



# Credit Card Policy 2023



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## Credit Card Policy 2023

### 1. Introduction

In India, the Credit Cards over the years evolved as a life style product, among the retail and corporate segment of customers. It is 8% of debit card customers who have availed credit cards. Though the credit card is evolved as a lifestyle product still it is under penetration against the debit card issuance. After the digital push from the government and revised regulatory guidelines, it is favourable market conditions to increase the credit card penetration.

It is felt necessary to have a well-defined comprehensive credit card policy for the bank and it spells out in detail about identification of credit card customers, on-boarding, and other guidelines of the bank to ensure reputation and financials of the bank.

Reserve Bank of India vide their master circular DBR.No.FSD.BC.18/24.01.009/2015-16 dated July 01, 2015 and DoR.AUT.REC.No.27/24.01.041/2022-23 dated April 21, 2022 has advised Banks to formulate policy guidelines for Credit cards issued by Banks. This Credit Card Policy aims at providing risk appetite, ceiling on our exposure to this segment, identify and on boarding of suitable partners, general policy guidelines on issuing norms, margin, security norms, interest rate, delegation of powers, and the systems and controls etc., expected in managing the credit card business and the best practices that should be ensured.

This document, **The Credit Card Policy**, will be the master document for all Policies and Procedures related to the Credit Cards within the bank. This document will be jointly owned by CBD-RA and Retail Credit Risk department, who will take inputs from the RMD/Retail Credit Risk Department and CBG to ensure that the policy also is in line with the changes in the competitive landscape and considers the changes in the Economic and Regulatory environment.

This policy document will cover all aspects of the customer journey in the bank from the time he/she is targeted for acquisition to the time that he/she completes the journey which will culminate till the customer surrender the Credit Card to the bank.

This policy will be published at IAD websites and available for use only after it has been approved by the Board. The policy will be updated as and when required and the revisions will need to be approved by MD & CEO, President & COO upon the recommendation of the CBD and Risk department and the

same will be ratified by the Board of Directors. A catalogue of all the Credit Card Circulars issued during this interim period will be kept by the CBD-RA with each of the circulars being numbered chronologically. At the time of updating the policy, the policy changes issued through the circulars will be incorporated into the policy document.

## **2. Target Market – Segments**

For any product to succeed it is important that it is designed for the right customer/target segment. There are enough examples around the world where good products have failed because of it being offered to the wrong segment or not meeting the needs of that segment. It is for this reason that the Bank needs to understand the needs of its customers and tailor make products to meet those needs.

Customers can be segmented based on different attributes or parameters including Psychographic, based on who the Decision maker is, Behavioural (from a product usage perspective), Geographic, Distribution (Store, Online, Advertisements) or Demographic attributes.

Given the large distribution of the branches across different states and cities with different types of population (Metro, Urban, Semi Urban and Rural).

Any other channels for sourcing as approved by MD & CEO and President & COO from time to time

The Bank with its wide distribution of branches has a presence across India and a fit for purpose technology platform to onboard the right customers using its Digital System. The digital system which an end to end digital platform will bring down the Turn Around Time for the customer, in need of a credit card, substantially.

The Bank's USP is to meet the needs of the credit worthy customers in the catchment area of its branches, by offering the right variant. This will be done while keeping the interests of the customer in mind by being transparent and ensuring the highest standards of customer service.

## **3. Compliance with KYC/AML standard / CFT / Obligation of banks under PMLA, 2002**

All employees must refer to the specific requirement / policy manuals that cover these topics in detail and ensure compliance. Employees must also have knowledge and understanding of the Legal, Regulatory and Compliance requirements regarding their business

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Business must take steps to comply with various rules and regulations applicable for the Bank including but not limited to

- Circulars and Notices issued by the Regulator and the corresponding internal standards
- Decrees and orders issued by the court
- Ethical standards
- Internal corporate policies
- and must consult and coordinate with Legal, risk and Compliance

Bank's Retail asset team must consult and coordinate with legal, risk and compliance for all new variant launches, changes, updates and in all situations that has a Legal and Regulatory impact.

**Lending Practices**

Bank's Retail asset team implement the internal processes and controls to ensure compliance to applicable credit card laws and protect the reputation of the organization

Bank's Retail asset team to comply with fair lending requirements, every customer to receive a fair, equal and customer friendly response from the Bank without discrimination. All credit decisions must be taken in an objective manner.

