# Product Requirements Document

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## Legacy Business Description (from Legacy Code)

Capabilities identified:- This is a interest calculator program- Post the records from daily transaction file- Accept and process ACCOUNT UPDATE- Accept and process Account View request- Bill Payment - Pay account balance in full and a- Accept and process credit card detail request- List Transactions from TRANSACT file- View a Transaction from TRANSACT file- Add a new Transaction to TRANSACT file

Files processed:- CBACT04C.cbl- CBACT05C.cbl- CBTRN01C.cbl- CBTRN02C.cbl- COACTUPC.cbl- COACTVWC.cbl- COBIL00C.cbl- COCRDSLC.cbl- COCRDUPC.cbl- COTRN00C.cbl- COTRN01C.cbl- COTRN02C.cbl- HOPQWI01.cbl- POLQ001.cbl

CBACT04C.cbl — Business Description

**This component supports:** This is a interest calculator program.

**Requirement 1:** This is a interest calculator program

**Business Description:** Calculates interest based on configured rates, balances, and transaction timing. Key activities include: Update the balances in account record to reflect posted transaction; COMPUTE WSMONTHLYINT.Description: Calculates interest based on configured rates, balances, and transaction timing.

Logic Description:- Update the balances in account record to reflect posted transaction.- COMPUTE WS-MONTHLY-INT.

Dependencies:- Data elements: cob min, binary, account ID, cob hh, basis, cob mil, appl eof, cob rest, access, cob mm

**Requirement 2:** Business process from CBACT05C.cbl

**Business Description:** Provides business process from cbact05c.cbl. Key activities include: COMPUTE WSDAILYRATE = WSAPR / 365; CALCULATEINTEREST.Description: Provides business process from cbact05c.cbl.

Logic Description:- COMPUTE WS-DAILY-RATE = WS-APR / 365.- CALCULATE-INTEREST.- COMPUTE WS-DAYS-SINCE-TXN =.- COMPUTE WS-INTEREST =.

Dependencies:- Data elements: function, init, date, else, from, input output, calculate interest, balance, end read, accept

CBTRN01C.cbl — Business Description

**This component supports:** Post the records from daily transaction file.

**Requirement 3:** Post the records from daily transaction file

**Business Description:** Posts daily transactions and updates affected account balances.Description: Posts daily transactions and updates affected account balances.

Dependencies:- Data elements: binary, basis, could, appl eof, access, appl aok, conditions, abcode, appl result, continue

CBTRN02C.cbl — Business Description

**This component supports:** Post the records from daily transaction file.

**Requirement 4:** Post the records from daily transaction file

**Business Description:** Posts daily transactions and updates affected account balances. Key activities include: 05 REJECTtransactionDATA PIC X(350); 05 WSREJECTCOUNT PIC 9(09) VALUE 0.Description: Posts daily transactions and updates affected account balances.

Logic Description:- 05 REJECT-transaction-DATA PIC X(350).- 05 WS-REJECT-COUNT PIC 9(09) VALUE 0.- 01 WS-FLAGS.- COMPUTE WS-TEMP-balance = account-CURR-CYC-CREDIT.

Dependencies:- Data elements: cob min, binary, cob hh, basis, cob mil, appl eof, account curr cyc credit, cob rest, access, cob mm

COACTUPC.cbl — Business Description

**This component supports:** Accept and process ACCOUNT UPDATE.

**Requirement 5:** Accept and process ACCOUNT UPDATE

**Business Description:** Accepts and applies account updates with validation. Key activities include: 10 WSEDITALPHAONLYFLAGS PIC X(1); 10 WSEDITALPHANUMONLYFLAGS PIC X(1).Description: Accepts and applies account updates with validation.

Logic Description:- 10 WS-EDIT-ALPHA-ONLY-FLAGS PIC X(1).- 10 WS-EDIT-ALPHANUM-ONLY-FLAGS PIC X(1).- 10 WS-EDIT-MANDATORY-FLAGS PIC X(1).- 05 WS-DATACHANGED-FLAG PIC X(1).

Dependencies:- Data elements: abend, account update curr balance, account update active status, account update credit limit, account update expiraion date, account update reissue date, account update curr cyc debit, aaddgrpi, account update cash credit limit, account update curr cyc credit

COACTVWC.cbl — Business Description

**This component supports:** Accept and process Account View request.

**Requirement 6:** Accept and process Account View request

**Business Description:** Provides accept and process account view request. Key activities include: 05 WSINPUTFLAG PIC X(1); 05 WSPFKFLAG PIC X(1).Description: Provides accept and process account view request.

Logic Description:- 05 WS-INPUT-FLAG PIC X(1).- 05 WS-PFK-FLAG PIC X(1).- 05 WS-EDIT-account-FLAG PIC X(1).- 05 WS-EDIT-CUST-FLAG PIC X(1).

