



**POLICY ON**  
**CREDIT CARD**  
**PRODUCTS & SERVICES**  
**FOR FY2022-24**  
**VERSION 1.2**

## Contents:

4.1. Credit Cards .....	8
4.1.1 Card Issuance and Basic Features .....	8
4.1.2 Credit Card limits & Sanctioning Authorities .....	10
4.1.3 Credit Period and Billing cycle .....	10
4.1.4 NPAs & Recovery Measures .....	10
4.1.5 Internal Control & Monitoring systems .....	10
4.1.6 Compliance to RBI Guidelines and Other Standards .....	14
4.1.7 Disclosure in Balance Sheet .....	17
4.1.8 Disclosure to rating Agencies and others .....	17
4.1.9 Redressal of Grievances .....	17
4.1.10 Eligibility Criteria, Features & Card Limits .....	18

#### **4.1. Credit Cards**

Reserve Bank of India has observed in the Master Circular on Credit Card Operations dated 01.07.2015 that it is important for banks to maintain prudent policies and practices for managing the risks of their credit card business in view of the following reasons.

- The quality of banks' credit card portfolios mirrors the economic environment in which they operate.
- Often, there is a strong correlation between an economic down turn and deterioration in the quality of such portfolios.
- The deterioration may become even more serious if banks have relaxed their credit underwriting criteria and risk management standards as a result of intense competition in the market.

The Banking Codes and Standards Board of India (BCSBI) have released the latest "Code of Bank's Commitment to Customers" (Code) in January 2014, which has been adopted by our Bank.

As our Bank is subscribing to the BCSBI Code, the principles contained in BCSBI Code are adopted in the policy on credit card operations besides incorporating the guidelines contained in the Master Circular No RBI/2015-16/31 DBR.No.FSD.BC.18/24.01.009/ 2015-16 dated July 1, 2015.

The Policy Document on Credit Card Operations has been prepared with a view to consolidate and provide a framework for guidelines and practices adopted by the Bank in its Credit Card Operations. This will facilitate a better understanding of 1) Credit Card Operations in the Bank and 2) the need to ensure that prudent policies and practices are adopted while issuing Credit Cards.

##### **4.1.1 Card Issuance and Basic Features**

Banks with net worth of Rs. 100 Crores and above can undertake credit card business for which no prior approval of RBI is required. Credit Card Business in the Bank is managed at Corporate Office, Credit Card Centre (CO: CCC). As per the RBI Master Circular on Credit Cards, Banks are permitted to issue Co-branded Credit Cards and while issuing Co-branded Credit Cards, banks must undertake due diligence on the non-banking entity to protect themselves against the reputation risk to which bank is exposed to in such an arrangement. Our Bank can also issue Co-branded Credit Cards to our customers under tie up arrangement with other reputed Cards & Payments Service/ NBFC. The NBFC through which Co-branding arrangement is in place, to adhere to the RBI guidelines contained in circular RBI/2006-07/196 dated 04.12.2006.

Bank will assess independently the credit risk and ensure prudence while issuing credit cards to persons, especially to students and others with no independent financial means.

Details of the Credit Card functionalities handled is as detailed below:

Department	Functionalities
CO: RAD	CO: RAD will be the owner of Credit Card Policy. All business related decision including fixing of credit card limits, interest rate and charges, portfolio management, maintenance of Asset Quality and NPA management, handling business related customer complaints
CO: DBD	All technology related functionality including issuance of Cards & pin mailers, providing hardware and software support, card billing, handling transactions, Reconciliation and Redressal of customer complaints related to issuance of card, billing and transactions.

Bank issues general purpose Credit Cards in association with M/s Visa International as its Primary Member. Following variants of Visa cards & Rupay Cards are offered in the Personal Card segment:

VISA	RUPAY
Global Gold Card Global Platinum Card Domestic Bharat Card Secure Card	Classic Card Platinum Card Select Card Secure Card

- Issuance of Fresh VISA Global Classic card is withdrawn. During renewal of existing Global classic cards, Global Gold cards will be issued.
- Bank is also issuing IB Visa & Rupay Business Credit Cards to the Business entities for their Employees/Executives of SMEs, Trusts and Corporate Customers to take care of the corporate requirements.
- Bank can also issue Credit Cards of other Card Associations through same or different vendor, covering all products suite offered by the card association. The eligibility selection/fixation of Credit Card Limit will be common to cards issued by Indian Bank through all Card Association.
- The revised policy will be applicable for all Credit Cards launched and to be launched by Credit Card Centre.
- No Credit cards should be issued to the customers whose credit cards were before closed under One Time Settlement.