**Data protection**

Bank's Retail asset team to ensure compliance to data protection and privacy laws that affect the collection and use of personal customer information in accordance to the information security policy of the bank.

**Anti-Money Laundering**

Bank's Retail asset team ensure to comply the Know Your Customer Policies, Processes and controls. There are steps available to ensure verification of customer identity, obtain and document accurate information on customers for mitigation of fraud and money laundering risks.

Bank to take necessary steps to ensure training of staff on internal processes and controls regarding KYC standards and clear understanding of customers profile as well as source of funds.

For further information, refer the AML and KYC policy of the bank.

**Control and Escalation**

Bank's Retail asset team along with compliance and Operations department take necessary measures to

- Monitor and oversight to ensure ongoing compliance to the Legal, Risk, Regulatory and Compliance requirements.
- Ensure to provide adequate resources to execute the necessary controls on a timely, comprehensive and accurate manner
- Define the testing parameters and rationale as required
- Ensure timely escalation of issues and concerns as per the internal escalation process.

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- Ensure to conduct the root cause analysis and necessary correction/ action should be identified including revisions to policies and procedures.

For any further updated details refer the KYC-AML-CFT Policy / Standard Operating Procedures (SOP) of the Bank as amended from time to time.

**4. Interest Rates and other charges**

- Bank to be guided by the instructions on interest rate on advances issued by RBI and as amended from time to time, while determining the interest rate on credit card dues. The interest rates are as prescribed in the board approved product note and the rationale for the same and shall be auditable.
- Bank ensure to prescribe a ceiling rate of interest, including processing and other charges, in respect of credit cards. The ROI for non-payment/Minimum amount payment and EMI Transactions, the EMI processing charges and other charges are defined and approved by Board of Directors during the Note submitted to Board for New Product Approval.
- Banks ensure for complete transparency in the conversion of credit card transactions to Equated Monthly Instalments (EMIs) by clearly indicating the principal, interest and upfront discount provided by the merchant/card-issuer (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.
- Banks ensure to provide methodology of calculation of finance charges (interest) with examples, particularly in situations where a part of the amount outstanding is only paid by the customer. The method of interest calculation under different scenario to be illustrated in MITCs.
- Bank ensure to quote Annualized Percentage Rates (APR) on card products (separately for retail purchase and for cash advance, if different) in MITCs. The method of calculation of APR should be given with a couple of examples for better comprehension.
- A legend/notice to the effect that "Making only the minimum payment every month would result in the repayment stretching over years with consequent interest payment on your outstanding balance" will be

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prominently displayed in all the monthly statements so as to caution the customers about the pitfalls in paying only the minimum amount due.

- As per RBI guidelines, bank ensure to provide a uniform method of determining overdue status for credit card accounts while reporting to credit information companies and for the purpose of levying penal charges viz., late payment charges, etc., if any as amended from time to time.
- Currently, 'past due' status of a credit card account for the purpose of asset classification would be reckoned from the payment due date mentioned in the monthly credit card statement. A credit card account will be treated as non-performing asset if the minimum amount due, as mentioned in the statement, is not paid fully within 90 days from the payment due date mentioned in the statement.
- Changes in charges shall be made only with prospective effect by giving prior notice of at least one month.
- Bank ensure to report the credit card account as 'past due' to credit information companies (CICs) or levy penal charges, viz. late payment charges, etc., if any, only when a credit card account remains 'past due' for more than three days. The number of days past due' and late payment charges shall, however, be computed from the payment due date mentioned in the credit card statement.
- All the charges in the Credit card attracts GST as rule 6 of valuation rules are not applicable. The Credit Card statements shall be used as a tax invoice also. Hence all the applicable terms and conditions for the tax invoice are applicable for Credit Card statements for the Card Statements to be GST compliant.

