# 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, appl aok, binary, cob mm, appl eof, account ID, cob rest, basis, access, cob mil

**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, input output, card number, main procedure, integer of date, date, init, organization, from, calculate interest

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 aok, binary, appl eof, basis, access, could, abcode, copy, 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, appl aok, binary, cob mm, appl eof, cob rest, basis, access, cob mil, cob hh

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 reissue date, abend routine, account status must be yes no, account, account update cash credit limit, acrcycri, abend, account update group ID, account update active status, acctdat

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: abend routine, abend, acctdat, acctsidi, acshlimo, basis, ca from tranid, acspflgo, cactvwai, abend data

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: cdemo cb00 page number, cdemo cb00 trnid last, asktime, account ID, acctdat, actidini, account curr balance, basis, cdemo cb00 trn sel flg, cb00

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: abend routine, calling, cancel, card card number x, abend, card card number n, acctsidi, basis, ca from tranid, card account ID n

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: abend routine, calling, cancel, back, abend, been, acctsidi, basis, again, abend data

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: conditions, cdemo ct00 trnid last, cdemo ct00 next page flg, cdemo ct00 info, basis, cdemo ct00 page number, carddemo commarea, cdemo pgm reenter, cdemo ct00 trnid first, 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: conditions, cdemo ct01 info, cardnumi, basis, clear current screen, cdemo ct01 page number, carddemo commarea, cdemo pgm reenter, commarea, cdemo ct01 trnid first

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 trn sel flg, cardnini, cdemo ct02 info, cdemo ct02 next page flg, actidini, acctdat, ccxref, basis, clear current screen, carddemo commarea

**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: asphalt, declare, bayfield, approved, dblt, comma, credit tier, delimited, coverage a, door

**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: asktime, audl01, auth, calc, build pending uw response, build issued response, calculate premium, class, annual prem, build error response

**Source:** Legacy Code

## Product Overview

This product is an in-house credit card core system designed specifically for the U.S. financial services industry within the credit card sector. It serves financial institutions aiming to transition away from legacy third-party platforms to gain full ownership and control over the entire credit card lifecycle. Delivered as an integrated, real-time platform, it supports issuance of both virtual and physical credit cards, as well as comprehensive account management including credit lines, authorizations, settlements, billing, payments, interest calculations, fees, rewards, disputes, delinquency workflows, and charged-off account management. The system’s capability to handle end-to-end credit card processes makes it a central operational backbone for credit issuance and servicing.

Strategically, this core system addresses the need for modernization and operational independence by embedding critical financial functions that were previously managed externally. By internalizing these capabilities, the product enables faster innovation, improved data integrity, and enhanced customer experience. It supports regulatory compliance relevant to the U.S. credit card market and positions the enterprise to adapt seamlessly to evolving business needs and competitive pressures in a dynamic financial services environment. This shift to a modern core ultimately drives greater operational efficiency and risk control across the credit portfolio.

References

No external sources were used in the generation of this overview.

## Feature Overview

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

Feature Overview:The Create a Frontbook Charged-Off Account feature is a specialized subset of the broader account creation capability within the in-house credit card core system. It enables comprehensive 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 processing and integration with credit line management, authorizations, settlements, billing, payments, interest calculations, fees, rewards, disputes, and delinquency workflows, ensuring seamless handling of charged-off accounts within the trade credit ecosystem.

This feature includes the creation, status transition, and ongoing management of charged-off accounts but excludes the initial issuance of accounts in good standing or unrelated account servicing functions. It integrates with core systems responsible for transaction posting, interest calculation, account updates, and dispute management, leveraging data inputs from daily transaction files and account status triggers. 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 over credit issuance and servicing by replacing legacy third-party systems with a modern, flexible core that enhances operational control, risk management, and customer lifecycle visibility.

References

No external sources were used.