### Card Schemes

1. Issuance of New Credit Cards to customers for use in India as well as foreign countries as a business continuity plan and as an alternative to the existing VISA credit card.

2. Issuance of New Credit Cards for all new customers and existing customers (while renewing the cards after getting their consent).
3. Continue with the present practice of issuing VISA Credit Cards to HNIs who widely travel abroad as a practical approach.

Supplementary cards (also referred as 'add-on cards') are issued to the individual who is an immediate family member (spouse/children/ brothers/ sisters/parents) of the card holders. While issuing cards, the important terms and conditions for issue and usage of a credit card should be mentioned in clear, unambiguous and simple language (preferably in English, Hindi and the local language) comprehensible to a card user.

### **Revolving Credit**

Credit Card holders are given the option of revolving credit by paying at least Minimum Amount Due as indicated in the Billing Statement mailed to them.

Bank shall provide EMI facility for specified purchases based on the requests received in writing by mail or email from primary card holders up to the credit card limit. The modalities of the scheme shall be framed by COLCC (GM) in consultation with existing/new service provider.

#### **4.1.2 Credit Card limits & Sanctioning Authorities**

Refer Standard Operating Procedures for detailed assessment of card limits, Credit Card limits (including Staff card limits), Sanctioning Powers of various Authorities Assessment of Card Limits, limit enhancement, Rejection of Credit card applications

#### **4.1.3 Credit Period and Billing cycle**

Refer Standard Operating Procedures for Credit period of Credit card, billing cycle and statement date.

#### **4.1.4 NPAs & Recovery Measures**

##### **Appropriation of credit card payments received**

As per Bank's policy, appropriations of credits (payments received) to the card account are done as per knock off order communicated to credit card customers in the Card Member Agreement usage Guide sent along with the credit card. The knock-off order is Government Fee (GST Charges, Cash Advance Interest, Purchase Interest, Other Fee Interest, Cash Advance Fee, Other Fees, Purchase and Cash Advance). Hence any partial payments received against credit card dues will be knocking off / appropriated in the order mentioned above. In the case of credit card accounts in NPA status, the payments received are taken towards the principal amount due in the card accounts. If the repayments / recovery is

more than the principal amount, the remaining balance will be appropriated towards the Charges/ MOX / Interest.

### Over dues / NPA in Credit Card Operations

Credit Card is basically a revolving credit facility, the card holders have the option of repaying either the -

- (i) *Full amount due*: aggregate value of the transactions up to the billing date plus other financial and statutory charges
- (or)
- (ii) *Minimum amount due*: reckoned at a certain percentage of the total transactions: value up to the billing date, plus other financial and statutory charges.

In case of default in repayment of the Minimum Amount Due before the payment Due Date and / or consecutive defaults, the Credit Card holders are categorized into different levels of delinquency as indicated below:

The movement of delinquency (Del) depends upon the payment received on or before the due date. Depending upon the continuance of default, Delinquency levels will progressively increase.

- If minimum due is received by the due date, del count will decrease by 1 count.
- If payment received is less than minimum due or no payment is received then del count will increased by 1.
- If the total bill amount is received, del count will become zero.

Period of Default	Delinquency Level	Default in number of days
Default in payment of Minimum Amount of the 1 <sup>st</sup> Bill	Del 1 i.e. on expiry of the Payment Due Date plus Grace Period of the 1 <sup>st</sup> Bill	Less than 30 days
Continued Default in payment of Minimum Amount of the 2 <sup>nd</sup> Bill	Del 2 on expiry of the Payment Due Date plus Grace Period of the 2 <sup>nd</sup> Bill	30 days
Continued Default in payment of Minimum Amount of the 3 <sup>rd</sup> Bill	Del 3 on expiry of the Payment Due Date plus Grace Period of the 3 <sup>rd</sup> Bill	60 days

Period of Default	Delinquency Level	Default in number of days
Continued Default in payment of Minimum Amount of the 4 <sup>th</sup> Bill	Del 4 on expiry of the Payment Due Date plus Grace Period of the 4th Bill	90 days