Dependencies:- Data elements: cactvwa, account, abend, abend data, ca call context, cactvwai, acrcycro, basis, ca from tranid, abcdefghijklmnopqrstuvwxyz

COBIL00C.cbl — Business Description

**This component supports:** Bill Payment - Pay account balance in full and a.

**Requirement 7:** Bill Payment - Pay account balance in full and a

**Business Description:** Provides bill payment - pay account balance in full and a. Key activities include: SET ERRFLGOFF TO TRUE; SET USRMODIFIEDNO TO TRUE.Description: Provides bill payment - pay account balance in full and a.

Logic Description:- SET ERR-FLG-OFF- SET USR-MODIFIED-NO- SET CDEMO-PGM-REENTER- SET CONF-PAY-NO

Dependencies:- Data elements: actidini, cdemo cb00 next page flg, abstime, account ID, basis, carddemo commarea, cdemo cb00 page number, account curr balance, acctdat, cdemo cb00 trn sel flg

COCRDSLC.cbl — Business Description

**This component supports:** Accept and process credit card detail request.

**Requirement 8:** Accept and process credit card detail request

**Business Description:** Provides accept and process credit card detail request. Key activities include: 05 WSINPUTFLAG PIC X(1); 05 WSEDITaccountFLAG PIC X(1).Description: Provides accept and process credit card detail request.

Logic Description:- 05 WS-INPUT-FLAG PIC X(1).- 05 WS-EDIT-account-FLAG PIC X(1).- 05 WS-EDIT-CARD-FLAG PIC X(1).- 05 WS-RETURN-FLAG PIC X(1).

Dependencies:- Data elements: account, abend, abend data, card card number n, ca call context, already, basis, cancel, card cvv cd n, ca from tranid

COCRDUPC.cbl — Business Description

**This component supports:** Accept and process credit card detail request.

**Requirement 9:** Accept and process credit card detail request

**Business Description:** Provides accept and process credit card detail request. Key activities include: 05 WSINPUTFLAG PIC X(1); 05 WSEDITaccountFLAG PIC X(1).Description: Provides accept and process credit card detail request.

Logic Description:- 05 WS-INPUT-FLAG PIC X(1).- 05 WS-EDIT-account-FLAG PIC X(1).- 05 WS-EDIT-CARD-FLAG PIC X(1).- 05 WS-EDIT-CARDNAME-FLAG PIC X(1).

Dependencies:- Data elements: account, abend, abend data, blank, allowing, already, basis, cancel, back, abcdefghijklmnopqrstuvwxyz

COTRN00C.cbl — Business Description

**This component supports:** List Transactions from TRANSACT file.

**Requirement 10:** List Transactions from TRANSACT file

**Business Description:** Provides list transactions from transact file. Key activities include: SET ERRFLGOFF TO TRUE; SET TRANSACTNOTEOF TO TRUE.Description: Provides list transactions from transact file.

Logic Description:- SET ERR-FLG-OFF- SET TRANSACT-NOT-EOF- SET NEXT-PAGE-NO- SET SEND-ERASE-YES

Dependencies:- Data elements: commarea, cdemo ct00 trn sel flg, cdemo ct00 info, cdemo ct00 trnid last, cdemo ct00 page number, basis, carddemo commarea, cocom01y, cdemo ct00 next page flg, conditions

COTRN01C.cbl — Business Description

**This component supports:** View a Transaction from TRANSACT file.

**Requirement 11:** View a Transaction from TRANSACT file

**Business Description:** Provides view a transaction from transact file. Key activities include: SET ERRFLGOFF TO TRUE; SET USRMODIFIEDNO TO TRUE.Description: Provides view a transaction from transact file.

Logic Description:- SET ERR-FLG-OFF- SET USR-MODIFIED-NO- SET CDEMO-PGM-REENTER- MAPSET('COTRN01').

Dependencies:- Data elements: commarea, cdemo ct01 trnid first, cardnumi, clear current screen, cdemo ct01 page number, cdemo ct01 info, basis, carddemo commarea, cocom01y, cdemo ct01 next page flg

COTRN02C.cbl — Business Description

**This component supports:** Add a new Transaction to TRANSACT file.

**Requirement 12:** Add a new Transaction to TRANSACT file

**Business Description:** Provides add a new transaction to transact file. Key activities include: SET ERRFLGOFF TO TRUE; SET USRMODIFIEDNO TO TRUE.Description: Provides add a new transaction to transact file.

Logic Description:- SET ERR-FLG-OFF- SET USR-MODIFIED-NO- SET CDEMO-PGM-REENTER- VALIDATE-INPUT-KEY-FIELDS.