## Functional Requirements

Functional Requirements

**F1.** Initiate Creation of Frontbook Charged-Off Account upon Charge-Off Trigger\*\*Functionality:\* The system must create a new frontbook charged-off account record when an existing good-standing account transitions to charged-off status.\*Description:Upon receiving a trigger event indicating that an account has become charged-off—due to prolonged delinquency, customer death, bankruptcy, or other authorized reasons—the system must initiate creation of a corresponding charged-off account in the frontbook. This account must be linked to the original account and flagged with charged-off status to enable lifecycle management.Functional Specification:- When an account meets charge-off criteria (e.g., delinquency beyond configured threshold days, verified customer death, or bankruptcy notification),- Then create a new charged-off account record in the frontbook system,- Link this charged-off account to the original account ID,- Set account status to “Charged-Off,”- Record the charge-off date and reason code.Notes:- Charge-off triggers and thresholds are configurable per regulatory and business policy.- The system must reject creation if the original account is not eligible for charge-off.

**F2.** Assign Unique Identifier to Charged-Off Account\*\*Functionality:\* The system must assign a unique identifier to each newly created charged-off account following a defined numeric structure.\*Description:Upon creation of a charged-off account, the system must generate and assign a unique account ID that conforms to the internal numbering scheme for charged-off accounts, ensuring no duplication across the portfolio.Functional Specification:- Generate a numeric account ID exactly 11 digits long,- The ID must start with the digit “2” to signify charged-off status,- The ID must be unique within the system’s account registry.Notes:- This ID serves as the primary reference for all charged-off account transactions and lifecycle events.- Uniqueness must be guaranteed even under concurrent account creation scenarios.Reference: Legacy Code

**F3.** Update Account Balances and Interest Calculations Post Charge-Off\*\*Functionality:\* The system must update balances and calculate interest on charged-off accounts based on posted transactions and configured interest rates.\*Description:After a charged-off account is created, the system must process daily transactions and update the account balance accordingly. Interest must be calculated using configured annual percentage rates (APR) divided into daily rates, applied to the outstanding balance, and accrued interest must be recorded.Functional Specification:- For each posted transaction affecting the charged-off account, update the account balance,- Calculate daily interest using formula: Daily Rate = APR / 365,- Compute interest accrued since the last transaction or posting date,- Update the account record with the new interest amount.Notes:- Interest calculation logic must handle varying APRs and compounding rules as configured.- Interest calculations must continue until account closure or recovery.Reference: Legacy Code

**F4.** Process Account Updates and Transaction Postings for Charged-Off Accounts\*\*Functionality:\* The system must accept and process account updates and transaction postings for charged-off accounts in real-time.\*Description:The system must handle incoming updates such as payments, adjustments, or dispute resolutions and post transactions to the charged-off account ledger, reflecting changes immediately in the account status and balances.Functional Specification:- Accept account update requests referencing charged-off accounts,- Validate update types and data integrity,- Post transactions to the charged-off account’s transaction file,- Update balances, interest, and fees accordingly,- Reflect changes in account view and reporting modules.Notes:- Updates must be rejected if they violate charged-off account rules (e.g., unauthorized credit increases).- Real-time processing is required to maintain data accuracy and customer visibility.Reference: Legacy Code

**F5.** Support Lifecycle Management Including Billing, Payments, Fees, and Delinquency Workflows for Charged-Off Accounts\*\*Functionality:\* The system must manage the full lifecycle of charged-off accounts, including billing, payment processing, fee application, and delinquency workflow integration.\*Description:Charged-off accounts must be integrated into billing cycles where applicable, accept payments (full or partial), apply fees such as late or collection fees, and trigger delinquency workflows for collections or recovery actions.Functional Specification:- Include charged-off accounts in billing runs if configured,- Process payments against charged-off balances and update account status accordingly,- Apply fees based on configured rules and thresholds,- Trigger delinquency workflows upon payment failures or further delinquencies,- Update account status and history to reflect lifecycle events.Notes:- Fee amounts and billing inclusion are configurable per business rules.- Delinquency workflows must comply with regulatory requirements for charged-off accounts.

