# 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, cob mil, appl result, cob mm, abcode, basis, cob rest, appl aok, appl eof, binary

**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: date, function, calculate interest, main procedure, balance, end read, card number, integer of date, organization, input output

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: conditions, appl result, abcode, basis, continue, appl aok, could, appl eof, binary, copy

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: account curr cyc credit, cob min, cob mil, appl result, cob mm, abcode, basis, cob rest, appl aok, appl eof

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: account update credit limit, account status must be yes no, account update curr balance, account update ID, account update curr cyc debit, account update reissue date, abcdefghijklmnopqrstuvwxyz, acrcycri, abend, account update active status

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: based, abend data, cactvwai, abcdefghijklmnopqrstuvwxyz, abcode, basis, acrcycro, cactvwa, acshlimo, abend

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: account curr balance, cdemo cb00 trnid last, cdemo cb00 info, abstime, cdemo pgm reenter, basis, actidini, carddemo commarea, cb00, account ID

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: cancel, based, abend data, abcode, already, basis, card cvv cd n, calling, abend, abend routine

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: cancel, based, back, abend data, abcdefghijklmnopqrstuvwxyz, abend routine exit, abcode, already, basis, calling

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: configuration, conditions, cdemo pgm reenter, basis, cdemo ct00 page number, carddemo commarea, continue, cdemo ct00 trnid first, cdemo ct00 trnid last, commarea

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: configuration, cardnumi, conditions, cdemo ct01 trn sel flg, cdemo pgm reenter, basis, carddemo commarea, continue, commarea, cdemo ct01 page number

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 trnid first, cardnini, cdemo ct02 trnid last, cdemo ct02 trn sel flg, cdemo pgm reenter, basis, actidini, carddemo commarea, cdemo ct02 info, cdemo ct02 page number

**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: declined, comma, credit tier, approved, door, asphalt, declare, douglas, city, deductible

**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: assessment, calc, abstime, audit, channel, build issued response, auth, age years, build, apim

**Source:** Legacy Code

## Product Overview

This product is a comprehensive, in-house credit card core system developed for financial services organizations operating within the United States credit card sector. Designed to replace legacy third-party platforms, it provides full ownership and control over credit issuance, account management, servicing, and related processes. The system supports real-time issuance of both virtual and physical credit cards and offers end-to-end management capabilities, including credit lines setup, authorizations, settlements, and lifecycle handling of complex account statuses such as charged-off accounts.

Strategically, this core platform empowers the enterprise to modernize and streamline credit card operations by leveraging a robust, fully integrated core system tailored to the unique regulatory and market environment of the U.S. credit card industry. By moving away from legacy COBOL-based components and third-party dependencies, the solution enhances operational agility, reduces risk, and supports compliance with relevant financial services regulations, positioning the business for scalable growth and improved customer experience.

## 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 full lifecycle management of accounts that have transitioned into charged-off status due to triggers such as prolonged delinquency, customer death, or bankruptcy. This feature supports real-time handling of charged-off accounts within the trade credit ecosystem, ensuring seamless integration with credit lines, product setup, authorizations, settlements, and related credit card processes.

This feature includes the creation, tracking, and management of charged-off accounts but excludes the initial account origination for accounts in good standing. It integrates with the core credit issuance and servicing systems to maintain accurate account status and financial records. Critical constraints include compliance with U.S. financial regulations on charged-off accounts, real-time data accuracy for risk and collections management, and secure handling of sensitive customer and account data. Strategically, this feature supports the broader initiative of migrating off legacy third-party systems to achieve full ownership and control over credit card account lifecycle management, enhancing operational agility and regulatory compliance.

References

No external sources were used.

## Functional Requirements

Functional Requirements

**F1.** Trigger Creation of Frontbook Charged-Off Account Upon Charge-Off Event\*\*Functionality:\* The system must initiate the creation of a frontbook charged-off account when an existing good standing account meets charge-off criteria.\*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 corresponding frontbook charged-off account. This charged-off account will represent the full lifecycle management entity for the charged-off status within the credit card core system.\*Functional Specification:\*- If an account’s delinquency period exceeds the configured charge-off threshold (e.g., 180 days past due), or- If a verified customer death or bankruptcy event is recorded against the account,- Then the system must create a frontbook charged-off account linked to the original account.- The charged-off account must be flagged with a charged-off status and include metadata about the trigger event.\*Notes:- Charge-off triggers and thresholds must be configurable by the business.- The system must support real-time processing of these events to maintain accurate account status.