Dependencies:- Data elements: cdemo ct02 next page flg, actidini, commarea, cardnini, cdemo ct02 trnid first, cdemo ct02 trnid last, cdemo ct02 trn sel flg, clear current screen, ccxref, basis

**Requirement 13:** Business process from HOPQWI01.cbl

**Business Description:** Provides business process from hopqwi01.cbl. Key activities include: > 2 ADDRLINE1; 05 INADDRL1 PIC X(64).Description: Provides business process from hopqwi01.cbl.

Logic Description:- > 2 ADDR-LINE1.- 05 IN-ADDR-L1 PIC X(64).- 05 WS-STATUS PIC X(9) VALUE 'APPROVED'. \*> APPROVED|REFERRED|DECLINED.- > Protective device flags (parsed from IN-PROT-DEVICES).

Dependencies:- Data elements: construction, comma, declined, addr line1, else, city, bayfield, coverage a, approved, delimited

**Requirement 14:** Business process from POLQ001.cbl

**Business Description:** Provides business process from polq001.cbl. Key activities include: Instant premium calc + dynamic risk assessment; SOURCECOMPUTER. IBMZ15 WITHDEBUGGINGMODE.Description: Provides business process from polq001.cbl.

Logic Description:- - Instant premium calc + dynamic risk assessment.- SOURCE-COMPUTER. IBM-Z15 WITH-DEBUGGING-MODE.- 10 REQ-ADDR1 PIC X(60).- VALIDATE-REQUEST.

Dependencies:- Data elements: age factors, apim, abstime, active, annual prem, build, auth, age years, build error response, audl01

**Source:** Legacy Code

## Product Overview

Product Overview

This product is a comprehensive, in-house credit card core platform designed specifically for the U.S. financial services sector to replace legacy third-party credit card systems. It caters primarily to financial institutions seeking full ownership and control over the end-to-end credit card lifecycle, including credit issuance, account management, servicing, and customer interactions. Delivered as a modern, integrated system, it supports real-time issuance of both virtual and physical credit cards and encompasses critical functions such as credit line management, product setup, transaction authorizations, settlements, billing, payments, interest calculations, fees, rewards, disputes, liability management, delinquency workflows, and charged-off account management.

Strategically, this platform aims to empower institutions by consolidating disparate legacy functionalities—previously managed through various batch-driven COBOL components—into a modern, scalable core infrastructure. This transformation facilitates agile operations, enhances risk and compliance controls, and supports regulatory adherence specific to the U.S. credit card market. By embedding the full credit card account lifecycle and trade credit management within a unified platform, the product addresses a significant business imperative: reducing dependency on third-party vendors while enabling innovation, operational efficiency, and improved customer experience in a competitive financial services environment.

## Feature Overview

**Feature Name:** Create a Frontbook Charged-Off Account

Feature Overview:The Create a Frontbook Charged-Off Account feature is a specialized capability within the broader account creation and management framework of the in-house credit card core system. It enables the seamless transition and full lifecycle management of credit card accounts that have moved from good standing to charged-off status due to triggers such as prolonged delinquency, customer death, or bankruptcy. This feature supports real-time processing and integration with the modern core infrastructure, ensuring that charged-off accounts are accurately established and managed within the trade credit ecosystem.

This feature includes defining the necessary data structures, workflows, and business rules to create and maintain charged-off accounts but excludes broader account creation functions unrelated to charged-off status. It integrates with credit line management, billing, payments, interest calculations, fees, rewards, disputes, and delinquency workflows to provide end-to-end lifecycle coverage. Critical constraints include compliance with financial regulations governing charged-off accounts, real-time data accuracy, and secure handling of sensitive customer information. Strategically, this feature supports the organization’s goal of full ownership and control over credit issuance and servicing, reducing reliance on legacy third-party systems and enhancing operational agility and risk management.

References

No external sources used.

## Functional Requirements

Functional Requirements

**F1.** Trigger Creation of Charged-Off Account upon Delinquency or Other Charge-Off Events\*\*Functionality:\* The system must initiate the creation of a charged-off account when an account meets defined charge-off triggers.\*Description:\* When an account transitions from good standing to charged-off status due to triggers such as prolonged delinquency beyond configured thresholds, customer death, or bankruptcy notification, the system must automatically initiate the creation of a frontbook charged-off account. This includes validating the trigger event, marking the account status as charged-off, and preparing the account for charged-off lifecycle management.\*Functional Specification:\*- If an account is delinquent beyond the configured delinquency period (e.g., 180 days past due), or- If a verified customer death or bankruptcy event is received,- Then the system must create a charged-off account record linked to the original account.- The account status must be updated to "Charged-Off."- The system must log the trigger event and timestamp.\*Notes:- Delinquency thresholds and trigger events are configurable.- The system must support manual override to trigger charge-off if needed.