**F6.** Integrate Charged-Off Account Data with Authorizations, Settlements, Rewards, and Dispute Management\*\*Functionality:\* The system must ensure charged-off account data is integrated with authorization, settlement, rewards, and dispute management modules to maintain consistency across credit card operations.\*Description:Charged-off accounts must be excluded from new authorizations but included in settlement processing for existing transactions. Rewards accrual and redemption must be suspended or adjusted per policy. Dispute management must handle disputes related to charged-off accounts appropriately.Functional Specification:- Block new authorizations on charged-off accounts,- Allow settlement of pending transactions on charged-off accounts,- Suspend or adjust rewards accrual/redemption on charged-off accounts,- Route disputes involving charged-off accounts to specialized handling workflows.Notes:- Integration points must ensure real-time data synchronization to prevent errors.- Policies for rewards and disputes on charged-off accounts are configurable.

**F7.** Maintain Audit Trail and Compliance Logging for Charged-Off Account Activities\*\*Functionality:\* The system must maintain a detailed audit trail and compliance logs for all activities related to charged-off accounts.\*Description:Every creation, update, transaction posting, status change, and lifecycle event on charged-off accounts must be logged with timestamp, user/system actor, and action details to support regulatory compliance and internal audits.Functional Specification:- Log all charged-off account lifecycle events with relevant metadata,- Ensure logs are immutable and stored securely,- Provide reporting capabilities for audit and compliance reviews.Notes:- Logging must comply with U.S. financial regulatory standards for data retention and security.

**F8.** Handle Exception and Error Conditions During Charged-Off Account Creation and Management\*\*Functionality:\* The system must detect and handle exceptions or errors during charged-off account creation and ongoing management, providing clear error messages and fallback procedures.\*Description:If an error occurs during charged-off account creation (e.g., duplicate ID generation, invalid charge-off trigger), or during transaction posting and updates, the system must halt the operation, log the error, notify relevant stakeholders, and allow retry or manual intervention.Functional Specification:- Validate all inputs and triggers before account creation,- Detect duplicate or invalid account IDs and prevent creation,- Capture and log errors during transaction postings or updates,- Provide user-visible error messages with actionable guidance,- Support manual override or correction workflows.Notes:- Error handling must ensure data integrity and prevent partial updates.

References

None beyond internal legacy code references as noted.

## Non-Functional Requirements

Performance

**NFR1.** Real-time charged-off account creation\*\*Category:\* Performance\*Functionality:\* Ensure immediate processing of charged-off account status transitions\*Description:\* The system must process and reflect the transition of an account to charged-off status within 2 seconds of receiving the triggering event under normal operating conditions.\*Dependencies:\* Account status trigger service, transaction processing engine, database update mechanisms\*Notes:Applies to 95th percentile of U.S. users during peak load periods

**NFR2.** Interest calculation latency for charged-off accounts\*\*Category:\* Performance\*Functionality:\* Minimize delay in interest recalculation after account status changes\*Description:\* Interest recalculations for charged-off accounts must complete within 5 seconds of account status update to ensure accurate billing and reporting.\*Dependencies:\* Interest calculation module, transaction posting service\*Notes:Reflects legacy interest calculation processes adapted for real-time core system integration. Source: Legacy Code

Security

**NFR3.** Secure handling of sensitive customer data\*\*Category:\* Security\*Functionality:\* Protect sensitive personal and financial information during charged-off account processing\*Description:\* All data related to charged-off accounts must be encrypted in transit and at rest, complying with U.S. financial data protection standards such as GLBA and PCI DSS.\*Dependencies:\* Encryption services, secure communication protocols, access control systems\*Notes:Applies to all data exchanges with external and internal systems

