

**POLICY ON CREDIT CARDS**  
(updated as on 25.03.2025)

This master policy document gives a high-level view of all aspects of the Credit Card business, including issuance and conduct. While it is imperative to link this document with additional area/domain specific policies or Standard Operating Procedures (SOPs) for a granular view, this document aims to acquaint the user with general guidelines of the Bank and also refer the users to more detailed procedures on certain aspects.

### **1. Introduction & Purpose:**

This policy shall encompass aspects of Credit Card business that are necessary to lay a strong foundation and build a guiding framework for the business. Credit Card business shall have sound practices around issuance, authorization, risk, collection etc. and partnership with various external entities which would contribute to the success of the undertaking. This document outlines aspects of Credit Card business and defines various scenarios, interactions with third parties to have clarity on such aspects in operation. The Policy along with various other policies and SOP documents shall give a complete overview of business considerations & processes.

The roles and responsibilities of various functions related to Credit Card Issuance have been represented in the form of a RACI (responsible, accountable, consulted, informed) Chart. The same is given as Annexure I: Responsibility Assignment Matrix.

### **2. Coverage:**

The Bank will issue both Domestic and International Credit Cards, which is affiliated to MasterCard, Visa or RuPay. This provides customers options to shop via POS, e-Com or UPI in India and abroad, withdrawal facility through ATMs etc. International cards enable customers travelling overseas to meet expenses without carrying foreign currency or traveler cheques. These cards will be EMV compliant, contactless cards.

### **3. Policy Background:**

The Bank has formulated the card issuance policy closely aligning business objectives with regulatory mandates and requirements under various laws applicable. References of applicable regulatory and legal requirements are given below, in accordance with which the policy has been framed.

- a. Issuance of Credit Cards shall be in accordance with the Master Direction- Credit Card and Debit Card- Issuance and Conduct Directions, 2022 and other relevant instructions issued by the Reserve Bank of India from time to time. Credit Card issuance and conduct shall be in line with this policy of the Bank.
- b. Issuance of Credit Cards as a payment mechanism shall be subject to relevant guidelines including guidelines on cash withdrawal, security issues and risk mitigation measures, card-to-card fund transfers, 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.
- c. Issuance of international Credit Cards will also be subject to directions issued under Foreign Exchange Management Act and as decided by the Bank subject to regulatory guidelines as amended from time to time.
- d. Compliance with Anti-Money Laundering (AML) standards / Combating of Financing of Terrorism (CFT) / Obligation of the banks under Prevention of Money Laundering Act, 2002 and RBI Master Direction on Know Your Customer Direction, 2016 and Bank's Policy on Combating Financial Crime (PCFC).
- e. The issuance and operations of cards shall also be subject to the rules and regulations of the card network (National Payments Corporation of India, Visa, MasterCard etc.) under which the

cards are issued/ operated. The Bank shall provide an option to their eligible customers to choose from multiple card networks at the time of issue. For existing cardholders, this option may be provided at the time of the next renewal. The Bank shall ensure adherence to the above requirements in:

- i. existing agreements at the time of amendment or renewal, and
  - ii. fresh agreements executed.
- f. Conversion of credit card transactions to Equated Monthly Instalments (EMIs) programmes are governed by this policy and such transactions will not be covered under the Digital Lending Policy of the Bank. However other loan products offered, if any, on Credit Cards will be governed by the stipulations laid down under the RBI's Guidelines on Digital Lending and Annexure 9 Policy on Digital Lending of Loan Policy of the Bank. Additionally, the Client acquisition, including onboarding and limit set up carried out in digital mode shall follow digital lending guidelines.
- g. Card Payment Security Controls specified in the RBI's Master Direction on Digital Payment Security Controls will be as per Bank's Information System Security Policy.

#### **4. Product types:**

It has been Bank's endeavor to offer customer convenience by issuing different cards according to the different customer segments. The Bank will issue EMV compliant contactless cards and card controls as per RBI will be applicable.

For Credit Cards, the Bank will create different Customer Value Propositions (CVPs) in terms of card offerings. These will have specific names, targeted to specific customer segment (s) and have documented benefit structure, and designs.

The Bank will be issuing cards in association with network providers MasterCard, NPCI (RuPay), Visa which can be used at various POS terminals, E-commerce websites, etc. connected to the various networks.

Multiple credit cards may be issued to a customer within the overall approved limit, allowing them to maximize their benefits. The additional card may be provided to the customer only in virtual form, accessible through mobile / internet banking, or in both physical and virtual forms and may be issued under different network providers. However, it shall be ensured that the cumulative individual credit card limit, when combined with other unsecured borrowings by an individual from the Bank, does not surpass the permissible unsecured limit for an individual borrower.

Bank's Credit Card product portfolio shall consist of the following types:

##### **4.1 Secured card:**

In this product, the credit shall be secured through a Deposit (collateral) that the customer keeps with the Bank. However, the Bank will liquidate the deposit on or before 90 DPD. Exceptional cases will be reviewed separately by CC Business Head.

##### **4.2 Unsecured card:**

The Bank shall issue Unsecured Credit Cards after evaluating the customers based on various factors like their credit history, financial strength, etc. subject to satisfactory KYC / AML checks and other regulatory checks.

#### **4.3 Add-on card:**

The Bank shall issue add-on card to be availed by the immediate family members of and specifically identified by the primary cardholder. Bank shall take the proper operational measures to issue such cards with same properties and sharing the same credit limit as the primary Credit Card to which it is linked to. The liabilities and responsibilities of the primary card holder shall be clearly specified in the Terms and Conditions.

#### **4.4 Product Variants:**

The Bank shall offer different variants of credit cards. These will have specific names, targeted to specific customer segment (s) and having documented benefit structure, and designs. The Bank may issue other variants as well in due course of time and may close existing variants, if and when need arises. Such additions and closures will be approved by the Business Head after obtaining approval from MD & CEO.

The Bank shall put in place a consolidated Product Approval Document (PAD) covering end to end product offer of Credit Cards and each of the variants approved from time to time shall be included in the PAD as Annexures as appropriate.

### **5. Credit Card Issuance:**

#### **5.1 Eligibility:**

##### **5.1.1 General Conditions for issuance of Credit Cards:**

- The purpose of Credit Card is to facilitate the purchasing process for customers at specific merchant points. The Bank may issue credit cards to individuals for personal use together with add-on cards wherever required.
- The Bank shall issue or upgrade the cards based on specific and explicit request and/ or consent of the customer, collected in written form or digital form with multifactor authentication. The digital mode of consent taking has been communicated to RBI.
- No unsolicited cards shall be issued to account holders of the Bank unless it is a replacement card for an expired card. In case of issuance of unsolicited cards or upgradation without explicit consent, any consequential charges billed to the customer shall be reversed forthwith and compensated for twice the charges billed to the customer. The customers issued with unsolicited or upgraded cards are also free to approach Banking Ombudsman as per the said scheme.
- The Bank shall be fully responsible for any misuse of cards issued but not received by the applicant/ intended person and any consequential losses suffered by such person.
- The Bank shall ensure that no unsolicited credit facility, including loan or credit card is extended to the customer. For pre-approved cards, customers will have to accept the terms before availing the card. The Bank will only upgrade the credit cards and / or enhance the credit limit only with explicit consent of the customer, either in written or digital mode. Downgradation of the card/ reduction of credit limit shall also be intimated to the customer.
- Terms and conditions governing the issue and use of Credit Cards shall be clearly expressed and will maintain fair balance between the interests of the customer and Bank. It is available on Bank's website and will be made available to cardholders either in physical form or through email

and the relationship between the Bank and the card holder shall be contractual. Bank shall take explicit consent of the cardholder whenever there is/are any change/s in terms and conditions.