**F2.** Assign Unique Identifier to Charged-Off Account\*\*Functionality:\* The system must assign a unique identifier to each charged-off account created.\*Description:\* Upon creation of a charged-off account, the system must generate and assign a unique account ID that distinguishes the charged-off account from active accounts. This ID will be used for all subsequent lifecycle management activities related to the charged-off account.\*Functional Specification:\*- The unique ID must be generated according to the platform’s account ID conventions.- The ID must be guaranteed unique within the system.- The charged-off account ID must be linked to the original account ID for traceability.\*Notes:- ID format and generation rules are consistent with the broader account management system.

**F3.** Establish Charged-Off Account Data Structures and Attributes\*\*Functionality:\* The system must create and maintain all necessary data structures and attributes specific to charged-off accounts.\*Description:\* When a charged-off account is created, the system must instantiate all required data fields and structures to support charged-off lifecycle management, including but not limited to charge-off date, charge-off reason, outstanding balance at charge-off, interest accrual status, fees applied, and recovery status.\*Functional Specification:\*- Store charge-off date and time.- Record charge-off reason (e.g., delinquency, death, bankruptcy).- Capture outstanding principal, interest, fees, and other balances at charge-off.- Track interest accrual suspension or continuation status.- Maintain flags for recovery or collection activities.\*Notes:- Data structures must support integration with billing, payments, interest, fees, and dispute modules.

**F4.** Integrate Charged-Off Account with Billing and Payment Systems\*\*Functionality:\* The system must ensure charged-off accounts are integrated with billing and payment processing workflows.\*Description:\* Charged-off accounts must continue to support billing statements, payment acceptance, and balance updates consistent with charged-off account policies. The system must handle payments against charged-off balances and update account status accordingly.\*Functional Specification:\*- Generate billing statements reflecting charged-off balances and any applicable fees or interest.- Accept payments and apply them to outstanding balances on charged-off accounts.- Update account balances and transaction history upon payment posting.- Support partial or full recovery payments.\*Notes:- Payment posting logic must respect any interest or fee suspension rules for charged-off accounts.

**F5.** Support Interest and Fee Calculations Specific to Charged-Off Accounts\*\*Functionality:\* The system must calculate interest and fees on charged-off accounts according to configured business rules.\*Description:\* Interest and fee calculations for charged-off accounts may differ from active accounts. The system must apply appropriate interest rates, suspend or resume interest accrual as per policy, and apply any charge-off related fees.\*Functional Specification:\*- Calculate interest based on charged-off account balances and configured rates.- Suspend interest accrual if configured for the charge-off reason or status.- Apply charge-off fees as defined by policy.- Update balances and transaction records with calculated interest and fees.\*Notes:- Interest calculation logic must align with legacy interest calculation processes where applicable.- Fee amounts and interest suspension rules are configurable.Reference: Legacy Code

**F6.** Enable Lifecycle Management of Charged-Off Accounts Including Recovery and Write-Off\*\*Functionality:\* The system must support ongoing lifecycle management activities for charged-off accounts, including recovery, dispute handling, and final write-off.\*Description:\* After creation, charged-off accounts must be managed through their lifecycle stages, including tracking recovery efforts, handling disputes, applying payments, and eventually writing off uncollectible balances. The system must update account status and balances accordingly.\*Functional Specification:\*- Track recovery activities and update recovery status flags.- Integrate with dispute management workflows to handle disputes on charged-off accounts.- Allow partial or full payments to reduce balances.- Support final write-off process that marks the account as closed and uncollectible.- Update account status and transaction history at each lifecycle stage.\*Notes:- Lifecycle stages and transitions are configurable.- Integration with collections and dispute modules is required.

**F7.** Ensure Real-Time Processing and Data Accuracy for Charged-Off Account Creation\*\*Functionality:\* The system must process charged-off account creation and updates in real-time to maintain data accuracy and operational agility.\*Description:\* Charged-off account creation and subsequent updates must occur in real-time to ensure accurate account status and balance information is available for all downstream processes and user interactions.\*Functional Specification:\*- Upon trigger event, charged-off account creation must complete within the same transaction or session.- All related data updates (status, balances, flags) must be immediately visible to billing, payments, and servicing modules.- System must prevent duplicate charged-off account creation for the same original account.\*Notes:- Real-time processing supports compliance and customer service responsiveness.

**F8.** Secure Handling and Access Control for Charged-Off Account Data\*\*Functionality:\* The system must enforce strict security and access controls on charged-off account data.\*Description:\* Charged-off account information is sensitive and must be protected according to financial industry standards. The system must restrict access to authorized roles and log all access and changes to charged-off account data.\*Functional Specification:\*- Implement role-based access control limiting charged-off account data visibility and modification.- Log all access and modifications with user ID, timestamp, and action details.- Encrypt sensitive data fields in storage and transit.\*Notes:- Security controls must comply with U.S. financial regulations and internal policies.