**NFR4.** Role-based access control for charged-off account management\*\*Category:\* Security\*Functionality:\* Restrict charged-off account lifecycle operations to authorized user roles\*Description:\* Only users with designated roles (e.g., collections agents, risk managers) may create, update, or view charged-off accounts, with audit logging of all access and changes.\*Dependencies:Identity and access management system, audit logging infrastructure

Availability and Resilience

**NFR5.** Charged-off account feature availability\*\*Category:\* Availability\*Functionality:\* Ensure high availability of charged-off account lifecycle management\*Description:\* The charged-off account creation and management feature must maintain 99.95% uptime, excluding scheduled maintenance windows, to support continuous credit portfolio operations.\*Dependencies:Core platform infrastructure, database replication, failover mechanisms

**NFR6.** Fault tolerance during charged-off account processing\*\*Category:\* Resilience\*Functionality:\* Maintain system operation despite partial failures\*Description:\* The system must gracefully handle failures in dependent services (e.g., transaction posting, interest calculation) by queuing updates and retrying without data loss or corruption.\*Dependencies:Message queueing systems, transaction rollback and recovery services

Scalability

**NFR7.** Scalability to handle peak charged-off account volumes\*\*Category:\* Scalability\*Functionality:\* Support growth in charged-off account processing without degradation\*Description:\* The system must scale horizontally to process up to 10,000 charged-off account transitions per hour during peak periods without exceeding the 2-second processing latency.\*Dependencies:Load balancing infrastructure, scalable database clusters

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 laws and regulations\*Description:\* The system must enforce business rules and data handling practices that comply with U.S. credit card regulations, including accurate reporting, data retention, and privacy requirements for charged-off accounts.\*Dependencies:\* Regulatory rule engine, compliance monitoring tools\*Notes:Includes adherence to Fair Credit Reporting Act (FCRA) and related guidelines

Usability and Accessibility

**NFR9.** User interface responsiveness for charged-off account workflows\*\*Category:\* Usability\*Functionality:\* Provide responsive and intuitive user experience for managing charged-off accounts\*Description:\* User interface actions related to charged-off account creation and updates must respond within 1 second to user input under normal conditions to support efficient operations.\*Dependencies:Frontend application performance optimization, backend API responsiveness

**NFR10.** Accessibility compliance for charged-off account management UI\*\*Category:\* Accessibility\*Functionality:\* Ensure accessibility of charged-off account management features\*Description:\* The user interface must comply with WCAG 2.1 AA standards to accommodate users with disabilities, including keyboard navigation and screen reader support.\*Dependencies:UI development frameworks, accessibility testing tools

Data Integrity

**NFR11.** Accurate transaction posting for charged-off accounts\*\*Category:\* Data Integrity\*Functionality:\* Ensure all transactions affecting charged-off accounts are correctly posted and reflected\*Description:\* The system must guarantee 100% accuracy in posting transactions to charged-off accounts, with automated reconciliation processes to detect and correct discrepancies daily.\*Dependencies:\* Transaction processing engine, reconciliation services\*Notes:Reflects legacy transaction posting and account update processes. Source: Legacy Code

**NFR12.** Consistent account status synchronization\*\*Category:\* Data Integrity\*Functionality:\* Maintain consistent charged-off status across all integrated subsystems\*Description:\* Charged-off account status must be synchronized in real-time across credit line management, billing, payments, and dispute systems with no more than 1-minute delay.\*Dependencies:Integration middleware, event-driven messaging systems

Monitoring and Logging

**NFR13.** Comprehensive audit logging for charged-off account actions\*\*Category:\* Monitoring\*Functionality:\* Record all lifecycle events and user actions on charged-off accounts\*Description:\* The system must log creation, updates, status changes, and access events related to charged-off accounts with timestamps, user IDs, and action details for at least 7 years.\*Dependencies:Audit logging infrastructure, secure log storage

**NFR14.** Real-time monitoring and alerting for charged-off account processing failures\*\*Category:\* Monitoring\*Functionality:\* Detect and notify operational teams of failures or delays in charged-off account workflows\*Description:\* The system must generate alerts within 5 minutes of detecting processing failures or SLA breaches in charged-off account creation or updates.\*Dependencies:Monitoring tools, alerting platforms

References

None.

