

FAQs on Master Direction (MD) - Credit Card and Debit Card – Issuance and Conduct Directions, 2022

Query 1. What should a customer do if a credit card is issued without his/her consent (unsolicited card)?

Response: Card issuers are prohibited from issuing unsolicited credit cards and are required to seek prior and explicit consent from the customer before issuing a card. However, if the customer receives an unsolicited card, he/she should refrain from activating or providing consent for activation of card through OTP or any other means. If no consent is received for activating the card, the card-issuer is required to close the credit card account without any cost to the customer within seven working days from the date of seeking confirmation from the customer and shall also intimate the customer that the credit card account has been closed. Subsequent to receiving the intimation from the card-issuer that the card account has been closed, the customer shall destroy the card. Further, the customer may file a complaint with the card-issuer against the issuance of unsolicited card and escalate it to the RBI Ombudsman as per Integrated Ombudsman Scheme (please refer to the response of [query 17](#) below).

Query 2. Can a card be issued to other loan accounts such as overdraft facility, cash credit facility, working capital loan, etc.?

Response: Yes, paragraphs 7(b) and 7(c) of the MD have enabled issuance of various types of credit cards which can be customized to access the limits available in different loan accounts, duly aligned to the terms and conditions stipulated for the concerned loan account. For example, a customer availing an overdraft facility from a bank can be issued a type of credit card to access the funds available under the facility. The terms of usage of this credit card (interest charged, repayment schedule, penalty, cash withdrawal limit etc.,) shall correspond to the terms and conditions applicable to the overdraft facility.

Further, para 7(c) provides adequate flexibility to the card-issuers to design Business Credit Cards as envisaged in their Credit Card policy. However, it may be noted that banks cannot issue debit cards to cash credit/loan accounts.

Query 3. What can be considered as activation of credit card?

Response: Customer-initiated process indicating intent to use a credit card such as PIN generation, modification of transaction control, Interactive Voice Response, recorded call to the customer care centre and SMS may be considered as activation. However, if the card is not activated by the cardholder for more than 30 days from the date of issuance, card-issuers shall seek One Time Password (OTP) based consent in line with para 6(a)(vi) of the MD.

Query 4. In reference to para 8(b) of the MD, can a credit card be considered as 'used' even if no financial transactions have been undertaken?

Response: In addition to financial transactions, any process initiated by the cardholder such as generation of statement, change of PIN, change in transaction controls, etc., shall be considered for treating a card as 'used'. However, any calls made to the customer care centre, for reasons other than those cited above, shall not be considered towards usage of a card.

Query 5. Whether consent for activation and closure of a business credit card can be obtained from the corporate/business entity instead of the cardholder?

Response: For business credit cards, wherein the cards have been issued based on the application by a corporate or business entity, card-issuers shall seek explicit consent as required under paragraph 6(a)(vi)/send intimation as required under paragraph 8(b) respectively from/to the principal account holder (viz. corporate or business entity) unless specified otherwise in the agreement. Similarly, with regard to retail credit cards too, it is clarified that the requisite consent shall be sought from the principal cardholder and not from the add-on cardholders.

However, for blocking of such credit cards, either the actual cardholder or the principal cardholder can initiate the request.

Query 6. In case a cardholder makes partial payment, can a card-issuer charge interest/levy late payment charges on the total amount due?

Response: In case a cardholder does not clear the total amount due within the payment due date, interest free credit period will be lost, and interest may be levied from the date of transaction on the outstanding amount (adjusted for payments/refunds/reversed transactions as and when credited) and not on the total amount due. Further, late payment fee and other charges relating to delay in payment shall be levied only on the outstanding amount (adjusted for payments/refunds/reversed transactions as and when credited) after the payment due date and not on the total amount due.

Query 7. Whether a credit card-issuer can levy interest on the unpaid taxes/levies/charges?

Response: No, card-issuers shall not capitalize i.e., levy interest or any other charges, on the unpaid taxes/levies/charges. As the provision contained under para 9(b)(ii) of the MD became effective from October 01, 2022, card-issuers shall not capitalize unpaid taxes/levies/charges that have been billed from October 01, 2022.

Query 8. In reference to Para 10(g) and 10(h) of the MD, what are the transactions that are eligible (i) to be adjusted towards the outstanding dues and (ii) credited to the bank account of the cardholder?