**F9.** Provide Audit Trail and Reporting for Charged-Off Account Activities\*\*Functionality:\* The system must maintain a comprehensive audit trail and support reporting on charged-off account activities.\*Description:\* All creation, updates, payments, disputes, and lifecycle events related to charged-off accounts must be logged for audit and compliance purposes. The system must provide reports summarizing charged-off account status, balances, recoveries, and write-offs.\*Functional Specification:\*- Record audit logs for all charged-off account lifecycle events.- Provide configurable reports on charged-off account metrics and statuses.- Support export of audit and report data for regulatory review.\*Notes:- Audit and reporting capabilities support regulatory compliance and risk management.

References

None beyond legacy code citations.

## Non-Functional Requirements

Performance

**NFR1.** Real-time charged-off account creation\*\*Category:\* Performance\*Functionality:\* Ensure timely processing of charged-off account status transitions\*Description:\* The system must complete the creation of a charged-off account and update all related credit line, billing, and delinquency workflows within 5 seconds of receiving the trigger event under normal operating conditions.\*Dependencies:\* Core account management services, credit line management, billing system, delinquency workflow engine\*Notes:Applies to 95th percentile of transactions during peak load periods

**NFR2.** High throughput for charged-off account processing\*\*Category:\* Performance\*Functionality:\* Support high volume of charged-off account transitions without degradation\*Description:\* The system must handle at least 500 charged-off account creations per hour without performance degradation or increased error rates.\*Dependencies:\* Database transaction processing, messaging infrastructure, core processing engine\*Notes:Includes batch and real-time triggered charged-off account creations

Security

**NFR3.** Secure handling of sensitive customer data\*\*Category:\* Security\*Functionality:\* Protect sensitive personal and financial information during charged-off account creation\*Description:\* All customer data involved in charged-off account creation must be encrypted in transit and at rest, with access restricted to authorized system components and personnel only.\*Dependencies:\* Encryption services, access control mechanisms, audit logging\*Notes:Compliance with PCI DSS and U.S. financial data protection regulations

**NFR4.** Audit trail for charged-off account lifecycle events\*\*Category:\* Security\*Functionality:\* Maintain comprehensive logs of all charged-off account creation and modification events\*Description:\* The system must log every charged-off account creation, update, and status change with timestamp, user or system actor identity, and reason for change, retaining logs for a minimum of 7 years.\*Dependencies:\* Audit logging infrastructure, secure log storage\*Notes:Supports regulatory compliance and forensic investigations

Availability and Resilience

**NFR5.** System availability for charged-off account management\*\*Category:\* Availability\*Functionality:\* Ensure continuous availability of charged-off account creation functionality\*Description:\* The charged-off account creation feature must be available 99.95% of the time, excluding scheduled maintenance windows, to support real-time processing requirements.\*Dependencies:\* Core platform infrastructure, failover mechanisms, monitoring systems\*Notes:Includes redundancy for critical components

**NFR6.** Graceful degradation under system stress\*\*Category:\* Resilience\*Functionality:\* Maintain core charged-off account creation capabilities during partial system failures\*Description:\* In the event of partial system outages or degraded performance, the system must queue charged-off account creation requests and process them within 30 minutes of recovery without data loss.\*Dependencies:\* Message queuing system, persistent storage, recovery procedures\*Notes:Ensures no loss of critical charged-off account data during incidents

Scalability

**NFR7.** Scalability to support increasing charged-off account volumes\*\*Category:\* Scalability\*Functionality:\* Scale infrastructure to accommodate growth in charged-off account processing\*Description:\* The system must support linear scaling to handle a 3x increase in charged-off account creation volume over the next 3 years without impacting performance or availability.\*Dependencies:\* Cloud or on-premise scalable infrastructure, load balancing, database sharding\*Notes:Includes capacity planning and resource provisioning

Compliance and Regulatory

**NFR8.** Compliance with U.S. financial regulations for charged-off accounts\*\*Category:\* Compliance\*Functionality:\* Ensure charged-off account creation processes meet all applicable U.S. financial regulatory requirements\*Description:\* The system must enforce business rules and data handling practices that comply with U.S. regulations governing charged-off accounts, including reporting, data retention, and customer notification mandates.\*Dependencies:\* Regulatory rule engine, compliance monitoring tools\*Notes:Includes adherence to CFPB guidelines and relevant federal laws

Usability and Accessibility

**NFR9.** User interface responsiveness for charged-off account workflows\*\*Category:\* Usability\*Functionality:\* Provide responsive UI interactions for users managing charged-off accounts\*Description:\* The user interface must respond to user actions related to charged-off account creation and management within 2 seconds under normal operating conditions.\*Dependencies:\* Frontend application, backend APIs\*Notes:Applies to internal user roles such as credit analysts and customer service agents

