

Combined **Credit Card Policy**

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Consumer Banking Department
Chennai

COMBINED CREDIT CARD POLICY - INDEX

Para No	Sub-Para No	Table of Contents	Page No.
1.		Introduction	3
2.		Target Market – Segments	4
	2.1	Products Launched	4
	2.2	Bank level programme limit	4
	2.3	Specifications	5
3.		Compliance with KYC/AML standard / CFT / Obligation of bank's under PMLA, 2002	6
	3.1	Lending practices	6
	3.2	Data protection	6
	3.3	Anti-money laundering	6
	3.4	Control and escalation	7
4.		Interest Rates and other charges	7
5.		Billing and credit card statement	8
6.		Use of Direct Sales Agent (DSAs)/Direct Sales Team (DSTs) and Other Agents	9
7.		Issue of unsolicited Cards / Facilities	12
8.		Customer Confidentiality	12
9.		Disclosure of information	13
10.		Issue of form factors	13
11.		Reporting to Credit Information Companies (CICs)	13
12.		Fair Practice Code	15
13.		Redressal of Grievances / Complaints / Escalation	15
	13.1	Reversal Timeline for Zero Liability / Limited Liability	16
14.		Internal Control and Monitoring Systems	17
15.		Fraud Control – Security and other Measures	17
16.		Other Terms and conditions	19
17.		Defaults/Delinquency management	20
18.		Security and other aspects	20
19.		Closure of Credit Card	21
20.		Portfolio Review	22
21.		Co-branded Credit Card Issuance guidelines	22
	21.1	Co-branding Arrangement and Roles Co-branding Arrangement	23
	21.2	Terms governing conduct of cobrand credit cards	24
	21.3	Role of co-brand partner	25
	21.4	Revenue Share Arrangement with Co-Brand Partners	25
22.		Merchant Credit Card policy	25

Combined Credit Card Policy

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 favorable 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, DoR.AUT.REC.No.27/24.01.041/2022-23 dated April 21, 2022 and DOR.RAUG.AUT.REC.No.81/24.01.041/2023-24 Dated March 07th, 2024 has advised bank's to formulate policy guidelines for Credit cards issued by bank's. 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 Combined Credit Card Policy, shall be the master document for all Policies and Procedures related to the Credit Cards within the bank. This document shall be owned by CBD, who shall take inputs from the RMD 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 shall 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 shall culminate till the customer surrender the Credit Card to the bank.

This policy shall be published at IAD websites and available for use only after it has been approved by the Board. The policy shall be updated as and when required and the revisions shall need to be approved by MD & CEO, President & COO upon the recommendation of the CBD and Risk department and the same shall be ratified by the Board of Directors. A catalogue of all the Credit Card Circulars issued during this interim period shall be kept by the CBD with each of the circulars being numbered chronologically. At the time of updating the policy, the policy changes issued through the circulars shall be incorporated into the policy document.



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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 combined credit card policy and issuance guidelines recommended by RMD, which is reviewed by Credit Risk committee annually and refreshed periodically.

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, Behavioral (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).

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 shall 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 shall be done while keeping the interests of the customer in mind by being transparent and ensuring the highest standards of customer service.

2.1 Products launched:

Scheme	Product type	Variant	Min. Limit/card	Max. Limit/card
VISA	Retail	Platinum	₹.0.25 Lakhs	₹. 1.49 Lakhs
VISA	Retail	Honour	₹.1.50 Lakhs	₹.10.00 Lakhs
VISA	Corporate	Platinum	₹.0.25 Lakhs	₹.10.00 Lakhs

2.2 Bank Level Programme Limit:

Product type	Programme Limit
Retail Credit Cards	₹.250 Crores
Corporate Credit Cards	₹.250 Crores



2.3 Specifications:

SNo	Category	Description
1.	Target Segment	Salaried/self-employed, Deposit Accounts, OD/CC and asset loan customers. Any other customer segment as approved by MD & CEO and President & COO from time to time
2.	Business Case	Credit card help in better customer penetration and superior customer experience. Through the use of information that is available through the banking behavior and the bureau track of the customer. Objective of sourcing digitally will help us in bring down the cost of acquisition and processing.
3.	Risk assessment and Mitigants	Assessment of Risk done based on Bureau score, Bespoke acquisition score and bureau estimated income of each customer Mitigants: 1) Bureau Score 2) Bespoke Application score
4.	Portfolio exposures and impacted Geographic's	<ul style="list-style-type: none"> PAN India sourcing (except any restrictions, relating to geography approved by MD&CEO / President & COO from time to time).
5.	Sourcing Channels	<ul style="list-style-type: none"> Branches/Sales Team Tele calling Any other channel approved by MD&CEO / President&COO from time to time
6.	Any Impact on Delinquency/Portfolio quality	Portfolio 30+ delinquency expected to be 4.00% and Expected Early mortality rate (EMR) is <4%, <u>Benchmark:</u> If 30+ delinquency >4 % in consecutive 2 months, we review to tighten the underwriting policy guidelines.
7.	Changes to existing credit card policy	Changes to the policy is kept as a separate addendum(s) approved by MD & CEO / President & COO from time to time. The same will be updated in the main policy yearly.