## Data Requirements

**DR1.** Account IDCategory: Data Input | Data OutputDescription: Unique identifier assigned to each credit card account, used to track and manage the account throughout its lifecycle including the charged-off status transition.Purpose: Essential for identifying the specific account to be transitioned into charged-off status and for all subsequent account management operations such as billing, payments, and dispute handling.Governance Considerations: Classified as sensitive PII; must be protected under data privacy regulations and retained for the duration of the account lifecycle plus regulatory retention periods.Source/Target: System-generated at account creation; used across all core modules including charged-off account management, billing, and reporting systems.

**DR2.** Account Status CodeCategory: Data Input | Data OutputDescription: A coded value representing the current status of the account, including statuses such as active, delinquent, charged-off, closed, etc.Purpose: Used to trigger lifecycle transitions, specifically to identify when an account moves into charged-off status and to enforce business rules and workflows associated with that status.Governance Considerations: Must be accurately maintained and auditable for compliance with financial regulations governing credit account management.Source/Target: Updated by account management system; consumed by delinquency workflows, billing, and reporting modules.

**DR3.** Charged-Off DateCategory: Data Input | Data OutputDescription: The date on which the account officially transitioned to charged-off status due to triggers like prolonged delinquency, customer death, or bankruptcy.Purpose: Used to calculate timelines for collections, regulatory reporting, interest cessation, and to manage delinquency workflows.Governance Considerations: Retained for regulatory compliance; must be immutable once set to ensure audit integrity.Source/Target: System-generated at status transition; used in collections, reporting, and compliance modules.

**DR4.** Delinquency Trigger Reason CodeCategory: Data InputDescription: A code indicating the specific reason for the account’s transition to charged-off status, such as prolonged delinquency, customer death, or bankruptcy.Purpose: Enables tailored handling of charged-off accounts based on cause, influencing workflows, reporting, and risk management strategies.Governance Considerations: Sensitive financial data; must be handled in compliance with privacy laws and internal risk policies.Source/Target: Input from delinquency management system or external data feeds; used in charged-off account processing and reporting.

**DR5.** Customer Identification Data (Name, SSN, DOB)Category: Data InputDescription: Personally identifiable information (PII) used to uniquely identify the customer associated with the credit card account.Purpose: Required for compliance with KYC (Know Your Customer) regulations, fraud prevention, and to support collections and dispute resolution on charged-off accounts.Governance Considerations: Highly sensitive PII; must be encrypted, access-controlled, and retained according to regulatory requirements.Source/Target: Collected at account origination; used in servicing, collections, and compliance reporting.

**DR6.** Credit Line AmountCategory: Data Input | Data OutputDescription: The total approved credit limit assigned to the account.Purpose: Used to assess exposure, calculate interest and fees, and manage credit risk especially when accounts become charged-off.Governance Considerations: Financial data subject to internal risk controls and audit; retained for the life of the account.Source/Target: Set at account creation or adjustment; referenced in credit risk and collections modules.

**DR7.** Outstanding Balance AmountCategory: Data Input | Data OutputDescription: The current unpaid balance on the account at the time of charge-off.Purpose: Critical for collections, interest calculation cessation, and financial reporting related to charged-off accounts.Governance Considerations: Financial data requiring secure handling and retention for audit and regulatory purposes.Source/Target: Calculated from transaction and payment data; used in billing, collections, and reporting.