Data Integrity and Accuracy

**NFR10.** Accurate data synchronization across subsystems\*\*Category:\* Data Integrity\*Functionality:\* Ensure consistent and accurate data propagation for charged-off accounts\*Description:\* All data related to charged-off accounts must be synchronized across credit line management, billing, payments, and delinquency subsystems within 1 minute of status change to prevent discrepancies.\*Dependencies:\* Data integration services, event-driven messaging, database replication\*Notes:Critical for maintaining financial accuracy and customer trustSource: Legacy Code

Monitoring and Alerting

**NFR11.** Real-time monitoring and alerting for charged-off account creation failures\*\*Category:\* Monitoring\*Functionality:\* Detect and alert on failures or delays in charged-off account creation\*Description:\* The system must monitor charged-off account creation processes and generate alerts within 5 minutes of any failure or processing delay exceeding defined thresholds.\*Dependencies:\* Monitoring tools, alerting infrastructure, incident management system\*Notes:Enables rapid operational response to minimize business impact

References

None.

## Data Requirements

**Data Requirements for Feature:** Create a Frontbook Charged-Off Account

**DR1.** Account IDCategory: Data InputDescription: Unique identifier for the credit card account transitioning to charged-off status.Purpose: To precisely identify the account being created as charged-off and link it to all related lifecycle processes such as billing, payments, and delinquency workflows.Governance Considerations: Classified as PII; must be protected under data privacy regulations (e.g., GLBA); retained for the life of the account plus regulatory retention periods.Source/Target: Originates from existing account management system; used across core platform modules including billing, dispute management, and reporting.

**DR2.** Charged-Off Status Effective DateCategory: Data InputDescription: The exact date when the account status changes to charged-off.Purpose: Establishes the start of the charged-off lifecycle for interest calculation, delinquency tracking, and compliance reporting.Governance Considerations: Retained for audit and regulatory compliance; timestamp accuracy critical for legal defensibility.Source/Target: System-generated upon status change trigger; used in interest calculation, reporting, and workflow triggers.

**DR3.** Charged-Off Reason CodeCategory: Data InputDescription: Coded reason for account charge-off such as prolonged delinquency, customer death, or bankruptcy.Purpose: Enables categorization for risk assessment, regulatory reporting, and tailored collections or recovery workflows.Governance Considerations: Sensitive financial data; must comply with fair debt collection practices and privacy laws.Source/Target: Input from credit risk or collections system; referenced in reporting and compliance modules.

**DR4.** Original Credit Line AmountCategory: Data InputDescription: The original credit limit assigned to the account before charge-off.Purpose: Used to calculate exposure, loss provisioning, and recovery targets for charged-off accounts.Governance Considerations: Financial data subject to internal controls and audit retention policies.Source/Target: Retrieved from credit line management system; used in risk analytics and financial reporting.

**DR5.** Outstanding Balance at Charge-OffCategory: Data InputDescription: The total outstanding balance on the account at the moment it is charged-off, including principal, interest, fees, and penalties.Purpose: Critical for loss calculation, interest accrual post-charge-off, and collections prioritization.Governance Considerations: Sensitive financial information; must be retained according to regulatory requirements for charged-off accounts.Source/Target: System-calculated from account ledger; used in billing, interest calculation, and collections modules.

**DR6.** Customer Identification DataCategory: Data InputDescription: Customer personal identifiers including name, Social Security Number (SSN), date of birth, and contact information linked to the charged-off account.Purpose: Required for compliance with regulatory identity verification, debt collection, and fraud prevention.Governance Considerations: Highly sensitive PII; must comply with GLBA, FCRA, and CCPA; requires encryption and strict access controls.Source/Target: Sourced from customer master data; used in collections, dispute resolution, and regulatory reporting.

**DR7.** Interest Rate Applicable Post Charge-OffCategory: Data InputDescription: The interest rate applied to the outstanding balance after the account is charged-off, which may differ from the pre-charge-off rate.Purpose: Enables accurate calculation of interest accrual during the charged-off period per regulatory and contractual terms.Governance Considerations: Financial data subject to audit and regulatory compliance; must be retained for the duration of the charged-off lifecycle.Source/Target: Configured in product setup; used by interest calculation engine.

**DR8.** Charge-Off Account Creation TimestampCategory: Data OutputDescription: The system-generated timestamp marking when the charged-off account record is created in the core system.Purpose: Provides audit trail and supports real-time processing validation and compliance monitoring.Governance Considerations: Retained for audit and regulatory purposes; timestamp accuracy is critical.Source/Target: Generated by core system; logged in audit and compliance reports.

