong delivery of credit cards, a suitable clause in the agreement with courier agencies indemnifying the Bank against all such losses will be included. All credit cards being sent in inactive status.

- Comprehensive Insurance policy to cover misuse of credit card in the event of Lost / Stolen / Counterfeit cards to protect customer's interest.

Counterfeit Card / Skimmed Card / Probable Compromise of Card Data

Card networks and other Banks may share instances/ detail of compromised location and cards whose data is suspected to be compromised. Based on the information received, card will be hot listed and customer will be informed accordingly. Also an e-mail will be sent to Branches and Customer Care team for their information.

On-line Transaction monitoring

To identify and contain online transaction risk, it's imperative to have a monitoring system.

Through real time monitoring tool, Enterprise Fraud Risk Management System (EFRMS), Bank can set out rules to take decisions either to accept or decline the customer transactions on real time basis. The system will also generate alert on real time basis. Bank's third party processor will be providing support on 24x7 bases on these alerts.

For real time authorization and risk monitoring of transactions routed through VISA, MasterCard and RuPay they offer their risk monitoring tools which are useful in monitoring all domestic & international POS, E-commerce and ATM transactions performed on VISA / MasterCard cards. The system will highlight cases such as: any spurt in authorization activities from a particular merchant, authorization requests from hot listed (Lost, Stolen) cards, multiple transactions from one card within a short duration, split transactions and multiple swipes, transactions above threshold limit or any other rule based exceptional transactional reports.

To further detect any fraudulent activity, the third party processor will also be using their internal Fraud Monitoring tool.

Fraud on account of Third Party Processor

There is always a possibility of frauds happening in credit card portfolio owing to loose Operational control at Third Party Provider's (TPP) end. Any financial loss to the Bank on account of fraud taking place due to TPP, its employees or their service provider's negligence shall be recoverable along with damages if any with regard to Bank's

reputation and goodwill. A suitable clause to this effect will be incorporated in the TPP's agreement.

Fraudulent Issuance of Credit Cards and other all frauds

A strong and robust credit underwriting process can mitigate such risks to a greater extent. However, if any frauds occur, the same must be reported as per the Bank's extant 'Fraud Risk Management Policy'.

Implementation of Taxes

All credit card accounting process and compliance with respect to GST Law/taxes shall be adhered as amended from time to time.

Outsourcing of various services

Guidelines on "Managing Risks and Code of Conduct in Outsourcing of Financial Services" shall be adhered as amended from time to time.

Credit Card on UPI - On basis of RBI announcement related to linking of credit cards on UPI platform, Credit cards can now be linked to a Virtual Payment Address (VPA) i.e., UPI ID, thus directly enabling safe, and secure payment transactions.

Compliance with Know Your Customer (KYC) Norms/ Unique Customer Identification Code (UCIC) /Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT)/Obligation under the PMLA, 2002

The Directions/ Policies on KYC/UCIC/AML/CFT issued by RBI/Bank from time to time, shall be strictly adhered to in respect of all cards issued, including co-branded cards.

Compliance with Master Direction on Digital Payment Security Controls

The Instructions/Directions on Digital Payment Security Controls issued by RBI and Bank's Digital Payment Product & Services (DPPS), issued from time to time shall be strictly adhered.