**DR8.** Interest Rate AppliedCategory: Data InputDescription: The interest rate configured for the account, used to calculate interest charges up to the charge-off date.Purpose: Enables accurate interest calculation and billing prior to charge-off, and supports audit trails for interest accrued.Governance Considerations: Financial parameter; must be retained historically for compliance and dispute resolution.Source/Target: Configured at account setup; used by interest calculation engine and billing modules.Reference: Legacy Code

**DR9.** Transaction Records (Transaction ID, Date, Amount, Category)Category: Data Input | Data OutputDescription: Detailed records of all transactions posted to the account, including purchases, payments, fees, and adjustments.Purpose: Used to update account balances, calculate interest, and provide audit trails for charged-off account management and dispute resolution.Governance Considerations: Transaction data is sensitive financial information; must be retained per regulatory requirements and protected against unauthorized access.Source/Target: Generated by transaction processing systems; consumed by billing, interest calculation, and dispute management modules.Reference: Legacy Code

**DR10.** Payment History (Payment Date, Amount, Method)Category: Data InputDescription: Records of all payments made against the account balance, including dates, amounts, and payment methods.Purpose: Used to update outstanding balances, determine delinquency status, and support collections efforts on charged-off accounts.Governance Considerations: Payment data is sensitive; must be securely stored and retained for audit and compliance.Source/Target: Collected from payment processing systems; used in account status evaluation and collections workflows.

**DR11.** Dispute Case ID and StatusCategory: Data Input | Data OutputDescription: Unique identifier and current status of any disputes raised on transactions or account charges.Purpose: Enables tracking and resolution of disputes, which may affect account balances and charge-off status.Governance Considerations: Contains sensitive customer and financial data; must comply with dispute resolution regulations and privacy policies.Source/Target: Generated by dispute management system; integrated with account servicing and reporting modules.

**DR12.** Fee Configuration Data (Fee Type, Amount, Application Date)Category: Data InputDescription: Configured fees applicable to the account such as late fees, over-limit fees, and charge-off related fees.Purpose: Used to apply appropriate fees during account lifecycle events including charge-off processing.Governance Considerations: Financial configuration data; must be retained historically for audit and compliance.Source/Target: Configured by product management; used by billing and account management systems.

**DR13.** Rewards Balance and Transaction HistoryCategory: Data Input | Data OutputDescription: The current rewards points balance and history of rewards earned or redeemed on the account.Purpose: Supports accurate rewards accounting and adjustments when accounts are charged-off or closed.Governance Considerations: Customer data linked to financial accounts; must be protected and retained per privacy policies.Source/Target: Maintained by rewards management system; integrated with account lifecycle management.

**DR14.** Bankruptcy Filing Indicator and DateCategory: Data InputDescription: Indicator flag and date reflecting if and when the customer has filed for bankruptcy.Purpose: Critical trigger for transitioning account to charged-off status and adjusting account management workflows accordingly.Governance Considerations: Sensitive legal and financial information; requires strict confidentiality and compliance with legal hold requirements.Source/Target: Input from external legal data feeds or customer notifications; used in account status management and collections.

**DR15.** Customer Death Notification DateCategory: Data InputDescription: Date on which the system is notified of the customer’s death, triggering account status review and potential charge-off.Purpose: Used to initiate account lifecycle changes and compliance workflows related to deceased customers.Governance Considerations: Sensitive personal data; must be handled with privacy and legal compliance.Source/Target: Input from external sources such as credit bureaus or customer service; used in account management and compliance modules.

**DR16.** Account Update TimestampCategory: Data OutputDescription: Timestamp recording the last update made to the account record, including status changes and balance updates.Purpose: Ensures data integrity and auditability of account lifecycle events, including charge-off transitions.Governance Considerations: Retained for audit trail; must be immutable and securely logged.Source/Target: System-generated on each account update; used in audit logs and reporting.Reference: Legacy Code

**DR17.** Regulatory Compliance FlagsCategory: Data GovernanceDescription: Flags indicating compliance status with relevant financial regulations (e.g., FCRA, FDCPA) for charged-off accounts.Purpose: Ensures that account management and collections activities adhere to legal requirements and internal policies.Governance Considerations: Must be maintained and updated as regulations evolve; critical for audit and legal defense.Source/Target: Set by compliance monitoring systems; referenced in account servicing and reporting.