\* Grace period is 3 days from the payment due date

### Definition of “over dues”

- Delinquency Level 1 : not construed as overdue
  - Delinquency Level 2 & 3: only the Minimum Amount due is treated as overdue.
  - If Number of days of default exceeds 90 days or Delinquency Level 4 & above: Entire Balance amount is treated as overdue and classified as NPA.
- Asset Classification and Provision for NPAs for card accounts in Delinquency levels 04 and above (or) if the number of days of default exceeds 90 days are in line with RBI Guidelines in force and as approved in Board Note on Accounting Policy and Practices & Classification of Over dues & NPAs in Credit Card operations.
  - The present level of Provisioning for various level of NPA Card accounts are briefly summarized below:

Asset Classification	Definition	Provision
Substandard	Past dues above 90 days corresponding to Del 04 and upto Del 15 (i.e. for 1 year in substandard category)	25%
Doubtful	Card accounts in Substandard category for 1 year & above (corresponding to Delinquency level 16 and above)	100%
Loss Assets	As per Bank's general guidelines and definition of loss assets	100%

### Recovery Measures

The salient features of recovery procedure are summarized below:

- As a part of recovery strategy of NPA in credit cards it is proposed to utilize the services of empanelled Recovery Agents on incentive basis to augment the recovery under NPA and to contain fresh slippage in credit cards.
- The thrust of the policy in general is to recover the entire outstanding Book Balance appearing in the books as on the date of **Del 4** along with the maximum possible amount of financial charges due to the Bank and also to maximize the Recovery Amount and keep the sacrifice (waiver of financial charges) to the barest minimum.

- Negotiated Settlement / Compromise shall be considered in any account where recovery in normal course is found to be difficult and / or time consuming and the account is in Del 4 (indicating continuous default of 4 monthly Billing Statements and corresponding to 90 days past due) and above. The proposal shall be adequately substantiated for consideration under settlement.
- The recovery should be the Balance Outstanding in the Credit Card account as on the date of categorization of the card in Delinquency Level 04 (corresponding to 90 days past due) Plus interest as applicable and expenses up to the maximum extent possible.
- Write-off of even a part of Book Balance shall be avoided except for exceptional cases.
- Minimum Compromise Amount (MCA) for NPA Credit Card Accounts / Quantum of Compromise Amount / Sacrifice to be accepted to make the OTS Scheme in Credit Card operations more comprehensive.

The detailed computation of Minimum Compromise Amount in all Credit Card accounts including Suit Filed accounts are given in Standard operating Procedure.

### **Terms of Payment of OTS**

- Under the OTS Policy, Bank may stipulate that 50% of the OTS Amount is to be immediately deposited as an Upfront Amount in **"No Lien Account"** and the Balance to be paid in a month's time.
- In exceptional and deserving cases, OTS payment period may be allowed up to 90 days. Atleast 25% of the OTS amount (including upfront amount) is to be paid within 10 days from date of acceptance. No interest to be charged during the period.
- Payment in instalments up to 6 months on a case to case basis may be considered. During the period, interest at 12.25% simple from the date of acceptance of OTS sanction upto the final payment on diminishing balance of OTS amount is to be recovered.
- In rare cases, the payment in instalments not exceeding twelve months may be considered. During the period, interest at 12.25% (quarterly compounding) from the date of acceptance of OTS sanction upto the final payment on diminishing balance of OTS amount is to be recovered.
- Treatment of sacrifice of MLE (Memorandum of Legal Expenses): The element of sacrifice of MLE should be treated as Waiver and not as Write-Off.

### **Write-off**

- As per the Recovery Policy of the Bank, Write-Off of the Principal (i.e. Value of the transactions through Credit Card) is considered. With a view to facilitate better management of NPA Portfolio in our Bank's Credit Card Operations, we may continue to consider write off un-remunerative NPA Card Accounts in the following instances, after exhausting all avenues of recovery through normal course / OTS / Legal measures.
  - The card accounts with default of more than 16 months and corresponding to Delinquency Levels 16 and above.



- Where borrower has no other means and / or not traceable / deceased.
- Where recovery prospects are not considered feasible even if suit filing is done.