- New variants can be approved under the Bank's new product approval framework.
- Bank shall take a decision with respect to a credit card application submitted by a customer within 10 days from the date of receipt of application and the decision (approval or rejection) shall be conveyed in writing to the customer with specific reasons which led to the rejection of the application.
- In the first 30 days of card issuance, any customer-initiated process with respect to activation of card (Example: PIN generation, Modification of transaction control) shall be considered as intent for usage. Further a recorded call to the customer service Call Centre for activating the card shall also be treated as an intent to use the card. Bank shall seek OTP based customer-initiated consent (like PIN generation through IVR or mobile banking application) for activating a credit card, if the same has not been activated by the customer for more than 30 days from the date of issuance. This process shall continue for seven working days from the 30th day of issuance. If no consent is received from the customer for activating the card, Bank to close the credit card account without any cost to the customer within seven working days from date of seeking confirmation from the customer. In case of a renewed or replaced card, the closure of an inactivated card shall be subject to payment of all dues by the cardholder.
- 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 Bank shall not report any credit information relating to a new credit card account to Credit Information Companies prior to activation of the card. Any credit information reported to CIC prior to activation of card shall be withdrawn forthwith.
- Bank shall obtain explicit consent in digital mode from the cardholders along with the details of nominee/s while offering any insurance cover to the cardholders, in tie-up with insurance companies.

### **Contribution to the Payments Infrastructure Development Fund (PIDF)**

In terms of circular DPSS.CO.AD No.900/02.29.005/2020-21 dated January 5, 2021 and December 29, 2023, The Bank shall adhere to the guidelines and make mandated contributions towards the Payments Infrastructure Development Fund (PIDF)

Bank shall contribute to the Initial corpus based on the card issuance volume (covering both debit cards and credit cards) at the rate of Rs 3/- per credit card issued by the bank, within the mandated timeline.

Bank shall make annual contributions - Turnover based - 2 bps i.e., 0.02 paise per Rupee of transaction for credit cards; also at the rate of 3 for every new credit card issued by the bank during the year, by January 31st and July 31st based on card data of December 31st and June 30th respectively.

#### **5.1.2 Issuance of Credit Cards to various customers:**

Credit Card can be issued to following customers:

- All existing customers of the Bank meeting relevant credit conditions as per Bank's Credit Card on-boarding policy.
- New to bank customers willing to avail Credit Card from the Bank.
- Corporate Credit Card to be issued for non-individuals/corporates based on eligibility which will be decided by the Bank and approved by New Product Approval Committee (NPAC).

- Credit Cards issued through co-brand arrangements approved by Fintech Steerco in case of Fintech relationships or MD & CEO, post the vetting clearance by IRMD and Compliance and other relevant stakeholders for others.

Corporate card is covered in this policy for future plans subject to normal approval processes.

## **5.2 Customer Types:**

The Bank would issue cards to both Existing to Bank (ETB) as well as New to Bank (NTB) customers. Both of these categories of customers can also be sub-categorized as Existing to Credit and New to Credit customers. From time to time, the Bank may strategize to cater to specific sets of customers and the said strategy may change with time.

### **5.2.1 Existing to Bank Customers (Pre-Approved):**

Existing customer base of the Bank would be assessed by Bank's Analytics division and pre-approvals may be given to a subset of them, who may be communicated about the pre-approvals through promotional SMS/mailler with Credit Card offering. Such customers shall apply for Credit Card through designated channels offered by the Bank like FedNet, FedMobile, Web on-boarding. On satisfying the pre-set parameters, the Bank shall issue Credit Card through a straight through process (STP) i.e. a digital automated process without any manual intervention. Digital acceptance of most important terms and conditions will be done by the customer during this journey.

### **5.2.2 Existing to Bank Customers (Non-Pre Approved):**

Existing customer base that does not form a part of Pre-Approved customer base would be categorized as Non-Pre Approved Existing to Bank (ETB). Such customers may apply for Credit Card through designated channels offered by our Bank and on satisfying the pre-set parameters, the Bank shall issue Credit Card (Straight through process). In case the customer does not satisfy any of the norms applicable for Straight through processing, such applications shall be evaluated manually by the credit underwriting team after collecting additional documents if any, and application shall be processed/ rejected accordingly.

### **5.2.3 New to Bank customers:**

This segment shall consist of clients/prospects that do not have an account or relationship with the Bank. Such customers may apply for Credit Card through designated channels offered by our Bank and on satisfying the pre-set parameters, the bank shall issue Credit Card (Straight through process). In case the customer does not satisfy any of the norms applicable for Straight through processing, such applications shall be evaluated manually by the credit underwriting team after collecting additional documents if any, and application shall be processed/ rejected accordingly. The Bank may choose to serve Credit Cards to NTB customers, subject to verification, KYC and adherence to other regulatory checks. The Bank reserves the right not to issue Credit Card to individuals/entities/group of entities but shall always communicate the reasons for rejection.

### **5.2.4 NRI Customers:**

The NRI segment are customers who reside in a foreign location (outside India). The Bank may issue Credit Cards to this segment of customers. The Bank shall issue cards unsecured Credit Card to customers, aligned to the RBI guidelines.

### **5.2.5 Staff (Federal Bank Employees including former employees):**

Eligibility and Limit Assignment of Credit Cards for the Bank employees will be proposed by the product owner and finalized after obtaining necessary approvals from HR Department. Credit Card facility shall be without prejudice to the prevailing Service Rules, if any. HR Department will be suitably informed prior to enhancing the limits for employees.

Employees of subsidiaries and associates of Federal Bank shall be offered Credit Cards in accordance with the regular underwriting policies of the Bank which are laid in Credit cards risk policy.

### **5.3 Operations:**

The Bank will follow laid out and documented processes for running Credit Card operations. The pre-issuance operations may include but not limited to acquisition processes through different channels, documentation, inventory management, internal processes such as card and pin generation processes, third party tie-ups, vendor management, program and campaign management etc.

The post issuance processes include operations around but not limited to account maintenance, card replacement, add on cards, transaction reversals and refunds, EMI conversions, waivers / closure, rewards etc. Additionally, operational processes revolve around reconciliation and settlement, repayments through various channels etc. The Bank shall identify all such processes and lay down SOPs for manual and automated processes.

The Bank shall ensure that loans offered through credit cards are in compliance with the instructions on loans and advances issued by the Reserve Bank from time to time and the credit limit as sanctioned and advised to the cardholder is not breached at any point in time without seeking explicit consent from the cardholder.

Any discounts, cashbacks, reward points, loyalty points or any other benefits offered by the Bank shall be provided in a transparent manner including source of such benefits. The accounting process for the same shall be verifiable in the books of the Bank. Detailed information regarding these benefits shall be displayed on the Bank's website and a copy of the same shall also be provided to the cardholder through one of the channels of communication.

#### **5.3.1 Business Process Outsourcing (BPO)**

The Bank shall make use of BPO services offered by reputed agencies who have expertise in handling Credit Card operations. The Bank shall conduct a proper due diligence before engaging with entities for BPO services. All aspects of Operations, with roles & responsibilities, will be documented in a Standard Operating Procedure (SOP). Where applicable, the SOP will be signed off by both the Bank and the service provider.

### **5.4 Billing:**

- Bank shall ensure that 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.
- Bank shall provide the list of payment modes authorised for making payment towards the credit card dues, in the 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 them.
- The Bank shall ensure that there is neither any wrong billing nor delay in sending/ dispatching/ emailing bills/statements and the customer has sufficient number of days for making payment before the interest starts getting charged. Bank shall provide bills and account statement through FedMobile/FedNet with explicit consent of the cardholder. The Bank shall ensure through suitable process that the bills are delivered at the address of the customers vide email or otherwise.
- Bank shall ensure that any debit to the credit card account shall be done as per the



authentication framework prescribed by the Reserve Bank from time to time, and not through any other mode/instrument.