**DR18.** Account Creation DateCategory: Data InputDescription: The original date the credit card account was opened.Purpose: Used to calculate account age, eligibility for certain treatments, and to support lifecycle management including charge-off timing.Governance Considerations: Retained for the life of the account plus regulatory retention periods; required for audit.Source/Target: System-generated at account origination; used in account lifecycle and reporting modules.

**DR19.** Interest Accrual Stop DateCategory: Data OutputDescription: The date on which interest accrual ceases, typically the charged-off date or a regulatory mandated cutoff.Purpose: Ensures accurate interest calculation and compliance with financial regulations governing charged-off accounts.Governance Considerations: Must be retained and auditable for compliance and dispute resolution.Source/Target: System-generated based on account status changes; used by interest calculation and billing systems.

**DR20.** Settlement Amount and DateCategory: Data Input | Data OutputDescription: The amount and date of any settlements made on the charged-off account, including partial payments or negotiated amounts.Purpose: Used to update account balances, close accounts, and reflect accurate financial reporting.Governance Considerations: Financial transaction data subject to audit and compliance retention policies.Source/Target: Input from collections and payment systems; used in account management and reporting.

References

* Legacy Code — CBACT04C.cbl, CBACT05C.cbl, CBTRN01C.cbl, and related components for interest calculation, transaction posting, and account updates.
* U.S. Financial Regulations (FCRA, FDCPA) — Implied compliance requirements for charged-off account handling.

## 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 United States, interactions with consumers regarding debt collection.\*Enforcement Mechanism:\* Implement controls to log all communications and actions taken on charged-off accounts; provide audit trails for compliance review.\*Compliance Consequences:Violations may result in legal penalties, fines, and reputational damage.

L2. Compliance with 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 information to credit reporting agencies, ensuring data accuracy and timely updates.\*Scope of Application:\* Charged-off accounts data reported to credit bureaus for U.S. consumers.\*Enforcement Mechanism:\* Automated data validation and reconciliation processes before reporting; maintain logs of data submissions and corrections.\*Compliance Consequences:Non-compliance can lead to regulatory sanctions and consumer lawsuits.

L3. Compliance with the Gramm-Leach-Bliley Act (GLBA)\*\*Law or Regulation:\* Gramm-Leach-Bliley Act (GLBA) (U.S.)\*Obligation:\* The feature must protect the confidentiality and security of non-public personal information (NPI) related to charged-off accounts.\*Scope of Application:\* All customer data processed and stored within the charged-off account lifecycle in the U.S.\*Enforcement Mechanism:\* Implement access controls, encryption, and secure data handling procedures; maintain audit logs of data access and changes.\*Compliance Consequences:Breaches may result in regulatory fines and corrective action mandates.

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 processes do not discriminate based on protected characteristics.\*Scope of Application:\* All charged-off account status transitions and related decision-making processes.\*Enforcement Mechanism:\* Maintain documentation and audit trails of charge-off triggers and decisions; implement controls to prevent biased processing.\*Compliance Consequences:Potential legal action and regulatory penalties 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 managing charged-off accounts, including dispute resolution, error correction, and consumer notifications.\*Scope of Application:\* Charged-off accounts managed within the U.S. credit card system.\*Enforcement Mechanism:\* Automated workflows for dispute handling, error logging, and notification generation; maintain detailed audit trails.\*Regulatory Impact:Subject to CFPB examinations and audits.

R2. Compliance with Payment Card Industry Data Security Standard (PCI DSS)\*\*Regulatory Framework:\* PCI DSS\*Obligation:\* The feature must ensure secure handling of cardholder data during charged-off account processing, including encryption, access control, and monitoring.\*Scope of Application:\* All cardholder data processed or stored in relation to charged-off accounts.\*Enforcement Mechanism:\* Implement PCI DSS controls such as data encryption, role-based access, and logging of access and changes.\*Regulatory Impact:Required PCI DSS certification and periodic audits.