* 10% of the OD/CC shall be awarded to the corporate and maximum limit per card is 10lakhs. Maximum of 25 cards per corporate shall be provided.

* Banks shall issue 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. The bank shall put an effective mechanism to monitor end use of funds. Business credit cards can be issued together with add-on cards wherever required.



3. Compliance with KYC/AML standard / CFT / Obligation of bank's 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.

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 Credit Cards 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.

3.1 Lending Practices:

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

Bank's Credit cards 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.

3.2 Data protection:

Bank's Credit cards 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.

3.3 Anti-Money Laundering:

Credit cards 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 source of funds, mitigation of fraud and money laundering risks.

For further information on AML KYC aspects are as per AML& KYC policy of the bank



3.4 Control and Escalation:

Bank’s credit card team 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.
- ✓ 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.

Card Variant	Overdue Interest on Extended Credit		Interest on Cash Advances	
	Monthly Rate	Annual Rate	Monthly Rate	Annual Rate
Retail Platinum Card	3.25%	39.00%	3.25%	39.00%
Retail Signature Card	3.25%	39.00%	3.25%	39.00%
Corporate Card	2.95%	35.40%	2.95%	35.40%

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.

Bank to 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/bank (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.



Bank 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" shall be 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 shall 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.

Interest shall be levied only on the outstanding amount, adjusted for payments/refunds/reversed transactions.

Total Amount Due is the total amount (net of credit received during the billing cycle, if any) payable by the cardholder as per the credit card statement generated at the end of a billing cycle.



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.

Bank shall seek explicit consent of 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 by the cardholder. The consent shall be obtained through e-mail or SMS within seven days of the credit transaction. The 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 amount outstanding in the card account into his/her bank account, the bank shall do it within three working days from the receipt of such request

5. Billing and credit card statement

The Credit Cards shall 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.

Bank shall not follow a standard billing cycle for all credit cards issued. In order to provide flexibility in this regard, cardholders shall be provided option to modify the billing cycle of the credit card at least once, as per the cardholders' convenience.

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

Bank shall inform the cardholders of 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.

Before reporting default status of a credit cardholder to a Credit Information Company (CIC), the bank shall ensure that they adhere to the procedure, approved by the Board, and intimate the cardholder prior to reporting of the status. In the



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event the customer settles his/her dues after having been reported as defaulter, the bank shall update the status with CIC within 30 days from the date of settlement. The bank shall be particularly careful in the case of cards where there are pending disputes. The disclosure/release of information, particularly about the default, shall be made only after the dispute is settled. In all cases, a well laid down procedure shall be transparently followed and be made a part of MITC.

Bank shall provide the list of payment modes authorised by the banks for making payment towards the credit card dues, in their websites and billing statements. Further, bank shall advise cardholders to exercise due caution and refrain from making payments through modes other than those authorised by the banks.

For business credit cards wherein the liability rests fully with the corporate or business entity (principal account holder), timeframe provided for payment of dues and adjustment of refunds may be as agreed between the bank and the principal account holder.

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

While outsourcing various credit card operations, Credit cards 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 endeavor 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, on the same working 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



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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

Bank 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 shall strictly comply and adhere to the said BCSBI Code

The bank shall ensure adherence to the Master Direction DoS.CO.CSITEG/SEC.1/31.01.015/2 023-24 dated April 10, 2023 on 'Outsourcing of Information Technology Services' and guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services', as amended from time to time. Further, the bank's shall not share card data (including transaction data) of the cardholders with the outsourcing partners unless sharing of such data is essential to discharge the functions assigned to the latter. In case of sharing of any data as stated above, explicit consent from the cardholder shall be obtained. It shall also be ensured that the storage and the ownership of card data remains with the bank.

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.

Credit cards 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 shall 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 shall be decided by Credit cards 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



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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.