**5. Billing and credit card statement**

- The Credit Cards will be billed on a monthly basis or as per the Billing Cycle for all charges incurred by the use of the Card and for all charges applicable to the card account. However, there may be no statement generated for the period in which there has been no outstanding due and no transaction in the account in the past month or Billing Cycle period.
- 15 days are allowed for making payment from the date of generation of bill and hence card member may get interest free grace period of maximum up to 45 days based on the dates of transactions.
- As per the RBI guidelines, Bills shall also carry details under serial numbers A, B, C of the Most Important Terms and Conditions (MITC)

(A)-fees & Charges, (B) Withdrawal Limit and (C) Billing details. Hence, Credit Card statements have hyperlink to MITCs made available at our website

## **6. Use of Direct Sales Agent (DSAs)/Direct Sales Team (DSTs) and Other Agents**

While outsourcing various credit card operations, Retail asset team to ensure the appointment of such service Providers does not compromise with the quality of the customer service and the bank's ability to manage credit, liquidity and operational risks.

DSA should not have blacklisted by any of the institutions for any wrongful service.

DSA shall understand the financial products and schemes of the Bank in order to be in a position to explain and highlight the beneficial aspects of the financial products and schemes of the Bank to the prospective card borrower/customer.

It shall be the endeavour and duty of the DSA to identify genuine customer/s based on the standards and norms prescribed by the Bank from time to time for availing the financial facility from the Bank, under the schemes opted by such customer/s.

Upon completion of sourcing of applications, all documents collected by the DSA from such prospective customers should be handed over to Branch/Office of the respective area of the Bank, within one business day.

DSA shall under no circumstances either share in part or in full the commission received with the prospective customers, or shall provide to the prospective customer any incentive either in cash or kind.

DSA shall not carry out any transactions in cash.

DSA shall not launch any promotion scheme pertaining to any product of the Bank without prior written approval of the Bank.

DSA shall not accept any payments from customers of the Bank in the firm name of DSA or in the name of its employees/associates

DSA during the performance of its duties does any collection on behalf of the bank should strictly follow their own code which should be in conformity with the IBA's code for collection and further DSA should refrain from doing any action that could damage the integrity and reputation of the bank and that DSA should observe strict customer confidentiality

DSA hereby confirms that they have received copy of BCSBI Code of July, 2006 (Banking Codes and Standards Board of India) as amended from time



to time and which is specifically in relation to Code of Bank's Commitment to Customers from the Bank and further confirms that DSA will strictly comply and adhere to the said BCSBI Code

Bank shall ensure adherence to the guidelines on "Managing Risks and Code of Conduct in Outsourcing of Financial Services"

Bank shall ensure that cash backs, discounts and other offers advertised by a co-brand partner are delivered to the card holder on time. Bank shall be liable for any delay or non-delivery of the same to the card holder.

Retail asset team to ensure the system of random checks and should ensure that the agents are properly briefed and trained in order to handle with care and caution their responsibilities, particularly in the aspects included in those guidelines like soliciting customers, hours for calling, privacy of customers information, conveying the correct terms and conditions on the product of offer, etc.

DSA confirms that they would register themselves with the DNCR (Do not call registry) and calls will be made only from those numbers which have been so registered and after carrying out the screening of the calling list as stipulated by Telecom Regulatory Authority of India. DSA further confirms that they would only call on those telephone numbers who have not been registered with DNCR and would not call on those telephone numbers who have registered with DNCR.

Service charges for the DSAs will be decided by Retail asset team with operations department /outsourcing committee from time to time as per DSA agreement within the framework of prevailing bank policy.

Compliance by Telemarketers of directions/regulations on the subject issued by the Telecom Regulatory Authority of India (TRAI) from time to time shall be ensured while adhering to guidelines issued on "Unsolicited Commercial Communications – National Customer Preference Register (NCPR)."

## **7. Issue of unsolicited Cards / Facilities**

Unsolicited cards should not be issued. In case, an unsolicited card is issued and activated without the written consent of the recipient and the latter is billed for the same, the Bank shall reverse the charges forthwith and also pay a penalty without demur to the recipient amounting to twice the value of the charges reversed.

Retail asset team ensure that customer consent is taken explicitly before upgrading credit cards and enhance credit limits including any change in the Terms & Conditions. Explicit consent of the cardholder shall invariably be taken whenever there is/are any change/s in terms and conditions. In case

of reduction in the credit limit, Bank must intimate the same to the cardholder through SMS/EMAIL.

### **8. Customer Confidentiality**

- The Bank must ensure not to reveal any information relating to customers obtained at the time of applying the credit card to any other person or organization without obtaining their specific consent, as regards the purposes/for which the information will be used and organizations with whom the information will be shared.
- Bank shall ensure strict compliance to the extant legal framework on data protection. 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. The bank shall be solely responsible for the correctness or otherwise of the data provided for the purpose.
- The disclosure of customer information to the DSAs / recovery agents must be limited to the extent that will enable them to discharge their duties.
- The Bank must ensure that the DSAs / DSTs do not transfer or misuse any customer information during marketing of credit card products.