- Bank shall ensure 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.
- The process for blocking the card, dedicated helpline as well as the SMS numbers, shall be adequately publicized and included in the Billing Statement.
- The Bank shall quote the Annualized Percentage Rates (APR) for interest charged for all types of facilities like retail purchase, balance transfer, cash advance, non-payment of minimum amount due, late payment etc. The APR charged, and the annual fee shall be shown with equal prominence. The late payment charges, including the method of calculation of such charges and the number of days, shall be prominently indicated. The manner in which the outstanding unpaid amount has been arrived at for calculation of interest shall also be specifically shown with prominence in all the billing statements. These aspects shall also be shown in the Welcome Kit in addition to being shown in the billing statements.
- 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.
- Bank may provide more than one billing cycle to provide flexibility to the cardholders. Cardholders shall be provided option to modify the billing cycle of the credit card at least once, as per cardholders' convenience.
- In case of an insurance cover provided with a card, Bank shall ensure that the relevant nomination details are recorded by the Insurance Company and the availability of insurance is included, along with other information, including insurance cover, name/address and telephone number of the Insurance Company in every statement. For group insurance policies, the information relating to claim process along with the contact details of the concerned official of the Bank shall be provided in the statement.
- There shall not be any hidden charges while issuing credit cards free of charge.

### **5.5 Channels:**

The Bank has identified some designated channels through which a customer may apply for a Credit Card. The customer category and the product type available presently is shown in the Matrix below. Customer consent will be obtained before on-boarding. As technology and processes evolve, this



matrix would evolve and changes to the matrix will be approved at the Business Head level with due concurrence from other relevant departments:

Channels	Customer Type		Card Type		
	ETB	NTB	Primary	Add-on	Secured
FedNet	Yes	No	Yes	Yes	Yes
FedMobile	Yes	Yes	Yes	Yes	Yes
SMS/Web Journey	Yes	Yes	Yes	No	Yes
TAB for RMs	Yes	Yes	Yes	No	Yes
Call Centre Inbound	Yes	Yes	Yes	Yes	Yes
Call Centre Outbound	Yes	Yes	Yes	Yes	Yes
Branch Visit (Link in Drisya)	Yes	Yes	Yes	Yes	Yes
Bank Corporate Website	Yes	Yes	Yes	No	Yes
Third Party Website/App (Bank Bazaar/ Paisa Bazaar...etc.)	No	Yes	Yes	No	No

#### **5.6 Use of Direct Sales Agent (DSAs) / Direct Marketing Agents (DMAs) / other agencies:**

With a view to augment and drive the sales of Credit Card business or to offer personalized services to Bank's existing clientele at their doorstep as also to reach out to new customers, third party agents may be used to provide services of sourcing Credit Card applications, as per the requirements of the Bank, and as and when need arises. Based on the application, the Bank may issue Credit Card to the applicant, subject to mandatory checks and verifications.

The Bank's NPA Management Policy covers the role and responsibilities of the recovery agents deployed for collection of dues. The requirements and controls referred therein shall mutatis mutandis apply to the collection/ recovery agents for Credit Card dues. The disclosure of customers' information to the DSAs/DMAs/recovery agents shall also be limited to the extent that will enable them to discharge their duties. Personal information provided by the cardholder but not required for recovery purposes shall not be released by the bank. Bank shall ensure that the DSAs/DMAs/recovery agents do not transfer or misuse any customer information during marketing of credit card products. The decision-making power for issue of credit card to a customer shall remain only with the Bank and the role of the DSAs/ DMAs/other agents shall remain limited to soliciting/servicing the customer/ account.

The Bank shall have necessary processes in place to ensure that the employees/agents do not indulge in mis-selling of credit cards by providing incomplete or incorrect information to the customers, prior to the issuance of a credit card. The Bank shall be liable for the acts of the agents. Repetitive complaints received in this regard against any employee/agent shall be taken on record by the Bank and appropriate action shall be initiated against them including blacklisting of such agents. The Bank shall make available a dedicated helpline and email-id for the cardholders to raise complaints against any act of mis-selling or harassment by the representative of the Bank.

Bank shall be liable for the acts of their agents and ensure that the telemarketers they engage, comply with directions/regulations on the subject issued by the Telecom Regulatory Authority of India (TRAI) from time to time while adhering to guidelines issued on "Unsolicited Commercial Communications – National Customer Preference Register (NCPR)". These representatives shall contact the customers only between 10:00 hrs. and 19:00 hrs. The Bank shall carry out necessary due diligence while appointing service providers and shall ensure that these agents do not compromise the quality of the customer service and the Bank's ability to manage credit, liquidity and operational risks. While making the choice on service provider the Bank shall be guided by the need to ensure confidentiality of

customer's records, respect customer privacy and adherence to fair practices in debt collection. In the matter of recovery of dues, it shall be ensured that the Bank and Bank's agents, adhere to the extant instructions on Fair Practices code for lenders

With regard to appointment of third-party agencies for debt collection, the Bank shall ensure that the agents refrain from actions that could damage Bank's integrity and reputation and observe strict customer confidentiality. All communications issued by recovery agents must contain the name, email-id, telephone number and address of the concerned senior officer of the Bank whom the customer can contact. Further, Bank shall provide the name and contact details of the recovery agent to the cardholder immediately upon assigning the agent to the cardholder.

Bank shall have a system of random checks and mystery shopping to ensure that the agents have been properly briefed and trained as 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.

#### **5.7 Postal services:**

The Bank shall be responsible for delivery of Credit Cards / PINs to customers in a timely manner. Bank may use the services of postal/courier service providers or partner with such entities to deliver cards / pins. The Bank shall identify serviceable areas / non-serviceable areas for the courier / postal partner while going for a partnership. The Bank shall make provisions to cater to customers from serviceable pin codes. In case, some areas could not be serviced by courier / postal partners, the bank shall reject applications from such areas, whilst communicating the same to the applicants.

#### **5.8 Welcome kit & other peripherals:**

The Bank may add a welcome kit for specific variants of card, considering the product variant, issuance cost, terms of use etc. Mention of such welcome kit should be there on the brochures, the Bank's website or third-party aggregator's site.

#### **5.9 Pin / e-pin generation and activation:**

Customers may request for an e-pin or a physical PIN to activate the Credit Card. The Bank shall have provision to generate PINs corresponding to different customer requests and communicate to the customers through appropriate channels. Physical PIN shall be issued only in exceptional cases, which the Bank will define from time to time.

Bank shall provide to the cardholder the detailed procedure to report the loss, theft or unauthorised use of card or PIN and 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.

#### **5.10 Charges & Penalties:**

The Bank reserves the right to issue different variants of card at different points of time. Some variants may be specific to geographies, with specific issuance cost. The Bank may also close any variant in case they decide to. The Bank reserves the right to modify the charges of existing variants from time to time with due prior notice to customers. Changes in charges shall be made only with prospective effect giving prior notice of at least one month.

The Bank may provide various services for which, Bank may charge the customer on a non-discriminatory basis as decided by the competent authority from time to time. The Bank shall be

entitled to charge for various card related issuance and maintenance services.

Below are the illustrative charges for Credit Card. The list is subject to revision from time to time. Revisions to the charges (including and not limited to including new categories) will be approved by MD & CEO and will be included in the Annual Review of Service Charges presented to the Board at an annual frequency:

- A. Issuance Charges
- B. Annual Charges
- C. Card Replacement Charges
- D. Cash Advance Charges
- E. Late Payment Charges
- F. Finance Charges
- G. Over limit Charges
- H. Payment Return Charges
- I. Physical Statement Charges
- J. Rewards Redemption Charges
- K. Balance Transfer Processing Charges
- L. Charges of Revolving Credit
- M. Auto EMI Conversion Charges
- N. Loan Processing Fee & Pre closure Charges
- O. Fuel Transaction Charge
- P. Railway Ticket Purchase Fee
- Q. Card Validation Charges
- R. Priority Pass Lounge
- S. Outstation Cheque Processing Charges
- T. Foreign Currency Transactions
- U. Goods and Services Tax (GST)
- V. Wallet Loading Charges
- W. Rental Charges

The Bank may impose penalties on case to case basis on grounds related to falsified claims, attempt to dupe etc.

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

If a cardholder desires to surrender his/her card on account of any change in charges to his/her disadvantage, he/she shall be permitted to do so without levying any extra charge for such closure, subject to payment of all dues by the cardholder.

Bank shall not levy any charge that was not explicitly indicated to the cardholder at the time of issue of the card and without getting his/her explicit consent. However, this shall not be applicable to charges like service taxes which may subsequently be levied by the Government or any other statutory authority. The details of all the charges associated with cards shall be displayed on the Bank's website.