Further, in case of renewal of an existing card, the cardholder shall be provided an option to decline the same if he/she wants to do so before dispatching the renewed card. Further, in case a card is blocked at the request of the cardholder, replacement card in lieu of the blocked card shall be issued with the explicit consent of the cardholder

Credit cards 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 shall be used and organizations with whom the information shall be shared.

Bank shall not reveal any information relating to customers obtained at the time of opening the account or issuing the card to any other person or organization without obtaining their explicit consent, with regard to the purpose/s for which the information will be used and the 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 provided by them with other agencies, bank shall clearly state and explain 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 shall 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. Issue of Form Factors:

The bank shall issue other form factors in place of/in addition to a plastic debit/credit card such as wearable's, after obtaining explicit consent from the customer. Form factors shall be subject to all the specific and general guidelines applicable to the respective cards.

The bank shall provide options for disabling or blocking the form factor in line with the instructions issued by the Reserve Bank from time to time.

11. Reporting to Credit Information Companies (CICs):

If the Card Member fails to pay the Minimum Amount Due post grace period of 3 days after the due date, 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.



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 bank's 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/update of data on receipt of payment towards overdue card accounts shall reflect in credit bureaus within a period of 30 days from the date of receipt of payment by the bank.

Bank also inform that the bank shall, 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 shall not return the same.

The 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. 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, as specified under the regulatory instructions on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances' amended from time to time. Late payment charges and other related charges shall be levied, only on the outstanding amount after the due date, and not on the total amount due.

Before reporting default status of a credit cardholder to a Credit Information Company (CIC), the bank shall ensure that they adhere to the procedure, approved by the Board, and intimate the cardholder prior to reporting of the status. In the event the cardholder settles his/her dues after having been reported as defaulter, the bank shall update the status with CIC within 30 days from the date of settlement. Bank shall be particularly careful in the case of cards where there are pending disputes. The disclosure/release of information, particularly about the default, shall be made only after the dispute is settled. In all cases, a well laid down procedure shall be transparently followed and be made a part of MITC.



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12. Fair Practice Code:

Bank's Credit cards 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 behavior 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/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 number: **1800 419 6500 (toll free)/022-40426031** and email-id: **customersupport@kvbmail.com** 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

13. Redressal of Grievances / Complaints / Escalation:

The Bank's 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 complaint 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 shall 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.

No charges shall be levied on transactions disputed as 'fraud' by the cardholder until the dispute is resolved

Complaints/Escalation Matrix:

Customer can register complaints by

1. visiting "Complaint Form" at www.kvb.co.in or
2. Calling at our Customer Care number or
3. email to customersupport@kvbmail.com or
4. 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 or customer ID.

The bank shall be liable to compensate the complainant for the loss of his/her time, expenses, financial loss as well as for the harassment and mental anguish suffered by him/her for the fault of the bank and where the grievance has not been redressed in time. If a complainant does not get satisfactory response from the bank within a maximum period of 30 days from the date of lodging the complaint, he/she will have the option to approach the Office of the RBI Ombudsman under Integrated Ombudsman Scheme for redressal of his/her grievance/s.

Bank shall ensure that wrong bills are not raised and issued to cardholders. In case, a cardholder protests any bill, the 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.

13.1 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. Bank's 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, bank's shall ensure that:

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

14. 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.

A detailed analysis of credit card shall be put up half yearly to the Audit Committee of the Board inter-alia, customer service, frauds, complaints and grievance redressal, card usage analysis including cards not used for long durations and the inherent risks therein.

15. 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 bank's 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 shall 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 shall 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 shall have to be redone and the 2 reports shall 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.



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- 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 shall 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.

16. Other Terms and conditions

- Bank's Credit cards team ensure to setup Credit card business either departmentally or through a subsidiary company set up for the purpose.
- Bank's Credit cards 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.
- Bank's shall assess the credit limit for a customer having regard to the limits enjoyed by the cardholder from other bank's on the basis of self-



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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 bank's 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.
- Bank's shall review to issue credit cards including co-branded credit cards.
- No risk rating shall be done. All digital applications shall run through score cards.

17. 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 paid by the card holder is less than the Minimum Amount Due (MAD).
- 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.
- The events which shall qualify as an event of default are mentioned in Credit Card Member Agreement.
- The total outstanding amount due as 75th DPD shall be "**Force Debited**" from the primary operative account of the corporate and the card programme shall 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.

18. 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 bank's internal breach of security or failure of the bank's security mechanism shall be borne by the bank.