### **9. Disclosure of information**

- The credit card holder shall be asked to provide any information, records or certificates relating to any matters that the bank deems necessary. The cardholder shall also authorize the bank to verify the veracity of the information furnished by whatever means or from whichever source deemed necessary. If the data is not provided or if incorrect, bank may at its discretion refuse renewal of the Card or cancel the Card forthwith.
- Bank shall reserve the right to disclose customer information to any court of competent jurisdiction, quasi-judicial authorities, law enforcement agencies and any other wing of Central Government or State Government.
- Bank shall reserve the right to disclose, in strict confidence, to other institution, such information concerning the Cardholder's account as may be necessary or appropriate in connection to its participation in any Electronic Fund Transfer network.

- The Bank shall reserve the right to report to the RBI, the expenditure undertaken by its Cardholders in foreign currencies to ensure that the Basic Travel Quota / other permissible entitlements are not exceeded by the Cardholder(s) and that the Foreign Exchange Management Act, 1999 is not contravened.

#### **10. Reporting to Credit Information Companies (CICs)**

If the Card Member fails to pay the Minimum Amount Due by the date indicated in the billing statement, it shall be treated as default. In case of default, the Bank can forward the default report to the Credit Information Bureaus or to such other agencies as approved by law.

The time period between the payment due date and the billing date indicated on the billing statement is considered as the notice period for reporting a Card Member as a defaulter. Terms and Conditions governing Credit Card Facilities shall be applicable to the Supplementary Card Holders as well. Balance outstanding for a period greater than 6 months will result in the Cardholder being reported as a 'will-ful defaulter'.

The Card member acknowledges that as per existing business practices, the Bank can disclose from time to time any information relating to the Credit Card(s), to any credit bureau (Existing or Future) without any notice to the customer. The Credit Information Companies is an initiative of the Government of India and Reserve Bank of India to improve the functionality and stability of the financial system. All banks and financial institutions participating in this initiative are required to share customer data with Credit bureaus and this information is being provided in the terms of the Credit Information Companies Regulation Act, 2005.

The bank informs the Card member through the "Most Important Terms and conditions" shared with customer and through Bank's website that the bank can disclose any information relating to credit card(s) default by the customer to Credit bureaus in case the card is overdue, with due notice. Any refresh / updation of data on receipt of payment towards overdue card accounts will reflect in credit bureaus within a period of 60 days from the date of receipt of payment by the bank.

Bank also inform that the bank will, at its own discretion, record specific conversations between the Card member and the representative of the Bank, in cases of grievance-related conversation or payments recovery related conversations or any other conversations, that the Bank may deem

fit. The Bank reserve the right to retain the application forms and documents provided there with, including photographs, and will not return the same.

### **11. Fair Practice Code**

- Bank's Retail asset team must adhere to the Fair Practice Code guidelines in the matter of processing and sanction of credit cards.
- In the matter of recovery of dues, bank must adhere to the extant instructions on Fair practice code for lenders (as also BCSBI's code of Bank's commitment to customers).
- In Particular in regard to appointment of third party agencies for debt collection it is essential that such agents refrain from action that could damage the integrity and reputation of the Bank and they observe strict customer confidentiality.
- The engagement of recovery agents must be in line with the guidelines issued by RBI, as amended from time to time.
- Recovery agencies are advised to adhere to the code of conduct and are strictly instructed not to indulge in any unfair practices and shall not resort to intimidation or harassment of any cardholder, while dealing with cardholders for collection of card dues.
- Recovery agents carry the identification card issued by Bank and shall not adopt uncivilized, unlawful and questionable behaviour on recovery process causing reputation loss to the Bank.
- Any complaints from the cardholders against Bank or recovery agents, related with Recovery of dues shall be dealt appropriately.
- Bank shall ensure that the DSAs/DMA's/Recovery Agents do not transfer or misuse any customer information during marketing of credit card products
- Bank shall have a system of random checks and mystery shopping to ensure that their 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
- A dedicated helpline and email-id shall be made available to the cardholders to raise complaints against any act of mis-selling or harassment by the representative/Recovery Agents of the bank