The delegation of powers on OTS/Write-off proposal is detailed on Standard operating Procedure

#### **4.1.5 Internal Control & Monitoring systems**

- To ensure compliance with RBI Guidelines and facilitate review by the Standing Committee on Customer Service of the Bank, detailed analysis of credit card related complaints are submitted on a monthly basis and reviewed by the Sub Committee of the Standing Committee on Customer Service. Assistant Branch Manager, Credit Card Centre is the Compliance Officer.
- To ensure compliance with RBI Guidelines CO:CCC shall prepare and place to Board a comprehensive Review Report on half yearly basis at the end of September and March of each accounting year.
- A parallel reconciliation process shall be put in place in co-ordination with CO: O&M Department and CO:Risk Management Department to validate the details given by the vendors.
- Frauds related to Credit Cards shall be reported to Anti-Fraud Cell of CO: Inspection Department on a monthly basis. Such frauds shall be analyzed in co-ordination with Anti-Fraud Cell and arrive at possible solutions for prevention.

#### **4.1.6 Compliance to RBI Guidelines and Other Standards**

##### **Interest rates and other charges**

- RBI instructions (in the circular no. DBOD No.Dir.BC.93/13.03.00/2006-07 dated May 7, 2007) that "Banks should prescribe a ceiling rate of interest, including processing and other charges in respect of small value personal loans and loans similar in nature" have been made applicable to credit card dues also, as per RBI Master Circular on Credit Card Operations. Besides banks have been advised vide RBI circular BOD.No.Dir.BC.88 / 13.03.00 / 2009-10 dated April 09, 2010 that barring exempted categories, all other loans should be priced only with reference to the Base Rate. Bank's policy complies with the above guidelines.
- Considering high costs involved in credit card operations by way of Fees Payable to Visa & other Service Providers, Periodical Billing / Transaction updates given to card members, Reward Points etc., finance charges (interest charges), are levied on cash and purchase transactions in our Bank.
- Bank will not levy any charge that was not explicitly indicated to the credit card holder at the time of issue of card and without getting his / her consent. Changes in Charges (other than interest) may be made only with the prospective effect giving notice of at

least one month. There is transparency (without any hidden charges) in issuing credit cards free of charge during first year.

- Bank shall charge Joining Fees / Annual Fees/financial charges/other fees for credit card accounts with the prospective effect giving notice of at least one month.
- Bank maintains transparency in respect of prescribing ceiling rate of interest and the same has been published in Bank Website. The interest rate charges to various categories of customers and methodology of calculation of finance charges with illustration has also been published in Bank Website.
- Request for closure of credit card has to be honoured immediately by the credit card issuer, subject to full settlement of dues by the card holder and without any extra charge for such closure.

### **Fair Practices Code**

As per RBI Guidelines each bank must have a Fair Practices Code for credit card operations. The "Code of Bank's Commitment to Customers" issued by the Banking Codes and Standards of India (BCSBI) and the Fair Practices Code of IBA has been adopted by our Bank to cover the entire gamut of its Banking operations including advances. The same are being adopted in credit card operations also.

It is also ensured that while appointing third party agents for debt collection, the agents should refrain from action that could damage the integrity and reputation of the Bank and that they observe strict customer confidentiality. The Banks should also ensure to comply with the guidelines of RBI, as amended from time to time in respect of engagement of recovery agents.

### **Compliance with Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Standards / Combating of Financing of Terrorism (CFT)/ Obligation of Banks under PMLA,2002.**

The instructions/ guidelines on KYC/AML/CFT will be adhered in respect of all cards issued including business and add on cards as per the Banks policy on Compliance with Know Your Customer (KYC) Norms / Anti-Money Laundering (AML) Standards / Combating of Financing of Terrorism (CFT) / Obligation of Banks under PMLA,2002. As per the annual information return u/s 285 BA of IT ACT details of payments to credit cards aggregating to Rs.1.00 lac or more in cash or Rs.10.00 lacs or more by any other mode in a FY should be submitted to RBI on annual basis. Credit Card Centre will submit the returns to RBI through Corporate Office, Banking Operations Department.

Complying to the RBI circular DBR.No.FSD.BC.18/24.01.009/2015-16 dated 01.07.2015, Bank will engage telemarketers who have complied 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)".