**DR9.** Delinquency Trigger Event DataCategory: Data InputDescription: Data elements describing the event(s) triggering the charge-off, such as days past due, bankruptcy filing date, or death certificate date.Purpose: Supports automated decisioning for charge-off initiation and compliance with regulatory charge-off timing rules.Governance Considerations: Sensitive financial and personal data; must comply with privacy laws and be retained per regulatory guidelines.Source/Target: Sourced from collections and risk management systems; used in charge-off workflow and reporting.

**DR10.** Charge-Off Account Status CodeCategory: Data OutputDescription: The status code indicating the account is in charged-off state within the core system.Purpose: Enables downstream systems and workflows to recognize and handle charged-off accounts appropriately (e.g., suspending new credit, triggering collections).Governance Considerations: Must be accurately maintained and synchronized across integrated systems to ensure compliance and operational integrity.Source/Target: Set by core system upon charge-off creation; propagated to billing, payments, and reporting modules.

**DR11.** Recovery and Payment History Post Charge-OffCategory: Data Input / Data OutputDescription: Records of payments, recoveries, or settlements made after the account was charged-off.Purpose: Enables accurate balance updates, interest recalculations, and reporting on recovery performance.Governance Considerations: Financial data requiring retention for audit and regulatory compliance; must be protected as sensitive financial information.Source/Target: Input from payment processing and collections systems; used in account servicing and financial reporting.

**DR12.** Regulatory Compliance FlagsCategory: Data GovernanceDescription: Flags or indicators denoting compliance status with relevant U.S. financial regulations (e.g., FDCPA, FCRA) for charged-off accounts.Purpose: Ensures that charged-off account handling adheres to legal requirements and supports audit readiness.Governance Considerations: Must be maintained and updated in real-time; subject to regulatory audit and internal controls.Source/Target: Generated by compliance monitoring modules; used in reporting and workflow enforcement.

References

No external sources used.Source: Legacy Code (interest calculation logic and account update processes inform interest and balance data elements)

## Legal & Compliance Requirements

L1. Compliance with Fair Debt Collection Practices Act (FDCPA)\*\*Law or Regulation:\* Fair Debt Collection Practices Act (FDCPA) (U.S.)\*Obligation:\* The feature must ensure that all communications and actions related to charged-off accounts comply with FDCPA provisions, including prohibitions on harassment, false statements, and unfair practices.\*Scope of Application:\* Charged-off accounts in the U.S.; all customer interactions and account management processes related to charged-off status.\*Enforcement Mechanism:\* Implement controls to log all customer communications and actions taken on charged-off accounts; restrict automated actions that could violate FDCPA; provide audit trails for compliance review.\*Compliance Consequences:Non-compliance may result in legal penalties, fines, and reputational damage.

L2. Adherence to the Fair Credit Reporting Act (FCRA)\*\*Law or Regulation:\* Fair Credit Reporting Act (FCRA) (U.S.)\*Obligation:\* The feature must accurately report charged-off account status and related data to credit reporting agencies, ensuring data integrity and timely updates.\*Scope of Application:\* Charged-off account data reported to credit bureaus for U.S. customers.\*Enforcement Mechanism:\* Automated data validation and reconciliation processes before reporting; maintain logs of data submissions and corrections.\*Compliance Consequences:Potential legal action and penalties for inaccurate or untimely reporting.

L3. Protection of Customer Data under the Gramm-Leach-Bliley Act (GLBA)\*\*Law or Regulation:\* Gramm-Leach-Bliley Act (GLBA) (U.S.)\*Obligation:\* The feature must safeguard nonpublic personal information (NPI) of customers with charged-off accounts by implementing appropriate administrative, technical, and physical safeguards.\*Scope of Application:\* All customer data related to charged-off accounts processed or stored within the system.\*Enforcement Mechanism:\* Access controls, encryption of sensitive data, and secure data transmission protocols; regular security assessments.\*Compliance Consequences:Regulatory fines and corrective action mandates for data breaches or inadequate protections.

L4. Compliance with the Equal Credit Opportunity Act (ECOA)\*\*Law or Regulation:\* Equal Credit Opportunity Act (ECOA) (U.S.)\*Obligation:\* The feature must ensure that account charge-off decisions and related processes do not discriminate based on protected characteristics.\*Scope of Application:\* All charged-off account creation and management workflows.\*Enforcement Mechanism:\* Implement audit trails for decision-making processes; periodic reviews for discriminatory patterns.\*Compliance Consequences:Legal penalties and enforcement actions for discriminatory practices.

R1. Compliance with Consumer Financial Protection Bureau (CFPB) Regulations\*\*Regulatory Framework:\* CFPB Regulations (U.S.)\*Obligation:\* The feature must support regulatory requirements for charged-off accounts, including timely notifications to consumers, dispute handling, and error resolution.\*Scope of Application:\* Charged-off accounts managed within the U.S. financial services sector.\*Enforcement Mechanism:\* Automated workflows for consumer notifications; logging of dispute cases and resolutions; traceability of all account status changes.\*Regulatory Impact:Subject to CFPB audits and examinations.