### **12. Redressal of Grievances / Complaints / Escalation**

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- A time limit of up to 60 (sixty) days may be given to the customer for referring their complaints / grievances.
- The Banks shall give wide publicity about the grievance redressal mechanism through electronic and print media.
- The Grievance redressal procedure of the bank and the time frame fixed for responding to the complaints shall be placed on the bank's website. The name, designation address and contact number of important executives as well as the grievance redressal Officer of the bank should be displayed on the website.
- If a complainant is lodged by the complainant, satisfactory response shall be provided within a maximum period of thirty (30) days from the date of the complaint.
- Credit card cell will be maintaining all the details of the complaints received.
- Redressal mechanism needs to be updated if required, to fall in line with the guidelines issued by RBI, as amended from time to time.

**Complaints/ Escalation Matrix:**

Customer can register complaints by

- visiting "Complaint Form" at [www.kvb.co.in](http://www.kvb.co.in) or
- Calling at our Customer Care number or
- email to [customersupport@kvbmail.com](mailto:customersupport@kvbmail.com) or
- Writing to The Manager, Nodal Officer, The Karur Vysya Bank Ltd, Central Office, Operations Department, No.20, Erode Road, Vadivel Nagar, L.N.S. Post, Karur, Tamil Nadu, 639002.

In all the communications to us, Customer to indicate complete Credit Card number

If the complaint is not resolved within 30 days of receipt at the Bank then the said complaint can be escalated to Banking Ombudsman. The details of the Banking Ombudsman for concerned location are displayed at KVB branches.

a) Reversal Timeline for Zero Liability / Limited Liability

On being notified by the customer, the bank shall credit (shadow reversal) the amount involved in the unauthorized electronic transaction to the customer's account within 10 working days from the date of such notification by the customer. Banks may also at their discretion decide to waive off any customer liability in case of unauthorized electronic banking transactions even in cases of customer negligence. Further, banks shall ensure that:

- A complaint is resolved within 90 days from the date of reporting; and
- The customer does not bear any additional burden of interest.

### 13. Internal Control and Monitoring Systems

- Standing Committee on Customer Service in the bank shall review the credit card operations including reports of defaulters to a Credit Information Company in order to ensure the quality of customer service rendered.
- A detailed analysis of credit card related complaints shall be put up half yearly to the Audit Committee of the Board.
- A comprehensive review report on credit card business on half-yearly basis as at the end of September and March of each accounting year, should be placed before the Board / Management Committee which should cover essential data on credit card business, such as category and number of cards issued and outstanding, the number of active cards, average turnover per card, number of establishments covered, average time taken for recovery of dues from the card holders, debts classified as NPAs and provisions held there-against or amounts written off, details of frauds on credit cards, steps taken to recover the dues, profitability analysis of the business, etc.

### 14. Fraud Control – Security and other Measures

Apart from Credit losses, another reason for losses to a financial institution is on account of fraudulent applications or fraudulent customers who apply for a credit card with no intention of repaying the dues. To ensure that the bank is not hit with these kinds of losses, it is important that the bank has a fraud risk and mitigation policy to ensure that any fraud application is caught before it enters the system. It should also have processes to deal with situations where a fraudulent application has entered the banks books and a credit card has been approved by the bank.

The Fraud Unit of the bank should have systems to identify the following kinds of frauds before it enters the bank's systems:

1. Fraudulent Applications (Impersonation)
  2. Fraudulent Sales/Support Staff
  3. Incorrect FV reports
1. **Fraudulent Applications (Impersonation)** – A strong KYC process will ensure that such types of applications are weeded out before it enters the Bank's systems. Checking Identity proof documents in original and meeting the customer in person will eliminate this risk. Originals seen and verified (OSV) by the bank officer on every KYC document is critical to ensure that this risk is eliminated. The bank must have a strong de-duplication process

to ensure that existing customers do not apply as new customers by changing their phone number or other information.