### **RBI guidelines on Enhancing Security of Card Transactions**

- The functionalities as directed by Reserve Bank of India vide circular DPSS.CO.PD No.1343/02.14.003/2019-20 dated 15.01.2020 will be made operational by 16.03.2020.
- All new cards will be enabled for use only at ATMs and Point of Sale (PoS) devices within India.
- Bank will provide customers the following facilities for enabling card not present (domestic and international) transactions, card present (international) transactions and contactless transactions:
  - a) facility to switch on / off and set / modify the daily transaction limits (within the overall card limit provided by the bank) for all types of transactions – domestic and international, at PoS / ATMs / online transactions / contactless transactions, etc.;
  - b) the above facilities will be provided on a 24x7 basis through multiple channels – Mobile Banking, Internet banking and ATMs
  - c) alerts or information or status, etc., through SMS or e-mail will be provided, as and when there is any change in status of the card.
- Existing International Credit Cards which have been never used for international transactions will be disabled for international transactions with effect from 16.03.2020.
- Existing credit cards which have never been used for online (card not present) transactions will be disabled for online transactions with effect from 16.03.2020.
- As per the guidelines issued by Reserve Bank of India vide RBI/2019-20/130 DoS.CO/CSITE/BC.4084/31.01.015/2019-20 dated 31.12.2019 certain Cyber Security Controls are required to put in place by the Third party ATM Switch Application Service Providers. In view of this, the RREs (RBI Regulated Entity) shall ensure that the contract agreement signed between them and the third party ATM Switch ASP shall necessarily mandate the third party ATM Switch ASP to comply with cyber security controls on an ongoing basis and to provide access to the RBI for on-site/off-site supervision. Necessary contract agreements to be signed between RREs and service providers to this effect.

The maximum daily usage permitted on various credit card products of our Bank are detailed in Standard Operating Procedures

### **Customer Confidentiality**

As per the guidelines issued by RBI vide circular DBR.No.FSD.BC.18/ 24.01.009/2015-16 dated 01.07.2015, Bank will not reveal any information relating to customers obtained at the time of issuance of credit card to any other person or organization without obtaining their specific consent, as regards the purpose/s for which the information will be used and

the organizations with whom the information will be shared. The information being sought from customers will not be of such nature as will violate the provisions of the laws relating to secrecy in the transactions.

The disclosure to the DSAs/recovery agents will also be limited to the extent that will enable them to discharge their duties. Personal information provided by the card holder but not required for recovery purposes will not be released. Bank will ensure that the DSAs/DMAAs do not transfer or misuse any customer information.

#### **4.1.7 Disclosure in Balance Sheet**

Credit Card receivables are classified as Unsecured / Clean Advances and the Accounting Standards and Disclosure Norms pertaining to such advances are relevant and applicable to Credit Card Receivables also. Reporting on Movement of NPA in credit card receivables is done as per the format adopted for all advances and provisioning for NPAs as per RBI Guidelines and Board approved Policy.

The following are some of the important features in Credit Card Operations that may be required to be disclosed in the Schedules – Summary of Significant Accounting Policies-

- **Revenue Recognition** – on receipt basis only
- **Loyalty Points** – Reward Points are earned by credit card customers when they use Indian Bank Credit Card.

#### **4.1.8 Disclosure to rating Agencies and others**

The Bank shall provide information relating to credit history/repayment record of the card holder to Credit Information Companies (CICs) (that has obtained Certificate of Registration from RBI) explicitly bringing to the notice of the customer that such information is being provided in terms of the CIC (Regulation) Act, 2005. The credit card customer is informed that in case of default of Payment he/she will be informed as defaulter to the CIC which is stated in our Card Usage guide and also in the monthly billing statement. In the event of customer settling his dues after having been reported as defaulter, the Bank will notify the CICs in the next report withdrawing the customer as defaulter. Presently details regarding the card holders (as given in their applications) along with the payment records for the card liabilities are furnished to CIBIL from card issuance date.

Besides, in case of suspected / fraudulent transactions details are sent through VISA online for information of all Member Banks. The credit card application and card Member Agreements are having the necessary provision for disclosure as above.

#### **4.1.9 Redressal of Grievances**

With a view to facilitate speedy redressal of cardholders grievances, besides Bank's Customer Care Toll Free Call Centre; CO:CCC Officials shall attend the queries and resolve

the issues. As per RBI Guidelines, name of the Grievance Redressal Officer (ABM of CO:CCC) shall be furnished in the monthly Billing Statements. The complaints / grievances received would be resolved as per the Bank's Customer Grievances and Redressal Mechanism Policy.

The online "Centralized Grievance Redressal System" (CGRS) facility extended to cover credit card customers.

#### **4.1.10 Eligibility Criteria, Features & Card Limits**

Refer Standard Operating Procedures for the eligibility criteria for credit cards limits, various features of the Cards, Credit Limits of Various Credit Cards range, Accident Insurance Cover and other Insurance Benefits to Card Members