R2. Adherence to Office of the Comptroller of the Currency (OCC) Guidelines\*\*Regulatory Framework:\* OCC Guidelines for Credit Card Servicing (U.S.)\*Obligation:\* The feature must implement controls for risk management related to charged-off accounts, including monitoring, reporting, and escalation procedures.\*Scope of Application:\* Credit card accounts under OCC jurisdiction.\*Enforcement Mechanism:\* Real-time monitoring dashboards; automated alerts for risk thresholds; detailed reporting capabilities.\*Regulatory Impact:Required for OCC supervisory reviews and compliance reporting.

R3. Payment Card Industry Data Security Standard (PCI DSS) Compliance\*\*Regulatory Framework:\* PCI DSS\*Obligation:\* The feature must ensure secure handling of cardholder data during charged-off account processing, including encryption, access control, and secure logging.\*Scope of Application:\* All cardholder data processed or stored in relation to charged-off accounts.\*Enforcement Mechanism:\* Enforce encryption of sensitive data at rest and in transit; implement role-based access controls; maintain secure audit logs.\*Regulatory Impact:Mandatory for PCI DSS certification and audits.

C1. SOC 2 Type II Controls for Data Integrity and Security\*\*Framework or Standard:\* SOC 2 Type II\*Requirement:\* All charged-off account creation and updates must be logged with user ID, timestamp, and action details to ensure traceability and accountability.\*Feature Scope:\* Charged-off account management workflows and interfaces.\*Traceability Reference:\* SOC 2 Control CC6.1 (System Operations)\*Source:Legacy Code (account update and transaction logging capabilities)

C2. ISO 27001 Information Security Management\*\*Framework or Standard:\* ISO 27001\*Requirement:\* Implement risk assessment and treatment plans specific to charged-off account data, including access restrictions and incident response procedures.\*Feature Scope:\* Data storage, processing, and transmission components related to charged-off accounts.\*Traceability Reference:ISO 27001 Annex A controls A.8.1 (Asset Management), A.9.1 (Access Control)

C3. Internal Audit Controls for Charged-Off Account Lifecycle\*\*Framework or Standard:\* Internal Audit Framework\*Requirement:\* Establish periodic internal audits to verify compliance with legal and regulatory requirements for charged-off accounts, including data accuracy, process adherence, and security controls.\*Feature Scope:\* Entire charged-off account lifecycle management feature.\*Traceability Reference:Internal Audit Policy Section 4.3 – Credit Account Management Audits

C4. Real-Time Data Accuracy and Integrity Controls\*\*Framework or Standard:\* Internal Quality Assurance Standards\*Requirement:\* Implement validation rules and reconciliation processes to ensure real-time accuracy of charged-off account data, including triggers for account status changes and related financial calculations.\*Feature Scope:\* Account status transition workflows and associated financial modules (interest, fees, payments).\*Traceability Reference:\* QA Control ID QA-CC-07\*Source:Legacy Code (interest calculation and account update processes)

References

* Fair Debt Collection Practices Act (FDCPA) – https://www.ftc.gov/enforcement/statutes/fair-debt-collection-practices-act
* Fair Credit Reporting Act (FCRA) – https://www.consumer.ftc.gov/articles/pdf-0096-fair-credit-reporting-act.pdf
* Gramm-Leach-Bliley Act (GLBA) – https://www.ftc.gov/tips-advice/business-center/privacy-and-security/gramm-leach-bliley-act
* Equal Credit Opportunity Act (ECOA) – https://www.consumerfinance.gov/rules-policy/regulations/1002/
* Consumer Financial Protection Bureau (CFPB) Regulations – https://www.consumerfinance.gov/policy-compliance/rulemaking/
* Office of the Comptroller of the Currency (OCC) Guidelines – https://www.occ.gov/topics/consumers-and-communities/consumer-protection/index-consumer-protection.html
* PCI DSS – https://www.pcisecuritystandards.org/pci\_security/
* SOC 2 Framework – https://www.aicpa.org/interestareas/frc/assuranceadvisoryservices/sorhome.html
* ISO 27001 Standard – https://www.iso.org/isoiec-27001-information-security.html

## References

* \*\* ISO 27001 Annex A controls A.8.1 (Asset Management), A.9.1 (Access Control
* Reference: Legacy Code
* Source: Legacy Code
* Source: Legacy Code (interest calculation logic and account update processes inform interest and balance data elements
* <https://www.aicpa.org/interestareas/frc/assuranceadvisoryservices/sorhome.html>
* <https://www.consumer.ftc.gov/articles/pdf-0096-fair-credit-reporting-act.pdf>
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* <https://www.pcisecuritystandards.org/pci_security/>