The convenience fee, if any charged on specific transactions, shall be indicated to the cardholder in a transparent manner in the MITC communicated to the customer at the time of onboarding or subsequent changes.

#### **5.11 Annual charges:**

The Bank is responsible for the annual maintenance of the customer card account. Charges associated with annual maintenance will be specified in the Most Important Terms and Conditions (MITC) and it shall be highlighted and published/sent separately to the customers, at the acceptance stage (welcome stage) and in important subsequent communications. The MITC shall be provided to the customer at the time of onboarding and each time, a condition is modified with notice to the customer. The MITC and copy of the agreement signed / digitally signed between the Bank and cardholder shall be sent to the registered email address of the cardholder or postal address of the customer as per the choice of the customer.

The 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 etc.

#### **Issuance fees:**

The Bank would assign specific issuance fee with specific product variant. Post issuance, the Bank will charge stipulated annual fees from the card accounts, as per the agreed terms. However, the Bank reserves the right to waive charges on specific grounds on a case to case basis.

#### **5.12 Add on/Supplementary Cards and Cards replacements:**

Customers may login to the Bank's Internet banking / mobile banking account and apply for an Add-on Card or a Supplementary Card. The Bank may also allow issuance of Add on cards through Direct Sales Agent (DSAs) / Direct Marketing Agents (DMAs).

In case of requests for replacement from customers, the Bank shall issue replacement cards to the customer. The costs of such cards shall be determined by the Bank and they may be revised from time to time.

#### **5.13 Daily cash withdrawals & Transaction Limits:**

The Bank shall define transaction limits for each card for each customer. The Bank shall define a percentage of credit limit as cash withdrawal limit. However, such limits can be changed from time to time, in which case, customers would be given information on the changes and date of effect.

#### **5.14 Interest rates:**

The Bank shall follow the instructions on interest rate on advances of RBI issued from time to time. The interest shall be determined based on the cost and reasonable return considerations.

The Bank shall determine the Annual interest rates for the revolvers, and other interest rates based on sound financial analysis. However, the Bank may impose dynamic rates too based on several parameters, in which case, details shall be clearly mentioned. The dynamic APR- Annual Percentage Rate for the revolvers has been listed below. The changes and the date when the changes would be effective will be informed to the customers. The Bank shall charge interest on Credit Card outstanding dues post the payment due date.

The Bank shall quote Annualized Percentage Rates (APR) on credit cards for different situations such as retail purchases, balance transfer, cash advances, nonpayment of minimum amount due, late payment etc., if different. Interest Rate ceiling for the Revolving Credit will vary based on the Average Monthly Balance (AMB) maintained by the customer in their operative account. Customers who do not maintain an operative account with Federal Bank will be charged at a higher rate of APR. The maximum ceiling for interest rate shall be 47.88%, i.e. 3.99% per month.

The rates as per the above structure shall be communicated to the customer through various modes which include email, SMS, updation in website etc.

Further, the Bank shall ensure that methodology of calculation of finance charges, with illustrative examples, are periodically communicated to customers.

Revisions in interest rate will be approved by the Bank's Asset Liability Committee with the required rationale in support thereof being provided by the Business Department.

The Bank shall assign an interest free period to all the cardholders for paying the accumulated dues of a specific time-period. Bank may choose to increase or decrease this interest free period at any point of time, provided sufficient prior notice is given to the existing cardholders.

#### **5.15 Renewals:**

The Bank shall intimate the cardholder prior to the renewal of existing card. The Bank shall ensure that renewal of card is carried out only in cases wherein the customer does not advise the bank not to renew the card. The Bank is responsible for the delivery of the new card to the customer's registered address, close the expired card account, migrate points & other benefits to the new card account post activation of new card and PIN transfer. Customer would be responsible for activation of new card. However, the Bank would engage with the customer in case of non-activation from customer end, for completing the process and providing continuous services.

#### **5.16 Loss of card:**

The Bank shall block a card, whenever information on theft, loss or similar kind of misplacement news is reported. Customers shall have the facility to block a card immediately through any of the alternate channels where the Bank has enabled such facility. The Bank shall immediately send a confirmation to the cardholder subsequent to the blocking of a card. Formalities like card closure etc after blocking a lost card will be processed within a TAT of 7 working days of receipt of complaint. Such actions would adhere to Bank's guidelines on fraud loss mitigation policy. In case a card is blocked at the request of the customer, replacement card in lieu of the blocked card shall be issued with the explicit consent of the customer. Such explicit consent shall be obtained in writing (by email or physical letter) or through a voice recorded call, where due positive confirmation has been obtained from the customer.

The Bank shall intimate the card holder prior to the renewal of existing card and also provide an option to decline, if the card holder desires. The option to decline shall be provided by SMS with an action code to be replied to the Bank or with a link to a portal where the customer can enter the required details. If the customer does not decline the option within a specified period of time, currently stipulated as 7 days, from the date of receipt of the communication, the Bank shall proceed with the renewal of the card.

#### **5.17 Termination of account:**

The Bank shall terminate a card account after obtaining application and consent from the customer. The Bank shall allow customers to apply for closure of card through various channels which may include email, SMS etc. Closure request through post shall not be the only option available to the customer. Any request for closure of a credit card shall be honoured within seven working days by the Bank, subject to payment of all dues by the cardholder. Subsequent to the closure of credit card, the cardholder shall be immediately notified about the closure through email, SMS, etc. Cardholders shall be provided option to submit request for closure of credit card account through multiple channels such as helpline, dedicated email-id, Interactive Voice Response (IVR), prominently visible link on the website, or any other mode. If card is not closed within 7 days, Bank is liable to pay penalty of Rs 500

per calendar day till the account is closed, provided there is no outstanding in the account. Subsequent to termination of account, the Bank shall not permit any form of transaction from the particular card account. During the course of closure, the Bank must ensure, all dues are settled for the particular account. In case of pending dues, the Bank may take appropriate measures deemed fit on case to case basis. Subsequent to closure of credit card account, any credit balance available in credit card accounts shall be transferred to the customer's bank account. In order to do so, the Bank shall obtain details of the cardholder's Bank account. Such information shall be obtained either in writing (via email/physical letter) or shall be obtained over a recorded voice line, with the customer having been positively identified through the regular positive identification process.

If a credit card has not been used for a period of more than one year, the process to close the card shall be initiated after intimating the cardholder. If no reply is received from the cardholder within a period of 30 days from the expiry of the one-year period of non-usage, the card account shall be closed by the Bank, subject to payment of all dues by the cardholder. The information regarding the closure of card account shall also accordingly be updated with the Credit Information Company/ies within a period of 30 days.

#### **5.18 KYC/AML compliance:**

Credit Cards, including co-branded cards/ add on cards/ supplementary cards issued either to the Bank's existing account holders or to new applicants would be KYC/ AML/ CFT compliant. The Bank would abide by applicable Prevention of Money Laundering Act/ Rules/ Regulations and RBI instructions / guidelines on KYC / AML / CFT comprising of guidelines and Bank's Financial Crime Compliance Policy around (a) Customer Acceptance (b) Risk Management (c) Customer Identification Procedures (CIP) and (d) Monitoring of Transactions

##### **5.18.1 Acceptable compliance:**

In case, Bank's acceptance criteria around KYC / AML / CFT are met, the Bank may issue Credit Cards to respective applicants with limits as deemed fit post risk assessments. However, the Bank shall have the authority to deny issuance of Credit Card to any entity, even with acceptable KYC / AML / CFT, based on its discretion.

##### **5.18.2 Unacceptable compliance:**

If the Bank's acceptance criteria around KYC / AML / CFT are not met while assessing an application, the Bank reserves the right to deny Credit Cards to respective applicants. On case to case basis, however, the channel of application may re-submit requisite documents for re-evaluation. The Bank may consider the resubmitted KYC documents for re-evaluation and based on the outcome may grant or deny Credit Card to the applicant.

#### **5.19 Use of Credit Bureaus:**

The Bank shall employ services from credit bureaus for individual credit information for taking a decision to issue or not issue a Credit Card.