**F2.** Assign Unique Identifier to Frontbook Charged-Off Account\*\*Functionality:\* The system must assign a unique identifier to each frontbook charged-off account created.\*Description:\* Upon creation of a charged-off account, the system must generate and assign a unique account identifier that distinguishes it from active and other charged-off accounts. This identifier will be used for all subsequent lifecycle management, reporting, and integration activities.\*Functional Specification:\*- The identifier must be unique across the entire account base.- The format and length of the identifier must comply with internal standards for account IDs.- The system must prevent duplication of identifiers.\*Notes:- This requirement ensures traceability and integrity of charged-off account records.

**F3.** Update Account Status and Financial Records Upon Charge-Off Account Creation\*\*Functionality:\* The system must update the original account’s status and financial records to reflect the charge-off event and creation of the charged-off account.\*Description:\* When a frontbook charged-off account is created, the system must update the original account’s status to “charged-off” and adjust financial balances accordingly, including posting any accrued interest, fees, or adjustments as per configured business rules.\*Functional Specification:\*- Change the original account status to “charged-off.”- Post any final interest calculations, fees, or adjustments due up to the charge-off date.- Reflect these changes in the account balance and transaction history.- Link the original account record to the charged-off account for audit and servicing purposes.\*Notes:- Interest calculation logic should leverage existing interest calculation processes (see legacy code references).- Updates must be atomic to prevent data inconsistencies.Source: Legacy Code

**F4.** Support Real-Time Issuance and Management of Charged-Off Accounts\*\*Functionality:\* The system must support real-time creation and management of charged-off accounts to enable timely risk assessment and collections activities.\*Description:\* The system must process charge-off events and create charged-off accounts in real-time or near real-time to ensure that downstream processes such as collections, reporting, and risk management have immediate access to accurate account status and data.\*Functional Specification:\*- Charge-off account creation must occur within seconds of trigger event detection.- Updates must be propagated to all integrated subsystems (e.g., credit lines, authorizations, settlements) without delay.- The system must provide confirmation of successful charged-off account creation to calling processes or users.\*Notes:- Real-time processing supports regulatory compliance and operational agility.

**F5.** Maintain Compliance with U.S. Financial Regulations for Charged-Off Accounts\*\*Functionality:\* The system must enforce business rules and data handling practices that comply with U.S. financial regulations governing charged-off accounts.\*Description:\* Charged-off accounts must be managed in accordance with applicable U.S. regulations, including but not limited to accurate reporting, retention of records, and secure handling of sensitive customer information. The system must incorporate validation and audit trails to support compliance verification.\*Functional Specification:\*- Validate that charge-off triggers and timing comply with regulatory requirements.- Ensure all charged-off account data is securely stored and access-controlled.- Maintain audit logs of charge-off events, account status changes, and related transactions.- Support generation of regulatory reports related to charged-off accounts.\*Notes:- Compliance rules and reporting requirements must be configurable to adapt to regulatory changes.

**F6.** Integrate Charged-Off Account Lifecycle with Credit Lines, Product Setup, Authorizations, and Settlements\*\*Functionality:\* The system must integrate charged-off account data and status with credit lines management, product configurations, authorization controls, and settlement processes.\*Description:\* Charged-off accounts must be reflected accurately across all relevant credit card core system modules to ensure consistent account handling, prevent unauthorized transactions, and support accurate financial settlements.\*Functional Specification:\*- Upon charge-off account creation, update credit line availability to zero or as per business rules.- Disable new authorizations on charged-off accounts.- Adjust product setup parameters to reflect charged-off status.- Ensure settlements reflect the charged-off status and any outstanding balances.\*Notes:- Integration points must be designed to prevent data inconsistencies and unauthorized activity on charged-off accounts.