2. **Fraudulent Sales/Support Staff** – This is another way bad accounts get into the system. When a customer wants a card and does not meet criteria some sales/support staff manage the application to ensure that it goes through, this is either by doctoring the data or by approving bad cases. All this is done for a fee. This risk can be mitigated by instituting a Mystery Shopping process to cover the whole country and specifically targeting the Divisions which see a rise in delinquency numbers. The Mystery shopping process is described later in this section.
3. **Incorrect Field Verification reports** – Since this activity is conducted by either a bank employee or an external vendor, it is possible that sometimes the FV reports are doctored to show a different picture than the reality. This is also done to get the case approved and is done for a consideration or to improve the Sales numbers. This risk can be mitigated by instituting a sampling process and by increasing the ratio of the sampled cases when there is an increase in the portfolio delinquency in a Branch or city. The FV will have to be redone and the 2 reports will have to be compared for discrepancies.

The Fraud Control Unit (FCU) also ensure to have the following processes instituted in the bank to ensure that they can detect fraud cases early and prevent them from getting into the bank's systems.

- a. **Sampling Process** – The FCU ensure to have this process to check the authenticity of the application and the documents submitted by the potential customers. The FCU needs to have a sampling policy which covers 5% of the applications received by the bank. The applications need to be selected randomly based on a pre-approved algorithm. Based on the report the samples can be increased for specific districts where the discrepancies are higher. The reports of the sampling process need to be submitted before the case is disbursed.
- b. **Mystery Shopping Process** – This is a process to try and find out whether there are any employees in the system who are customer facing and have helped customers to get a card from the bank, when they would have not been able to get the same through the normal channel. This is generally done for a consideration. The FCU should have a mechanism to cover

random employees in every district by giving them a call posing as a customer who does not meet the requirements but wants a card and is willing to pay a commission to the employee. This sampling plan can also be changed based on sudden increase in non-starters or delinquency.

- c. **Velocity Parameters Based Sampling** – The FCU should have a process to track branches/districts where there is a sudden increase in the number of applications logged in or booked. They should also track branches where there is a sudden increase in the applications logged in by a sales officer or a change in the Through-The-Door population. An increased due diligence needs to be done for all these instances.
- d. **Non-Starter Analysis** – The FCU should review the monthly non-starter cases and review each of these applications thoroughly to ensure that there was nothing amiss in the application or the documents submitted. The monthly report of this activity to be sent to the RMD unit to make necessary changes in the Policy as and when required.

The proposed retail credit cards comes with two factor authentication security features and NFC features, so customers are ensured safe to carryout electronic banking transactions

Robust fraud detection and prevention mechanism put in place 1) at Franchise level 2) at Switch level to track and prevent and 3) Regular monitoring the transactions at bank end, through which It can be minimized, and beyond this fraud loss risk can be mitigated with fraud Insurance

There is a set of designed API(s) to handle system processes and also will set a reconciliation process for each system process to minimize gaps arising out from such transactions.

Currently the above mentioned measures are not available and shall be made available in future to have a better control over the fraud monitoring and its mitigation.

## **15. Other Terms and conditions**



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- Bank's Retail asset team ensure to setup Credit card business either departmentally or through a subsidiary company set up for the purpose.
- Bank's Retail asset team shall review to undertake International/domestic credit card business by entering into tie-up arrangement for issue of credit cards.
- Bank has adopted the "Code of Bank's commitment to customers" (Code) of The Banking Codes and Standards Board of India (BCSBI) in which the principles enunciated are incorporated.
- The Fair practices Code is made available in the website of the Bank.
- Bank must convey the reason/s which in the opinion of the bank have led to the rejection of the credit card applications.
- Banks shall assess the credit limit for a customer having regard to the limits enjoyed by the cardholder from other banks on the basis of self-declaration/credit ion information obtained from a Credit Information Companies (CIC).
- The Terms and conditions for issue and usage of a credit card to be mentioned in clear and simple language (Preferably in English) comprehensible to a card user. The Most and Important Terms and Conditions (MITCs) termed as separately to the prospective customers at all the stage (from Marketing to acceptance stage).
- If the Bank is offering any insurance cover to their credit card holders, in tie-up with insurance companies, the banks should consider obtaining explicit consent in writing/digitally from the credit card holders the details of nominee/s for the insurance cover in respect of accidental death and disablement benefits.
- Banks shall review to issue credit cards including co-branded credit cards.
- No risk rating will be done. All digital applications will run through score cards.