#### **5.20 Introduction of New Cards:**

The Business Head shall introduce new cards depending on the business opportunities with the approval of MD &CEO.

#### **5.21 Introduction of RBI card controls:**

As per RBI circular released on 15th Jan 2020, RBI has directed all Banks to restrict the usage of debit/Credit Cards through multiple channels like e-com/International/contactless unless specifically requested by the customer. In accordance thereof, the applicable restrictions will be imposed on usage of our Credit Cards as well. Customers shall be able to manually enable card not present/ International/ NFC functionalities and set the Credit Card limits through multiple channels like FedMobile, FedNet or



IVR. At the time of issue or re-issue of cards enablement of use only at contact based points of usage within India. The Bank shall provide the following to cardholders.

- i. facility to switch on / off and set / modify transaction limits (within the overall card limit, if any, set by the issuer) for all types of transactions – domestic and international, at PoS / ATMs / online transactions / contactless transactions, etc.;
- ii. the above facility on a 24x7 basis through multiple channels - mobile application / internet banking / ATMs / Interactive Voice Response (IVR); this may also be offered at branches / offices;
- iii. alerts / information / status, etc., through SMS / e-mail, as and when there is any change in status of the card.

### **5.22 Launch of Tokenization:**

- Bank will offer Tokenization as a feature for credit cards. Tokenization is the replacement of the card number with an alternative number, referred to as a token. With tokenization, we will be able to convert customer's card details into a token which can be further used to make secure payments via Samsung pay, Jio pay, G-pay...etc. or contactless payment using NFC (Near Field Communications), MST (Magnetic Stripe Technology) etc. This can be used to pay merchants in day to day transactions.
- Tokenization transforms card holder details into digital tokens. The purpose of tokenization is to swap out sensitive data—typically payment card or bank account numbers—with a randomized number (token) in the same format but with no intrinsic value of its own and the payment can be made with just a tap of your smartphone. The card can also be used to make payment through Bharath QR and in app merchants like Gpay and Jio pay.

### **5.23 Recurrent (SI) transactions through Credit Cards:**

- Bank shall offer customer the convenience to register for recurrent transactions by enabling processing of e-mandate on Credit cards in line with the conditions laid by RBI circular dated 21st Aug 2019. The Bank shall permit processing of e-mandate on cards for recurring transactions (merchant payments) with AFA during e-mandate registration, modification and revocation, as also for the first transaction, and simple / automatic subsequent successive transactions, subject to the conditions listed below.

### **Applicability**

1. The e-mandate arrangement on cards shall be only for recurring transactions and not for a 'once-only' payment.

### **Registration of card details for e-mandate based recurring transactions**

2. A cardholder desirous of opting for e-mandate facility on card shall undertake a one-time registration process, with AFA validation by the Bank. An e-mandate on card for recurring transactions shall be registered only after successful AFA validation, in addition to the normal process required by the Bank.

3. Registration shall be completed only after all requisite information is obtained by the Bank, including the validity period of the e-mandate and other audit trail related requirements. The facility to modify the validity period of the e-mandate at a later stage, if required, shall also have to be provided for.

4. During the registration process, the cardholder shall be given an option to provide the e-mandate for either a pre-specified fixed value of recurring transaction or for a variable value of the recurring transaction; in the case of the latter, the cardholder shall clearly specify the maximum value of recurring transactions, subject to the overall cap fixed by the RBI (currently ₹ 15,000/- per transaction). For the following categories: (a) subscription to mutual funds, (b) payment of insurance premiums, and (c) credit card bill payments, the limit of ₹ 1,00,000/- per transaction shall be applicable.

5. Any modification in existing e-mandate shall entail AFA validation by the Bank.

### **Processing of first transaction and subsequent recurring transactions**

6. While processing the first transaction in e-mandate based recurring transaction series, AFA validation shall be performed. If the first transaction is being performed along with the registration of e-mandate, then AFA validation may be combined. All such AFA validation shall be as per extant instructions of the RBI.

7. Subsequent recurring transactions shall be performed only for those cards which have been successfully registered and for which the first transaction was successfully authenticated and authorised. These subsequent transactions may be performed without AFA.

### **Pre-transaction notification**

8. As a risk mitigant and customer facilitation measure, the Bank shall send a pre-transaction notification to the cardholder, at least 24 hours prior to the actual charge / debit to the card. While registering e-mandate on the card, the cardholder shall be given facility to choose a mode among available options (SMS, email, etc.) for receiving the pre-transaction notification from the Bank in a clear, unambiguous manner and in an understandable language. The facility for changing this mode of receiving pre-transaction notification, shall also be provided to the cardholder.

9. The pre-transaction notification shall, at the minimum, inform the cardholder about the name of the merchant, transaction amount, date / time of debit, reference number of transaction/ e-mandate, reason for debit, i.e., e-mandate registered by the cardholder.

10. On receipt of the pre-transaction notification, the cardholder shall have the facility to opt-out of that particular transaction or the e-mandate. Any such opt-out shall entail AFA validation by the Bank. On receipt of intimation of such an opt-out, the Bank shall ensure that the particular transaction is not effected / further recurring transactions are not effected (as the case may be). A confirmation intimation to this effect shall be sent to the cardholder.

### **Post-transaction notification**

11. In line with the extant instructions, the Bank shall send post-transaction alert / notification to the cardholder. This notification shall, at the minimum, inform the cardholder about the name of the merchant, transaction amount, date / time of debit, reference number of transaction / e-mandate, reason for debit, i.e., e-mandate registered by the cardholder.

### **Transaction limit and velocity check**

12. The cap / limit for e-mandate based recurring transactions without AFA will be ₹ 2,000/- per transaction. Transactions above this cap shall be subject to AFA as hitherto.

13. The limit of ₹ 2,000/- per transaction is applicable for all categories of merchants who accept repetitive payments based on such e-mandates.

14. Suitable velocity checks and other risk mitigation procedures shall be put in place by Bank.

### **Withdrawal of e-mandate**

15. The Bank shall provide the cardholder an online facility to withdraw any e-mandate at any point of time following which no further recurring transactions shall be allowed for the withdrawn e-mandate. (Note: The exception to this will be a pipeline transaction for which pre-transaction notification has already been sent to the cardholder, but the debit has not been communicated to or received by the cardholder, and the e-mandate withdrawal happens during the interregnum.) Information about this facility to withdraw e-mandate at any point of time, shall be clearly communicated to the cardholder at the time of registration and later on whenever felt necessary.

16. The withdrawal of any e-mandate by the cardholder shall entail AFA validation by the Bank.

### **Dispute resolution and grievance redressal**

17. An appropriate redress system shall be put in place by the Bank to facilitate the cardholder to lodge grievance/s.

18. The card networks shall make suitable arrangements to separately identify chargebacks / dispute requests in respect of e-mandate based recurring transactions.

19. RBI instructions on limiting liability of customers in unauthorised transactions shall be applicable for such transactions as well.

#### **6. Terms and conditions for issuance of cards:**

- Credit Cards may be offered to customers/applicant strictly upon his / her request and the Bank shall not dispatch a card to any customer unsolicited.
- The relationship between the Bank and the card holder shall be contractual.
- The Bank shall document a set of contractual terms and conditions governing the issuance and usage of the cards for all the cardholders. These terms shall maintain a fair balance between the interests of the parties concerned.
- The terms of issuance of the card shall be expressed clearly and unambiguously.
- The terms shall specify the basis for all charges, but not necessarily the amount of charges, at any point of time.
- The terms shall specify the period within which the Credit Card account would normally be debited in course of a transaction.
- The Bank may choose to alter the terms at any point of time. However, a notice of the change shall be given to the cardholder with sufficient time, to enable him / her to discontinue the facility in case he / she so chooses to. A period shall be specified after which, the cardholder shall be deemed to have accepted the terms if he had not taken any action to discontinue the facility during the specified period.
- The terms shall impose responsibility on the cardholder for safeguarding of the card and the means (such as PIN or code) of its use.
- The terms and conditions for the issue and usage of a card shall be available on the Bank's website in clear and simple language. The Bank shall provide such details in English and Hindi. In addition, where feasible, a third local language shall be used.
- The terms would put the cardholder under obligation not to record the PIN or code, in any form, that would be intelligible or otherwise accessible to any third party if access is gained to such records, either through honest or dishonest means.
- The cardholder shall be under obligation to notify the Bank immediately after he / she becomes aware of any of the following:
  - (a) Loss, theft or copying of the card or any other means that might enable it to be used by another entity.
  - (b) Record of any unauthorized transaction on the cardholder's account.
  - (c) Any error or other irregularity in the maintaining of the account by the Bank.
- The terms shall specify a contact point (call center number, email address, etc.) to which the customer can make such notifications. Such notifications may be made at any time of the day

or night.