**F7.** Provide Audit Trail and Transaction History for Charged-Off Accounts\*\*Functionality:\* The system must maintain a complete audit trail and transaction history for each charged-off account.\*Description:\* All events related to the charged-off account lifecycle, including creation, status changes, financial postings, and servicing actions, must be logged and accessible for audit and operational review.\*Functional Specification:\*- Record timestamps, user or system actor, and details of each event.- Maintain transaction history including interest calculations, fees, payments, and adjustments.- Provide query and reporting capabilities for audit and compliance teams.\*Notes:- Audit trail data must be immutable and securely stored.Source: Legacy Code

**F8.** Support Manual Override and Correction of Charged-Off Account Status\*\*Functionality:\* The system must allow authorized users to manually override or correct the charged-off status of an account under controlled conditions.\*Description:\* In cases of error or exceptional circumstances, authorized personnel must be able to reverse or adjust the charged-off status and associated account data, with all changes logged for audit purposes.\*Functional Specification:\*- Provide role-based access controls for override functionality.- Require justification and documentation for any manual changes.- Automatically log all manual overrides with user ID, timestamp, and reason.- Trigger recalculation of balances and status updates as needed.\*Notes:- Overrides must be subject to audit and approval workflows as per business policy.

**F9.** Configure Charge-Off Parameters and Business Rules via Administrative Interface\*\*Functionality:\* The system must provide an administrative interface to configure charge-off related parameters and business rules.\*Description:\* Business users must be able to set and update charge-off thresholds, trigger conditions, fee amounts, interest calculation rules, and compliance settings without requiring system redeployment.\*Functional Specification:\*- Allow configuration of delinquency period thresholds for charge-off.- Enable setting of charge-off triggers such as customer death or bankruptcy.- Configure fees and interest posting rules applicable at charge-off.- Manage compliance-related parameters and reporting options.\*Notes:- Changes must be versioned and auditable.- Configuration changes should take effect in real-time or with minimal delay.

References

None.

## Non-Functional Requirements

Performance

**NFR1.** Real-time charged-off account status update\*\*Category:\* Performance\*Functionality:\* Ensure immediate reflection of charged-off status changes in the system\*Description:\* The system must update and propagate the charged-off account status across all relevant modules within 2 seconds of trigger events such as delinquency, customer death, or bankruptcy under normal operating conditions.\*Dependencies:\* Core account management services, event processing engine, database replication services\*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 processing of charged-off account lifecycle events without degradation\*Description:\* The system must handle at least 1,000 charged-off account status transitions per minute with no more than 5% increase in average processing latency.\*Dependencies:\* Batch processing infrastructure, real-time event handlers, database indexing\*Notes:Designed to support scaling during peak delinquency periods

Security

**NFR3.** Secure handling of sensitive charged-off account data\*\*Category:\* Security\*Functionality:\* Protect sensitive customer and account information related to charged-off accounts\*Description:\* All charged-off account data must be encrypted at rest and in transit using industry-standard encryption protocols (e.g., AES-256, TLS 1.2 or higher). Access to this data must be restricted based on role-based access controls (RBAC).\*Dependencies:\* Encryption services, identity and access management (IAM) system, secure communication channels\*Notes:Compliance with U.S. financial data protection regulations such as GLBA and FFIEC guidelines

**NFR4.** Audit logging for charged-off account lifecycle events\*\*Category:\* Security\*Functionality:\* Maintain tamper-proof audit trails for all charged-off account status changes and related operations\*Description:\* The system must log all charged-off account lifecycle events with timestamp, user identity, and operation details. Logs must be immutable and retained for a minimum of 7 years.\*Dependencies:\* Centralized logging infrastructure, secure storage, user authentication system\*Notes:Supports regulatory compliance and forensic investigations

Availability and Resilience

**NFR5.** Charged-off account feature availability\*\*Category:\* Availability\*Functionality:\* Ensure high availability of the charged-off account management feature\*Description:\* The charged-off account creation and management feature must maintain 99.95% uptime measured monthly, excluding scheduled maintenance windows.\*Dependencies:\* Redundant application servers, failover database clusters, monitoring and alerting systems\*Notes:Critical for uninterrupted credit risk and collections operations