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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 Bank's "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.

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.

19. 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, Bank's shall close the credit card account without any cost to the customer within seven working days from date of seeking confirmation.



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Cardholders 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. The bank shall not insist on sending a closure request through post or any other means which may result in the delay of receipt of the request.

Card Holder with a written request can terminate all facilities and benefits hereto associated with the Card to the Credit Card Cell. Termination shall only be effective when the payment of all outstanding dues in respect of the Credit Card.

- ✓ Bank has a process for closure of credit cards within 7 working days of the due request from the customer. Failure on the part of the bank to complete the process of closure within seven working days shall result in a penalty of ₹500 per calendar day of delay payable to the cardholder, till the closure of the account provided there is no outstanding in the account.
- ✓ 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

20. 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 shall 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.

21. 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 shall 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



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- ✓ 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 shall ensure that co-brand partner entity shall 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 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.

21.1 Co-branding Arrangement and Roles Co-branding Arrangement:

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,



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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 shall 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 shall 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 co-branded card shall explicitly indicate that the card has been issued under a co-branding arrangement. The co-branding partner shall not advertise/market the co-branded card as its own product. In all marketing/advertising material, the name of the bank shall be clearly shown.
- Bank, which were granted specific approvals for issuance of cobranded cards in the past, are advised to ensure that the co-branding arrangement is in conformity with the instructions issued under Chapter V of RBI Master Directions on Debit & Credit Cards. In case, the co-branding arrangement is between two bank's, the card issuing bank shall ensure compliance with the relevant instructions.

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.

21.2 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 bank's 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 or physically



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during any subsequent Upgrade/Upsell on Credit card and enhancement of credit limits.

- The Bank shall adhere to the collections policy approved by Product and Process Approval Committee which is reviewed periodically.
- Bank 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 bank shall convey in writing/digitally the specific reason/s which led to the rejection of the application.
- Bank to ensure that the cobrand partner (CBP) shall not have access to information relating to transactions undertaken through the co-branded card. Post issuance of the card, the CBP shall not be involved in any of the processes or the controls relating to the co-branded card except for being the initial point of contact in case of grievances. However, for the purpose of cardholder's convenience, card transaction related data may be drawn directly from the bank system in an encrypted form and displayed in the CBP platform with robust security. The information displayed through the CBP's platform shall be visible only to the cardholder and shall neither be accessed nor be stored by the CBP.

21.3 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 shall not have access to the customer data.

21.4 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.

22. Merchant Credit Card policy:

Merchant Credit Cards is a corporate credit card segment under MSME sector. DGM/GM-CBG shall approve the merchant credit card and Credit limit is unutilized portion of the Working Capital Limit (10% WC limit max upto 5lac). Sanctioning authority for Working Capital limit shall have the delegation for Merchant Credit Card product.

The Bank shall follow the below mentioned in addition to merchant credit card issuance norms:

- MCC shall be issued on the Cash Credit/Overdraft (Working Capital) facility sanctioned for business purposes as per extant guidelines.



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- Explicit consent through acceptance of Credit Card terms and conditions, by the cardholder shall be obtained either while sanctioning the fresh limits or before application submission for existing working capital limits.
- The Bank may issue Rupay or any other brand of cards to be used for transactions at various channels such as POS, e-commerce / online, UPI and any other channel authorized by the regulators. The Bank shall issue EMV Chip and PIN cards as per the extant regulatory requirements. Additionally, bank may issue virtual cards in addition to physical credit cards.
- No separate documentation shall be obtained. MCC limit shall be mentioned in the sanction itself. Credit Card Cell shall obtain undertaking/declaration for processing of the same.
- Card is sent to customers on deactivated mode, customer can activate the card by calling call center, ATM, Mobile banking and internet net banking. Card comes with high security features and two factor authentication is required to carry out transactions.
- The Debit Card Management services (DCMS) shall manage the merchant Credit card issuance activities except core management functions including Internal Audit, Compliance function and decision-making functions like determining compliance with KYC norms, accord the sanction of exposure/loans etc.

Credit Card Cell to prepare and submit a comprehensive Review Report to commercial banking Group on Merchant credit card business on Monthly basis, which should cover essential data on credit card business, such as Card approval, card delivery turnaround time, card category and number of cards issued and outstanding, number of active cards, average turnover per card, number of establishments covered, details of frauds on Merchant credit cards, profitability analysis of the business, etc.

The department to place a note once in 6 months before the Boards/Management Committee.



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