- The terms shall specify that the Bank shall exercise care when issuing PINs or codes and shall be under obligation not to disclose the cardholder's PIN or code, except to the cardholders.
- The Bank shall advise cardholders to provide their mobile numbers (which would be mandatory) and, email IDs (which would be optional) to which intimation/alert shall be sent whenever a transaction is made using the card.
- The Bank shall alter the terms only after giving a 30 days notice to the card holder to give him an option to withdraw if he/she so chooses. After the notice period of 30 days, the cardholder would be deemed to have accepted the terms if he/she had not withdrawn during the specified period. The change in terms shall be notified to the cardholder through all the communication channels available.
- The terms shall specify that the Bank shall be responsible for direct losses incurred by a cardholder due to a system malfunction directly within Bank's control. However, the Bank shall not be liable for any loss caused by a technical breakdown of the payment system if the cardholder was informed of the system breakdown by a message on the device's display or otherwise. The responsibility of the Bank for the non-execution or defective execution of the transaction shall be limited to the principal sum and the loss of interest subject to the provisions of the law governing the terms.
- The terms shall clearly specify the time-period for reversal of unsuccessful/failed transactions and the compensation payable for failure to meet the specified timeline.

#### **7. Security and other aspects:**

- The Bank shall ensure full security of its Credit Cards in terms of data security and losses incurred, if any, by any party on account of breach of data security or failure of the security mechanism deployed by the Bank. In all other scenarios, it shall be the mutual responsibility of Customer as well as the Bank.
- The 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. The 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 Bank shall keep 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) as instructed by RBI, Maintenance of records Rules and PML Act/ Rules.
- The cardholder shall be provided with a documented record of the transaction after he/ she has completed it, either immediately in the form of receipt or within a reasonable period, in another form such as the customary bank statement/ email / sms.

- The Bank shall provide means whereby the customers may, at any time of the day or night, notify the loss, theft or copying of the card.
- On receipt of notification of the loss, theft or copying of the card, the Bank shall take immediate actions to stop any further use of the card.
- A customer's entitlement towards liability for an unauthorized transaction will depend on factors like time duration in which the Bank is notified of the transaction, nature of the transaction and amount of the transaction. This will be governed as per the Bank's Board approved policy on Customer Protection - Limiting Liability of Customers in unauthorized Electronic Banking Transaction.
- With a view to reducing the instances of misuse of lost / stolen cards, the Bank shall consider any advanced features or methods that may evolve from time to time.
- In case Bank, at their discretion, decide to block/deactivate/suspend a debit or credit card, it shall be ensured that a standard operating procedure is followed as approved by their Board. Further, it shall also be ensured that blocking/deactivating/suspending a card or withdrawal of benefits available on any card is immediately intimated to the cardholder along with reasons thereof through electronic means (SMS, email, etc.) and other available modes.

## **8. Marketing & Promotions:**

### **8.1 Branding:**

Branding shall be done in line with the branding policy of the Bank. Marketing Department of the Bank will decide on brand specifications to be carried on all cards. The Bank may choose to brand different Credit Card products with the view to access to a focused customer base, or increase average spends per card or improves customer stickiness. During the course of branding Credit Cards, Bank shall adhere to the vision, mission and values of the Bank. The Bank shall uphold the integrity and reputation of the Bank brand and in no point in time shall participate in any kind of activity, design, promotion etc. which might adversely affect the reputation of the Bank.

### **8.2 Marketing & Promotions:**

Marketing and promotions will be in line with the Bank's marketing guidelines. Marketing Department of the Bank will decide on the quality of communications being done in association with business teams.

## **9. Partnerships:**

### **9.1 Partnership with third party service providers:**

The Bank may choose to partner with any entity to augment Credit Card sales or to inculcate any product feature. The engagement with such partners can be, but not limited to (a) Contribution to top and bottom line with shared revenue (b) Better brand visibility (c) Enhance customer loyalty.

### **9.2 Partnership with network service provider:**

The Bank and any network service provider may enter into a partnership which may include but not limited to sharing marketing expenses, waiving cost components etc. with the view to a mutually beneficial agenda. Partnerships with all such entities can be long term, co-branding or seasonal / promotional, based on the agreement made with the Bank.

### **9.3 Co-Branding Partnership:**

In case of co-branded Credit Cards typically an issuing bank partners with corporate/merchant with

features customized to benefit the users of both the bank & corporate. The Bank may participate in any such partnership as when the Management/Product team deems fit and correspondingly issue co-branded Credit Cards to the customers. The detailed norms applicable for Co-branding Arrangement is covered separately in Section 5 of this policy.

#### **10. Outsourcing of Card related activities:**

All outsourcing activities of the Bank shall comply with the board approved outsourcing policy of the Bank. Sharing and transfer of data will be according to the Bank's Information Systems Security Policy (ISSP). Activities outsourced can change from time to time. The Bank shall ensure adherence to the guidelines on "Managing Risks and Code of Conduct in Outsourcing of Financial Services" as amended from time to time.

The Bank 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.

#### **11. Credit Risk:**

The Bank has defined the measurement framework for credit risk, a range of acceptable credit risk profile for different sets of customers, the parameters of credit risk, and has formulated a management framework through credit risk policy to maximize the risk-adjusted rate of return by maintaining credit risk exposure within an acceptable range. The Bank shall ensure prudence in CC issuance and assess credit risk as required under Bank's Credit Risk Policy on CC.

In doing so, the Bank has taken adequate measures to address the following:

- Establishing an appropriate credit risk environment
- Operating under a sound credit granting process
- Maintaining appropriate credit administration, measurement and monitoring process
- Ensuring adequate controls over credit risk

These practices shall be applied in conjunction with sound practices related to the adequacy of provisions and reserves, and the disclosure of credit risk.

##### ***11.1 Establishing an appropriate credit risk environment:***

- The Bank shall be responsible for approving and periodically reviewing the credit risk strategy of the Bank. The strategy shall reflect the Bank's risk appetite and the level of profitability Bank expects to achieve for incurring the credit risks.
- Bank's Credit Risk team shall be responsible for developing policies and procedures for identifying, measuring, monitoring and controlling credit risk. Such policies shall address credit risk in Bank's activities and operations from both individual and portfolio levels.

##### ***11.2 Operating under a sound credit granting process:***

- The Bank shall operate within well-defined criteria for credit approval, defined within a policy for the Credit Card product. These criteria should clearly indicate Bank's target market for Credit Cards, understanding nature of borrower and their modes of repayment.
- The Bank has laid down a clearly established process for approving new Credit Cards as well as the amendment and renewal of existing Credit Cards.

##### ***11.3 Maintaining appropriate credit administration, measurement and monitoring process:***



- Condition of individual credits, including determining the adequacy of provisions and reserves will be monitored as a part of Retail Risk Forum on a monthly basis.
- The Bank shall have information systems and analytical techniques that enable management to measure the credit risk.

#### ***11.4 Ensuring adequate controls over credit risk:***

- The Bank shall establish a system of independent assessment of the Bank's credit risk management processes and the assessment results shall be communicated directly to the Bank's senior management.
- The Bank shall ensure that the credit-granting function is being properly managed and that credit exposures are within levels consistent with prudential standards and internal limits.
- The Bank shall have a system in place for remedial action on deteriorating credit health, managing problem credits etc.