**NFR6.** Disaster recovery for charged-off account data\*\*Category:\* Resilience\*Functionality:\* Enable rapid recovery of charged-off account data and services after catastrophic failures\*Description:\* The system must support recovery of charged-off account data and operational capability within 4 hours of a disaster event, with no more than 1 hour of data loss (RPO) and 4 hours recovery time objective (RTO).\*Dependencies:\* Backup and restore infrastructure, geographically distributed data centers\*Notes:Aligns with enterprise disaster recovery policies

Scalability

**NFR7.** Scalability to support growing charged-off account volumes\*\*Category:\* Scalability\*Functionality:\* Accommodate increasing volumes of charged-off accounts without performance degradation\*Description:\* The system must scale horizontally to support a 3x increase in charged-off account volume over the next 3 years while maintaining existing performance SLAs.\*Dependencies:\* Cloud infrastructure or scalable on-premises hardware, container orchestration or clustering technology\*Notes:Supports business growth and market expansion

Compliance and Regulatory

**NFR8.** Compliance with U.S. financial regulations for charged-off accounts\*\*Category:\* Compliance\*Functionality:\* Ensure charged-off account management adheres to applicable U.S. financial regulatory requirements\*Description:\* The system must enforce rules and controls that comply with U.S. regulations such as the Fair Credit Reporting Act (FCRA), Truth in Lending Act (TILA), and relevant CFPB guidelines for charged-off accounts.\*Dependencies:\* Regulatory rule engine, compliance monitoring tools\*Notes:Supports audit readiness and regulatory reporting

Usability and Accessibility

**NFR9.** User role-based access to charged-off account features\*\*Category:\* Usability\*Functionality:\* Provide intuitive and secure access controls for different user roles managing charged-off accounts\*Description:\* The system must present user interfaces and APIs that enforce role-specific permissions, ensuring users only access charged-off account functions relevant to their responsibilities.\*Dependencies:\* User management system, UI/UX design standards\*Notes:Enhances operational security and reduces risk of unauthorized actions

Data Integrity and Accuracy

**NFR10.** Data accuracy for charged-off account lifecycle management\*\*Category:\* Data Quality\*Functionality:\* Maintain accurate and consistent data for charged-off accounts throughout their lifecycle\*Description:\* The system must ensure that all charged-off account data is consistent across modules, with data synchronization errors not exceeding 0.01% per month.\*Dependencies:\* Data validation services, synchronization mechanisms, reconciliation processes\*Notes:Critical for risk management and collections accuracy

Monitoring and Alerting

**NFR11.** Proactive monitoring of charged-off account processing health\*\*Category:\* Monitoring\*Functionality:\* Detect and alert on anomalies or failures in charged-off account lifecycle processing\*Description:\* The system must monitor key metrics such as processing latency, error rates, and data synchronization status, generating alerts within 5 minutes of threshold breaches.\*Dependencies:\* Application performance monitoring tools, alerting systems\*Notes:Enables rapid incident response and operational continuity

References

None.

## Data Requirements

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

**DR1.** Account Reference IDCategory: Data InputDescription: Unique identifier for the credit card account transitioning to charged-off status. Used to link all related account data and transactions.Purpose: Essential for tracking and managing the specific account through its lifecycle, including status changes and financial calculations.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 account management system; used in account lifecycle workflows, reporting, and integrations with credit and collections systems.

**DR2.** Charged-Off Status CodeCategory: Data InputDescription: Code indicating the account’s charged-off status, including reasons such as prolonged delinquency, customer death, or bankruptcy.Purpose: Enables the system to identify accounts that require special handling, reporting, and compliance treatment.Governance Considerations: Sensitive financial status data; retention aligned with regulatory requirements for charged-off accounts; access restricted to authorized personnel.Source/Target: System-generated based on business rules and triggers; used in account servicing, risk management, and regulatory reporting.

**DR3.** Charge-Off DateCategory: Data InputDescription: The exact date when the account was officially marked as charged-off.Purpose: Critical for calculating interest cessation, provisioning, and compliance with financial reporting standards.Governance Considerations: Must be retained for regulatory audit purposes; timestamp accuracy is essential; protected as sensitive financial data.Source/Target: System-generated at status change; used in interest calculations, collections workflows, and audit logs.