**16. Defaults/Delinquency management**

- If a card is paid with any amount less than Total Amount Due (TAD), then the same shall be treated as a revolving card and interest shall be debited.
- A card is treated as delinquent if amount equal to at least Minimum Amount
- Due (MAD) is not paid on or before Payment Due Date (PDD) Delinquent accounts are classified into various categories of Days Past Due (DPD) from the PDD. The transactions are temporarily blocked when the cards move beyond 30 DPD, and permanently blocked when it crosses 90 DPD.

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- The events which shall qualify as an event of default are mentioned in Credit Card Member Agreement.
- The total outstanding amount due as 75<sup>th</sup> DPD shall be **"Force Debited"** from the primary operative account of the corporate and the card programme will be terminated.
- In case of secured credit card, Total outstanding amount due set-off by liquidating the FD's on 75th DPD, remaining FD amount credited to the linked account of the deposit holder Outstanding amount.

**17. Security and other aspects**

- The bank shall ensure full security of the debit card before it is issued to the customer. The losses incurred by any party on account of banks internal breach of security or failure of the banks security mechanism shall be borne by the bank.
- The bank shall keep for a sufficient period of time, internal records to enable operations to be traced and errors to be rectified (taking into account the law of limitation for the time barred cases). In any case, these shall be maintained for a period of at least 10 years.
- The cardholder shall bear the loss sustained up to the time of notification to the bank of any loss, theft or copying of the card up to a certain limit (as per the Banks " Customer Liability Policy"), except where the cardholder acted fraudulently, knowingly or with extreme negligence.
- Bank shall provide means whereby customers may at any time of the day or night notify the loss, theft of the card or copying of their payment devices.
- On receipt of notification to the bank of the loss, theft or copying of the card, the bank shall take all action open to it to stop any further use of the card. Bank shall block a lost card immediately on being informed by the cardholder and formalities, if any, can follow within a reasonable period.
- Bank shall provide to the cardholder the detailed procedure to report the loss, theft or un-authorized use of card or PIN. They shall provide multiple channels 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. The process for blocking the card, dedicated helpline as well as the SMS numbers shall be adequately publicized.

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- Bank shall immediately send a confirmation to the cardholder subsequent to the blocking of a card.
- Compliance with DPSS (Department of Payment and Settlement Systems) instructions.
- The issue of credit cards as a payment mechanism shall also be subject to relevant guidelines including guidelines on 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 under the Payment and Settlement Systems Act, 2007, as amended from time to time.

**18. Closure of Credit Card**

- If the card holder has not been activated for more than 30 days from the date of issuance, then OTP based consent must be obtained for card activation. If no such consent is received for activating the card, card-issuers shall close the credit card account without any cost to the customer within seven working days from date of seeking confirmation from the customer's.
- Card Holder can terminate the programme any time by returning the Credit Cards cut in half with a written request to terminate all facilities and benefits hereto associated with the Card to the Credit Card Cell. Termination will only be effective when the Bank receives the Cards including Add-on Cards and payment of all amounts outstanding dues in respect of the Credit Card.
  - Bank to set up the process for closure of credit cards within 7 working days of the due request from the customer
  - Closure confirmation either digitally or in writing to the customer as confirmation.
  - If the credit card is not been used for more than 1 year, the process to close the card after intimating the customer as per the guidelines.
  - Closure details to be updated to CIC's within 30 days
  - Subsequent closure of the credit card, any credit balance available in the credit card to be transferred to customer account

**19. Portfolio Review**

The credit card portfolio shall be reviewed by submitting a review note to the board of directors once in 6 months. The MIS reports will be published weekly / fortnightly / monthly to ensure that the credit card processes and issues are as per plan / defined timelines.

Any other KPIs as prescribed by Top Management from time to time.

## 20. Co-branded Credit Card Issuance guidelines

Policy on Co-branding:

- The co-branding partnership shall be in principle approved by MD & CEO through President & COO.
- Any new co-brand partner shall be on-boarded considering the reputation risk to which the Bank will be exposed to in such an arrangement. The Bank shall conduct due diligence with respect to the co-branding partner and put in place relevant risk mitigation measures.
- Due-diligence parameters that shall be considered for approving the co-branding arrangement include:
  - Distribution network
  - Services offered and the customer segment catered by the entity
  - Financial strength of the partner or its parent.
  - Profitability of the proposed co-brand program
  - Market reputation of the entity

Additionally, a Comfort letter from parent company in case of subsidiary company or from another company which has a major stake in the entity may be obtained with an assurance that they will ensure that co-brand partner entity will be adhering to their obligations. A waiver of the requirement for Comfort letter shall be only with approval of Business head.