#### **12. Systems:**

The Bank shall formulate systems to ensure efficient operations of Credit Cards system. The Bank should implement systems, IT infrastructures etc. to aid such endeavors. The Bank shall get into a license model or may make any capital investment on such systems, as and when deemed fit. The Bank shall partner with different network service providers for different issuance phases, based on the agreement the Bank makes with such parties.

#### **13. Transaction Authorization and Fraud Management:**

The Bank shall put in place appropriate measures to regulate electronic transactions causing debits to customer accounts/ cards, with a view to ensure customer's and Bank's protection against fraudulence. A separate comprehensive Transaction Authorization and Fraud Management policy would encompass defining various scenarios of transactions, including regulatory requirements as enunciated by Reserve Bank of India (RBI).

##### ***13.1 Types of electronic banking transactions:***

Electronic banking transactions can be broadly divided into two categories:

- Remote/ online payment transactions (transactions that do not require physical payment instruments to be presented at the point of transactions e.g. internet banking, mobile banking, card not present (CNP) transactions), Pre- paid Payment Instruments (PPI), and
- Face-to-face/ proximity payment transactions (transactions which require the physical payment instrument such as a card or mobile phone to be present at the point of transaction e.g. ATM, POS, etc.)

Transaction Authorization rules shall be applicable on scenarios encompassing the following (but not limited to):

- Credit Limit Availability & Card Particulars verification.
- Transaction from primary and add on cards.
- Consecutive contactless transactions
- Transactions from a discontinued BIN, Suspended card, Blocked card (cooling period to unlock), hot-listed cards, counterfeit cards.
- Authorization of DCC (Dynamic currency conversion) on Forex transactions
- Pre-Authorized transactions
- Auto Recurring transactions
- QR transactions Authorization

## **14. Repayment:**

Bank will have channels and systems in place allowing customers to repay the dues on time.

### ***14.1 Channels:***

The channels for repayment would include electronic settlement through the Bank's net banking / mobile application, dedicated online platform for Credit Cards (as and when developed), auto debit from accounts with standing instructions, NACH, payment gateways (NEFT, UPI, IMPS), cash or through cheques.

### ***14.2 Minimum due & Full repayment:***

The Bank shall formulate the minimum due and full repayment amount based on sound economic practices and industry practices. Charges/implications of the following shall be clearly communicated to the customers:

- (a) Non repayment of minimum dues by due date
- (b) Payment of just minimum due amount
- (c) Payment more than minimum due but less than total due
- (d) Payment over total due amount

The number of 'days past due' and late payment charges shall 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. Interest shall be levied only on the outstanding amount, adjusted for payments/refunds/reversed transactions.

The terms and conditions for payment of credit card dues, including the minimum amount due, shall be stipulated so as to ensure there is no negative amortization. The unpaid charges/levies/taxes shall not be capitalized for charging/compounding of interest.

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.

The Bank shall explicitly bring to the notice of the customer that information relating to credit history/repayment record of the cardholder is being provided to a Credit Information Company in terms of the Credit Information Companies (Regulation) Act, 2005.

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 customer settles his/her dues after having been reported as defaulter, the Bank shall update the status within 30 days from the date of settlement. The 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.

Procedure for reporting to the CIC on default (covered in MITC): 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 billing date and the payment due 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.

Procedure for withdrawal of default report and the period within which the default report would be withdrawn after settlement of dues (covered in MITC): The Bank submits the Card Member's data to Credit Bureau (in India) every month. This data includes the repayment status of all Cardholders, both defaulters and current, for the previous month. The bureaus will upload the submitted data onto their servers in another thirty days.

#### **14.3 Late payment:**

The Bank shall clearly define the timelines of payment and corresponding fees applicable on late payments either on the product brochure or on online platforms. Any changes on the fees shall be properly communicated to the customers.

#### **14.4 Non-repayment:**

In case of non-repayment, the Bank must ensure adequate measures, including having an appropriate collection mechanism to minimize credit risk.

### **15. Collections:**

The purpose of the collection policy is to create a set of standardized policies and procedures for collection activities. An effective collection policy is essential to keep a strong control on the credit portfolio and thereby ensuring that the credit expense of the organization is low. It is essential to adopt effective collection strategies that promote on – time repayment as well as manage delinquencies better.

#### **15.1 Scope:**

The quality and performances of advances have a direct bearing on the profitability of the Bank. Despite an efficient credit appraisal, disbursement and monitoring mechanism, problems can still arise due to various factors and Non-Performing Asset (NPA) may arise. These factors may be internal or external.

#### **15.2 Objective:**

The objective of a separate Comprehensive Collection Policy may be the following:

- a. Minimizing delayed payment post due date
- b. Ensuring lower forward flow from initial bucket (from 0-30 DPD to >30 DPD).
- c. Reducing the impact of provision and losses on different products – secured & unsecured.
- d. Rescheduling customers who have short term genuine repayment inability with the right intent of payment.
- e. Educating customers on the benefits of prompt repayment and consequences of non-payment
- f. Ensuring control on collection cost
- g. Ensuring compliance with regulations and applicable Code of conduct
- h. Managing collection of penalty fees based on Federal norms

#### **15.3 Collections Governing Structure:**

The Bank shall define a governing enterprise for collections and the same may include internal as well as external stakeholders as and when an appropriate collection partner is agreed upon.

#### **15.4 Identifying Overdue:**

The action plan for recovering defaults will vary depending on the reasons of default. The Bank shall identify and define various reasons for default & subsequently develop an action plan for arrear collections. Indicative list is provided below:

- A. Temporary repayment problem
  - Late receipt of salary
  - Illness of a family member
  - Sudden cash needs
- B. Long term repayment problem
  - Death of an earning member
  - Loss of job or Accident leading to permanent disability of an earning member
  - Serious illness of a family member
  - Natural calamity leading to loss of assets
  - Multiple borrowings
  - Major business downturn including crop loss
- C. Willful default or fraud
- D. Abscond customers
- E. Technical Issues

#### **15.5 Collections Strategy:**

Collection strategy for the Bank will be based on days past due & reasons for overdue. The Bank shall define work with collection agencies including field and tele-calling.

There shall be a time bucket-based activity structure with corresponding monitoring authority for the respective activities.

Separate norms applicable on Collections and NPA for Credit Cards are included in the NPA Management Policy maintained by Loans Collection and Recovery Department.

#### **15.6 Dunning strategy:**

The Bank shall define time bucket-based dunning strategy for debt collection purpose. Those will include calls, reminder notices for the customers etc. This shall include sending SMSs and calls on pre-defined frequencies, sending bank issued letters and field visits on case to case basis.

#### **15.7 Legal aspects:**

The collections policy shall define a time period beyond which legal actions can be taken on defaulters. The different types of legal actions will be defined in the MITC which will be accepted by the customer before on-boarding.

### **16. Customer Relationship Management:**

The Bank shall focus on a Credit Card Customer Relationship Management (CRM) to better serve the customers. Based on the functionalities of the CRM platform, the bank shall strive to create a seamless, effortless, personalized experience for customers, a consolidated and responsive Customer Relationship Management (CRM) solution. During client servicing, a bank personnel requires several customer information handy to serve the customer effectively. The Bank's CRM shall

serve that purpose with a consolidated view of customer's product holdings, cases, deliverables, leads, appointments etc. in a single frame. The Bank may opt to outsource CRM module as a part of Card Management solution.

## **17. Lead Management:**

Lead Management system shall entail capture of self-generated leads (different internal or external sources) and updating the same, central upload of leads for fulfillment and assignment of leads to fulfillment unit basis predefined logic.

### ***17.1 Lead generation through Internet banking web/mobile app:***

New to bank (NTB) customers may provide inputs on the Bank's Internet Banking website / portal or Mobile Banking application with required information which in turn would become the Bank's leads for Credit Card issuance.

### ***17.2 Lead generation through third party aggregator's website/app:***

Bank may enter into formal partnership with any third-party aggregator site or application and provide an option to the customers to apply for the Bank cards through the aggregator platform. Customers may provide their details on the third-party platforms which in turn may be leads for the Bank.