**DR4.** Customer Identification Data (Name, SSN, DOB)Category: Data InputDescription: Personally identifiable information (PII) used to verify customer identity and link to credit bureau and collections data.Purpose: Required for compliance with KYC, credit reporting, and collections processes.Governance Considerations: Highly sensitive PII; must comply with GLBA, FCRA, and other privacy laws; encrypted in transit and at rest; access logged and restricted.Source/Target: Collected at account origination; used in credit risk assessment, collections, and regulatory reporting.

**DR5.** Outstanding Balance at Charge-OffCategory: Data InputDescription: The total amount owed on the account at the time it is charged-off, including principal, interest, fees, and penalties.Purpose: Used for financial provisioning, collections prioritization, and reporting.Governance Considerations: Financial data subject to retention policies; must be accurate and auditable; access controlled.Source/Target: Derived from account ledger; used in provisioning calculations, collections, and financial reporting.

**DR6.** Interest Accrual Stop DateCategory: Data OutputDescription: The date after which interest stops accruing on the charged-off account, as per regulatory and business rules.Purpose: Ensures compliance with accounting standards and prevents unauthorized interest charges post charge-off.Governance Considerations: Must be retained for audit; accuracy critical for compliance; access restricted.Source/Target: Calculated by system based on charge-off date and regulatory rules; used in account servicing and reporting.

**DR7.** Charge-Off Reason CodeCategory: Data InputDescription: Specific code indicating the cause of charge-off (e.g., delinquency duration, customer death, bankruptcy).Purpose: Enables detailed reporting, compliance tracking, and tailored collections strategies.Governance Considerations: Sensitive financial data; retained per regulatory requirements; access limited to authorized users.Source/Target: Input by collections or risk management teams; used in reporting and workflow routing.

**DR8.** Account Product TypeCategory: Data InputDescription: Identifier for the credit card product associated with the account (e.g., standard, rewards, secured).Purpose: Supports product-specific rules for charge-off handling, interest calculation, and reporting.Governance Considerations: Business data; retained as part of account record; access controlled.Source/Target: Originates from product setup system; used in account management and reporting.

**DR9.** Credit Line AmountCategory: Data InputDescription: The approved credit limit assigned to the account at the time of charge-off.Purpose: Used for risk assessment, provisioning, and reporting on exposure.Governance Considerations: Financial data; retained for life of account plus regulatory periods; access controlled.Source/Target: Originates from credit line management system; used in risk and collections workflows.

**DR10.** Account Status History LogCategory: Data OutputDescription: Chronological record of all status changes for the account, including the transition to charged-off status.Purpose: Provides audit trail for compliance, dispute resolution, and operational transparency.Governance Considerations: Retained per regulatory requirements; access logged and restricted; PII involved.Source/Target: System-generated; used in audit reports, compliance reviews, and customer service.

**DR11.** Bankruptcy Filing Date (if applicable)Category: Data InputDescription: Date when the customer filed for bankruptcy, triggering charge-off or special handling.Purpose: Required for compliance with bankruptcy laws and to adjust account management accordingly.Governance Considerations: Sensitive legal data; must be handled under privacy and legal compliance frameworks; retained as per legal requirements.Source/Target: Input from collections or legal team; used in account servicing and reporting.

**DR12.** Customer Death Date (if applicable)Category: Data InputDescription: Date of customer’s death, triggering account charge-off or special handling.Purpose: Ensures proper account closure and compliance with estate and credit regulations.Governance Considerations: Sensitive personal data; must comply with privacy laws; access restricted; retained per policy.Source/Target: Input from collections or legal team; used in account servicing and reporting.

**DR13.** Settlement AmountCategory: Data InputDescription: Amount agreed upon in settlement negotiations for the charged-off account.Purpose: Used to update account balance and finalize collections processes.Governance Considerations: Financial data; retained for audit and compliance; access controlled.Source/Target: Input from collections system; used in account ledger updates and reporting.

**DR14.** Interest Rate at Charge-OffCategory: Data InputDescription: The interest rate applied to the account balance at the time of charge-off.Purpose: Used to calculate accrued interest up to charge-off date and for financial reporting.Governance Considerations: Financial data; must be accurate and auditable; retained per accounting standards.Source/Target: Derived from account product setup; used in interest calculation and reporting.