R3. Compliance with U.S. Generally Accepted Accounting Principles (GAAP)\*\*Regulatory Framework:\* GAAP (Financial Accounting Standards Board - FASB)\*Obligation:\* The feature must support accurate financial reporting of charged-off accounts, including proper recognition of charge-offs, recoveries, and provisioning.\*Scope of Application:\* Accounting and reporting systems managing charged-off account data.\*Enforcement Mechanism:\* Integration with accounting modules to ensure correct data flows and audit trails for financial statements.\*Regulatory Impact:Subject to financial audits and regulatory review.

R4. Compliance with Office of the Comptroller of the Currency (OCC) Guidelines\*\*Regulatory Framework:\* OCC Guidelines for Credit Card Operations\*Obligation:\* The feature must implement risk management controls for charged-off accounts, including monitoring, reporting, and escalation of delinquency and charge-off events.\*Scope of Application:\* Credit card accounts managed by federally regulated institutions in the U.S.\*Enforcement Mechanism:\* Real-time monitoring dashboards, automated alerts, and detailed reporting capabilities.\*Regulatory Impact:Required for OCC supervisory examinations.

C1. SOC 2 Type II - Change Management and Audit Logging\*\*Framework or Standard:\* SOC 2 Type II\*Requirement:\* All creation and status transitions of charged-off accounts must be logged with user ID, timestamp, and action details to support auditability.\*Feature Scope:\* Charged-off account lifecycle management module.\*Traceability Reference:SOC-AUDIT-09

C2. ISO 27001 - Information Security Controls\*\*Framework or Standard:\* ISO 27001\*Requirement:\* Implement access control policies and encryption for sensitive customer data involved in charged-off account processing.\*Feature Scope:\* Data storage and processing components of the charged-off account feature.\*Traceability Reference:ISO 27001 A.9 Access Control, A.10 Cryptography

C3. Internal Policy - Data Accuracy and Reconciliation\*\*Framework or Standard:\* Internal Data Governance Policy\*Requirement:\* The feature must include automated reconciliation processes to ensure accuracy of charged-off account data before status changes and reporting.\*Feature Scope:\* Account status management and reporting workflows.\*Traceability Reference:Data Governance Control DG-03

C4. Internal Policy - Incident Response and Escalation\*\*Framework or Standard:\* Internal Incident Management Policy\*Requirement:\* The feature must support incident detection, logging, and escalation procedures for anomalies or errors in charged-off account processing.\*Feature Scope:\* All charged-off account processing workflows.\*Traceability Reference:Incident Management Policy IMP-07

References

* Fair Debt Collection Practices Act (FDCPA) – https://www.ftc.gov/enforcement/rules/rulemaking-regulatory-reform-proceedings/fair-debt-collection-practices-act-text
* 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/
* PCI DSS – https://www.pcisecuritystandards.org/pci\_security/
* GAAP (FASB) – https://www.fasb.org/home
* OCC Guidelines – https://www.occ.gov/publications-and-resources/publications/comptrollers-handbook/files/credit-card/index-credit-card.html
* 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

* \*\* ISO 27001 A.9 Access Control, A.10 Cryptography
* Reference: Legacy Code
* Source: Legacy Code
* <https://www.aicpa.org/interestareas/frc/assuranceadvisoryservices/soc2report.html>
* <https://www.consumer.ftc.gov/articles/pdf-0096-fair-credit-reporting-act.pdf>
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* <https://www.ftc.gov/tips-advice/business-center/privacy-and-security/gramm-leach-bliley-act>
* <https://www.iso.org/isoiec-27001-information-security.html>
* <https://www.occ.gov/publications-and-resources/publications/comptrollers-handbook/files/credit-card/index-credit-card.html>
* <https://www.pcisecuritystandards.org/pci_security/>