### ***17.3 Lead generation through third party service provider's web/link:***

As and when any formal partnership may be dealt upon by the Bank with any third-party service provider site or application, customers may have the option to apply for the Bank cards through the service provider platform. Depending on the kind of developments, customers may have the options to provide their details on either the third-party platforms or on the Bank's platforms (once routed). Bank shall treat such applications as leads.

## **18. Reports:**

Reports being one of the most important tools to track different types of information which translates into a responsive approach towards customer service, Credit Card system shall provide information or reports to internal stakeholders in a concise fashion on various business/operations metrics. The system shall define various reports and the fields to be populated corresponding to each report.

### ***18.1 Formats & Filters:***

All the reports shall be on downloadable and computable format (in addition to any other format deemed necessary from time to time). Among the fields present in any report, filter conditions shall be available wherever deemed fit, viz. Equal, Not Equal, In, between etc. Depending on different types of the information that user might require to derive from the report, user can change the filters as per their requirement. Type of reports may vary depending on the stakeholder viewing the report.

## **19. International Credit Cards:**

Issuance of international Credit Cards shall be subject to the guidelines issued under Foreign Exchange Management Act, 1999, as amended from time to time. The Bank shall obtain membership of FEDAI, Authorized Dealer –Category 2 license from RBI, and any other membership / approval as required for completing cross-border transactions on such international Credit Cards.

The Bank reserves the right to regulate the issuance, operations, transaction authorization of international Credit Cards. The Bank also reserves the right to change such rules with time and the corresponding customers would be given prior notice.

Prohibitions on international Credit Card usage such as purchase of prohibited items, like lottery tickets, banned or proscribed magazines, participation in sweepstakes, payment for call-back services, etc. have been formulated in the transaction authorisation policy.

International transactions at ATMs or POS should be carried out by the cardholder strictly in accordance with FEMA/Exchange Control Regulators. Cardholder should abide by all guidelines issued by the Reserve Bank of India and the Government of India regarding international use of the Credit Card and foreign currency transactions. Conversion of the foreign currency amount will be done at rates decided by the various parties involved. The Bank shall not be responsible for the rate of conversion or fluctuation in the exchange rate and such rate of conversion shall be binding on the customer. The Credit in the Cardholders account will be in Indian Rupees. The total amount of transaction on the card will be limited to the extent of the balance available in the Credit Card account. There is a system level check to block selected transactions (like international transactions using Credit Cards in Nepal/Bhutan.) in order to comply with FEMA regulations.

### ***19.1 Forex transactions on Credit Cards:***

The Bank shall formulate policies around forex transactions for different card products. Such transaction rules shall be defined in the transaction authorization policy.

## **20. Grievance Redressal:**

In case of any complaints / grievances, the customers shall access to a variety of options to register, monitor and escalate the same as defined in the grievance redressal policy of Bank. Bank shall provide dedicated email IDs and phone number to customers as laid down in Grievance Redressal Policy.

Grievance redressal and customer compensation framework shall be as per Grievance Redressal policy and Customer Compensation policy of the Bank. The Bank shall put in place a Grievance Redressal Mechanism within the card issuing entity and give wide publicity about it through electronic and print media. The Bank shall ensure that their call centre staff are trained adequately to competently handle and escalate, a complaint, if necessary.

The timeline and compensation framework prescribed therein will be followed in the case of Credit cards and any modification will take into consideration the credit card policy requirement as well.

The Grievance Redressal process shall have a provision for automatic escalation of unresolved complaints from a call center/base level to higher authorities. There shall be a system of acknowledging customers' complaints for follow up, such as complaint number/docket number, even if the complaints are received over phone. All complaints will be acknowledged and provided a reference number. Each complaint will be investigated with due care and customer is provided with response from the Bank within the stipulated time period. The grievance redressal procedure of the bank and the time frame fixed for responding to the complaints are displayed at branches and published on the bank's website.

The name, direct contact number, email-id and postal address of the designated grievance redressal officer of the Bank shall be mentioned on the credit card bills and account statements. The designated officer shall ensure that grievances of cardholders are redressed promptly without any delay.

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/

The review of complaints on Credit Cards will form part of the regular reviews conducted on complaints in the Bank. This shall include and not be limited to, details presented to the Standing Committee on Customer Service, the Customer Service, Marketing Strategy and Digital Banking Committee of the Board and, where applicable, to the Board.

#### **21. Review of Operations:**

The Business Department, who is the owner of cards portfolio, at present Retail Assets & Cards, shall place a half yearly review, as at the end of September and March of each accounting year, before the Audit Committee of the Board on card operations. The review should cover key areas of risk in the credit card business, with details of the mitigating controls implemented. The review should also cover, inter-alia, customer service, frauds, complaints and grievance redressal, card usage analysis including cards not used for long durations.

## Annexure – 1 - Definitions

Unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below:

**i. Add-on Credit Card** means a supplementary credit card to the principal or primary credit card, issued to person/s with predefined relationship with the primary cardholder, within the credit limits and liability of the latter, subject to such terms and conditions as stipulated by the card-issuer.

**ii. Annual Percentage Rate** is the annual cost of credit to the cardholder which includes interest rate and all other charges associated with the credit card under different scenarios based on card features.

**iii. Billing Cycle/Billing Period** is the regular length of time between closing dates of two consecutive bills raised by the card-issuer.

**iv. Business Credit Cards** are issued to business entities/individuals for the purpose of business expenses with specified terms and conditions and not for personal use.

**v. Cardholders** – A person to whom a card is issued or one who is authorized to use an issued card.

**vi. Card-issuers** - Banks which issue debit or credit cards and NBFCs which have been permitted by RBI to issue credit cards in India.

**vii. Card Loyalty/Reward Programme/s** are those schemes linked to a credit card or debit card whereby the card-issuer or associated merchant establishments, upon use of the card/s, offer digital coupons, points, discounts, cash backs or other benefits having monetary value that can be used/redeemed for the same transactions or other future transactions after accumulation.

**viii. Charge Card** is a type of credit card where the user has to pay the billed amount in full on due date after the billing cycle, and no rolling over of credit to the next billing cycle is permitted.

**ix. Co-branded Card** is a card that is issued jointly by a card-issuer and a co-branding entity bearing the names of both the partnering entities.

**x. Convenience Fee** is a fixed or pro-rata charge on use of credit/debit cards as one of the alternative forms of payment which is not ordinarily accepted vis-à-vis other forms of payment.

**xi. Corporate Credit Card** is a credit card that is issued to specific employee/s of a corporate employer wherein the liability could rest with the corporate entity or the employee or jointly on both, as per the product design features.

**xii. Credit Card** is a physical or virtual payment instrument containing a means of identification, issued with a pre-approved revolving credit limit, that can be used to purchase goods and services or draw cash advances, subject to prescribed terms and conditions.

**xiii. Credit Limit** is the maximum amount of revolving credit determined and notified to the cardholder to transact in the credit card account.

**xiv. Interest-Free Credit Period** is the time period from the date of transaction to the due date of payment, wherein interest free payment can be made, subject to the payment of entire outstanding on or before the payment due date by the cardholder.

**xv. Minimum Amount Due** is the minimum amount of money, as a part of the total bill amount, that a cardholder has to pay to not be treated as an overdue bill.

**xvi. Most Important Terms and Conditions (MITC)** are the standard set of conditions for the issuance and usage of credit cards, thereby defining the responsibilities and liabilities of the card-issuer and the cardholder.

**xvii. Principal Cardholder** means the customer who has been issued credit card by a card-issuer and on whose name the card account has been opened.

**xviii. Unsolicited Credit Card** is a credit card issued without a specific written/digital request or an application therefor.

**Provided** the issuance of a credit card for renewal or replacement shall not be treated as an unsolicited card.

Renewal contemplates the issuance of a new card on account of expiry of an existing card and replacement includes issuance of a new card in place of an existing card in lieu of the change in the underlying account relationship, upgradation due to new technology or systems or re-issuance of cards that have been lost, blocked or suspended temporarily, but does not include the opening of a new account after a previous account was closed.

**xix. Upgradation of Credit Card** means enhancement in the benefits and features of credit cards issued, for example, an increase in the credit or cash limit of the card.

xx. 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.