**DR15.** Regulatory Compliance FlagsCategory: Data GovernanceDescription: Flags indicating compliance status with relevant U.S. financial regulations for charged-off accounts (e.g., FCRA, GLBA).Purpose: Ensures that account handling meets regulatory requirements and triggers compliance workflows.Governance Considerations: Must be maintained and updated as regulations change; access restricted to compliance teams.Source/Target: System-generated based on account data; used in compliance reporting and audit.

References

No external sources were used.Source: Legacy Code (for interest calculation and account update 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 restrictions, including prohibitions on harassment, false statements, and unfair practices.\*Scope of Application:\* Charged-off accounts managed within the U.S. credit card system, including customer communications and account status updates.\*Enforcement Mechanism:\* Implement controls to log all customer communications and restrict actions that violate FDCPA provisions; audit trails for collections activities.\*Compliance Consequences:Legal penalties, fines, and potential litigation for non-compliance.

L2. Compliance with Truth in Lending Act (TILA) and Regulation Z\*\*Law or Regulation:\* Truth in Lending Act (TILA) and Regulation Z (U.S.)\*Obligation:\* The feature must accurately reflect charged-off account status in customer disclosures and statements, ensuring transparency about account status and any fees or interest applied post-charge-off.\*Scope of Application:\* Charged-off accounts and customer statements within the U.S. credit card system.\*Enforcement Mechanism:\* Automated generation of compliant disclosures and statements reflecting charged-off status; audit logs of disclosures sent.\*Compliance Consequences:Regulatory fines and corrective action mandates.

L3. Data Privacy Compliance under the Gramm-Leach-Bliley Act (GLBA)\*\*Law or Regulation:\* Gramm-Leach-Bliley Act (GLBA) (U.S.)\*Obligation:\* The feature must protect non-public personal information (NPI) of customers with charged-off accounts, ensuring confidentiality and secure handling of sensitive data.\*Scope of Application:\* All customer data related to charged-off accounts within the U.S. financial services environment.\*Enforcement Mechanism:\* Encryption of stored and transmitted data, access controls, and monitoring of data access related to charged-off accounts.\*Compliance Consequences:Civil penalties and reputational damage.

L4. Compliance with 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 prohibited factors such as race, gender, or age.\*Scope of Application:\* All charged-off accounts and associated decision-making processes.\*Enforcement Mechanism:\* Maintain audit trails of charge-off triggers and decisions; periodic reviews for discriminatory patterns.\*Compliance Consequences:Legal action and regulatory sanctions.

R1. Compliance with Consumer Financial Protection Bureau (CFPB) Regulations\*\*Regulatory Framework:\* CFPB Regulations (U.S.)\*Obligation:\* The feature must support real-time reporting and management of charged-off accounts in accordance with CFPB guidelines, including accurate status updates and timely reporting of charge-offs to credit bureaus.\*Scope of Application:\* Charged-off accounts within the U.S. credit card system.\*Enforcement Mechanism:\* Automated status updates, logging of charge-off events, and integration with credit reporting systems.\*Regulatory Impact:Required for CFPB audits and examinations.

R2. Adherence to Federal Reserve and OCC Guidelines on Charge-Offs\*\*Regulatory Framework:\* Federal Reserve and Office of the Comptroller of the Currency (OCC) Guidelines (U.S.)\*Obligation:\* The feature must implement charge-off policies consistent with regulatory guidance, including timing of charge-offs, documentation, and internal controls.\*Scope of Application:\* Charged-off accounts managed by federally regulated financial institutions.\*Enforcement Mechanism:\* System-enforced charge-off triggers, documentation capture, and audit trails.\*Regulatory Impact:Subject to regulatory examination and compliance reviews.

R3. PCI DSS Compliance for Handling Payment Card Data\*\*Regulatory Framework:\* Payment Card Industry Data Security Standard (PCI DSS)\*Obligation:\* The feature must ensure secure handling, storage, and transmission of cardholder data related to charged-off accounts, including encryption and access controls.\*Scope of Application:\* All payment card data processed or stored in relation to charged-off accounts.\*Enforcement Mechanism:\* Encryption, access logging, and regular security assessments.\*Regulatory Impact:Required for PCI DSS certification and audits.