In case the proposed co-branding partner is a financial entity, it shall obtain necessary approvals from its regulator for entering the co-branding arrangement.

- The role of co-branding partner shall be in line with extant regulatory guidelines.
- The Bank shall ensure adherence to the guidelines on 'Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks', as amended from time to time and other regulatory guidelines issued with regard to co-branding.
- The Bank shall ensure that cash backs, discounts and other offers advertised by a co-branding partner are delivered to the cardholder on time.
- The co-branded credit card explicitly indicates that the card has been issued under a co-branding arrangement and does not state that the credit card is its own product.
- The co-brand should get required approvals from the bank and other relevant authorities with regards to card design.

### a) Co-branding Arrangement and Roles Co-branding Arrangement:

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Co-brand partnership shall be in principle approved by MD & CEO through President & COO in line with credit policy guidelines followed by approval of Product/Process Development Committee and outsourcing committee of the bank which follows a set framework to exercise better diligence to assess and decision engagement related with the co-brand partner.

Further, quarterly review of existing partners happens to gauge the reputational and financial aspects for continuous monitoring of partner engagement.

The issuance of credit cards shall be done only after obtaining customer consent in physical or digital mode post communicating the features, fees and terms of credit card. The Bank shall follow the below mentioned in addition to credit card issuance norms:

- Requisite KYC documents as per the extant KYC norms shall be obtained. In addition, the instructions / Directions on AML / CFT issued by RBI from time to time, shall be strictly adhered to in respect of all cards issued, including co-branded cards.
- Explicit consent through acceptance of Credit Card terms and conditions, by the cardholder shall be obtained before application submission.
- Compliance by Telemarketers of directions/regulations on the subject issued by the Telecom Regulatory Authority of India (TRAI) from time to time shall be ensured while adhering to guidelines issued on "Unsolicited Commercial Communications – National Customer Preference Register (NCPR)."
- Add-on cards shall be issued to persons specifically identified by the principal cardholder under both personal and business credit card categories with the clear understanding that the liability will be that of the principal cardholder. The Bank may issue VISA, Rupay, MasterCard / Maestro, AMEX and any other brand of cards (Personalized & Non Personalized) to be used for transactions at various channels such as ATM, POS, e-commerce / online, UPI and any other channel authorized by the regulators. The Bank will issue EMV Chip and PIN cards as per the extant regulatory requirements. Additionally bank may issue virtual cards in addition to physical credit cards.

The Bank shall ensure adherence to established underwriting standards for all credit card applications and ensure the assessment of credit risk independently. The Bank shall follow the credit norms documented in the cobrand credit card policy and issuance guidelines recommended by RMD, which is reviewed by Credit Risk committee annually and refreshed periodically.

**(b) Terms governing conduct of cobrand credit cards:**

- The fees and charges for credit cards shall be governed by the Framework on charges for Retail Banking Products approved by the Board. The cardholder is indicated with the information relating to revenue sharing between the card-issuer and the co-branding partner entity and also displays such information on the website.
- Customer shall be notified by the Bank about applicable charges and payment terms through credit card bill or monthly statement.
- Explicit consent of the customer shall be obtained digitally, physically or through tele-confirmation during any subsequent Upgrade/Upsell on Credit card and enhancement of credit limits.
- Ensure adherence to the guidelines on 'Managing Risks and Code of Conduct in Outsourcing of Financial Services by banks', as amended from time to time.
- The Bank shall adhere to the collections policy approved by Product and Process Approval Committee which is reviewed periodically.
- Card-issuers shall provide a one-page Key Fact Statement along with the credit card application containing the important aspects of the card such as rate of interest, quantum of charges, among others. In case of rejection of a credit card application, the card-issuer shall convey in writing/digitally the specific reason/s which led to the rejection of the application.

**(c) Role of Cobrand Partner:**

Co-brand partner is responsible for marketing, origination of application through its own channel and distribution network. Bank may let some features be enabled on partner application (used by the card holder) through approved integrations where partner will not have access to the customer data.

**(d) Revenue Share Arrangement with Co-Brand Partners:**

Revenue sharing with cobranding entity is usually linked to new card acquisition, card spends, total no of customers in the cobrand program, portfolio quality, portfolio performance of the program etc.