R4. Real-Time Authorization and Settlement Compliance\*\*Regulatory Framework:\* NACHA Operating Rules and Card Network Rules (Visa, Mastercard, etc.)\*Obligation:\* The feature must support real-time updates to account status affecting authorizations and settlements, ensuring that charged-off accounts are handled according to network rules.\*Scope of Application:\* Real-time transaction processing systems involving charged-off accounts.\*Enforcement Mechanism:\* Integration with authorization and settlement engines with status checks and transaction blocking as needed.\*Regulatory Impact:Compliance required to avoid network penalties and maintain processing privileges.

C1. SOC 2 Type II – Audit Logging and Change Management\*\*Framework or Standard:\* SOC 2 Type II\*Requirement:\* All changes to charged-off account statuses must be logged with user ID, timestamp, and reason for change; audit trails must be immutable and regularly reviewed.\*Feature Scope:\* Charged-off account lifecycle management module.\*Traceability Reference:\* SOC-AUDIT-09 (Change Management Controls)\*Source:Legacy Code (account status updates and transaction logging).

C2. ISO 27001 – Information Security Controls\*\*Framework or Standard:\* ISO 27001\*Requirement:\* Implement access controls, encryption, and monitoring for all systems handling charged-off account data to maintain confidentiality, integrity, and availability.\*Feature Scope:\* Data storage, processing, and transmission components related to charged-off accounts.\*Traceability Reference:A.9 Access Control, A.10 Cryptography, A.12 Operations Security.

C3. Internal Credit Risk and Collections Policy Compliance\*\*Framework or Standard:\* Internal Credit Risk Management Policy\*Requirement:\* The feature must enforce internal policies on charge-off triggers, risk scoring, and collections workflows, including automated notifications and escalation procedures.\*Feature Scope:\* Charged-off account management workflows and risk assessment modules.\*Traceability Reference:Internal Policy CR-CHG-001 (Charge-Off and Collections Procedures).

C4. PCI DSS – Secure Cardholder Data Handling\*\*Framework or Standard:\* PCI DSS\*Requirement:\* Ensure that all cardholder data related to charged-off accounts is encrypted at rest and in transit, with role-based access controls and regular vulnerability scans.\*Feature Scope:\* Cardholder data storage and processing within charged-off account management.\*Traceability Reference:PCI DSS Requirements 3, 7, and 11.

References

* Fair Debt Collection Practices Act (FDCPA) – https://www.ftc.gov/enforcement/statutes/fair-debt-collection-practices-act
* Truth in Lending Act (TILA) and Regulation Z – https://www.consumerfinance.gov/policy-compliance/rulemaking/regulations/1026/
* 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/compliance/compliance-resources/other-applicable-requirements/ecoact/
* Consumer Financial Protection Bureau (CFPB) – https://www.consumerfinance.gov/
* Federal Reserve and OCC Guidelines – https://www.federalreserve.gov/supervisionreg.htm, https://www.occ.gov/
* PCI DSS – https://www.pcisecuritystandards.org/pci\_security/
* NACHA Operating Rules – https://www.nacha.org/rules
* SOC 2 Framework – https://www.aicpa.org/interestareas/frc/assuranceadvisoryservices/soc2report.html
* ISO 27001 Standard – https://www.iso.org/isoiec-27001-information-security.html

## References

* Reference: Legacy Code
* Source: Legacy Code
* Source: Legacy Code (for interest calculation and account update data elements
* <https://www.aicpa.org/interestareas/frc/assuranceadvisoryservices/soc2report.html>
* <https://www.consumerfinance.gov/>
* <https://www.consumerfinance.gov/compliance/compliance-resources/other-applicable-requirements/ecoact/>
* <https://www.consumerfinance.gov/policy-compliance/rulemaking/regulations/1026/>
* <https://www.federalreserve.gov/supervisionreg.htm>
* <https://www.ftc.gov/enforcement/statutes/fair-debt-collection-practices-act>
* <https://www.ftc.gov/tips-advice/business-center/privacy-and-security/gramm-leach-bliley-act>
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