Response: For a typical credit card with billing cycle from October 1, 2023 to October 30, 2023, let's assume the bill is generated on October 30, 2023 and the due date of payment is November 19, 2023. The different scenarios for adjustment of credit are detailed below:

Scenario 1 – Credit of refund/failed/reversed transaction within the same billing cycle

- Purchase transaction date – October 15, 2023 As bill is yet to be generated in the given case, the refund amount received on October 19, 2023, shall be adjusted with other debits, prior to calculation of the Total Amount Due.
- Refund on October 19, 2023 - For cancellation of purchase dated October 15, 2023

Scenario 2 – Credit of refund/failed/reversed transaction post generation of bill but before making payment of the dues

- Purchase transaction date - October 29, 2023 The bill is generated on October 30, 2023, however, the payment towards the dues has not been made till the date of refund. Therefore, the refund amount received on November 04, 2023, shall be adjusted towards the Total Amount Due (TAD) and accordingly the cardholder will be required to pay only the remaining outstanding (Remaining outstanding = TAD – Refund amount).
- Refund on November 04, 2023 - For cancellation of purchase dated October 29, 2023

Scenario 3 – Credit of refund/failed/reversed transaction for which payment has already been made

- Purchase transaction date - October 30, 2023 As the cardholder has already cleared the dues, card-issuers shall seek explicit consent of the cardholder to adjust the refund amount in line with the provision stipulated at Para 10(h) of the MD.
- Payment towards dues – November 06, 2023
 - Case I - If the cardholder gives explicit consent, then refund amount shall be adjusted.
- Refund on November 07, 2023 - For cancellation of purchase dated October 30, 2023
 - Case II - If the cardholder does not provide the consent or no response is received for adjustment of the refund, then the refund amount will be credited to the bank account of the cardholder in line with para 10(h).

Further, if the cardholder makes a request for crediting the refund (transaction for which payment has already been made), the same shall be credited back to the bank account of the cardholder irrespective of the cut off defined under Para10(h).

Note: The card-issuers may put in place a suitable mechanism to prevent evergreening of the credit facility.

Query 9. Can a cardholder modify the billing cycle of a credit card to any date? If yes, what options are available to the cardholder to carry out the modification?

Response: The cardholder shall be provided option to choose any date as the starting or closing day of the billing cycle at least once. Further, card-issuers may provide the option to modify the billing cycle through multiple channels such as helpline, dedicated e-mail-id, Interactive Voice Response (IVR), internet banking, mobile-application and any other modes.

Query 10. Can a card-issuer allow a credit card to be used beyond the sanctioned credit limit and charge overlimit fees?

Response: Usage of a credit card beyond the sanctioned credit limit (i.e., overlimit) requires prior explicit consent of the cardholder, as a fraud minimisation mechanism. Further, a cardholder shall be given an option to enable or disable the option of overlimit through transaction control mechanism available on card-issuer's platforms such as internet, mobile banking, or any other suitable medium. Unless explicit consent has been obtained from the cardholder for the overlimit facility, no overlimit can either be provided or overlimit charges be levied.

Query 11. Whether interest, taxes or any other charges can be considered for computing a cardholder's credit limit usage for the purpose of levying overlimit charges?

Response: Interest or any charges/fees on the credit card shall not be factored in for the purpose of computing a cardholder's credit limit usage and levying overlimit charges.

Query 12. Whether the liability towards credit card dues lies only with the principal cardholder?

Response: Yes, the liability for dues shall rest solely with the principal cardholder and not with the add-on cardholders. However, settlement of dues towards international credit card shall also be governed as per FEMA regulations. Further, the responsibility for making payments in case of business credit cards shall be governed by the terms and conditions agreed upon.

Query 13. Are card-issuers required to provide an insurance cover on debit and credit cards?

Response: The Reserve Bank has not prescribed any requirement for insurance cover on debit or credit cards. However, in case a card-issuer or a card payment network provides an insurance cover, complimentary or chargeable (with the consent of the cardholder), the card-issuer shall ensure that the relevant nomination details are recorded by the Insurance Company and the availability of insurance is included, along with other information, in every statement. The information shall also include the details regarding the insurance cover, name/address and telephone number of the Insurance Company which will handle the claims relating to the insurance cover. In case of group insurance policy, the contact details of the concerned officials of the card-issuer shall be provided in the statements.

Query 14. Whether a card-issuer can partner with more than one co-branding partner for a card?

Response: Yes.

Query 15. Whether a co-branding partner acting as a business correspondent (BC), or a technology service provider can be permitted to have access to the transaction data of the cardholder?

Response: A co-branding partner (CBP) acting as a BC or technology service provider for the card-issuer shall abide by the rules as prescribed in the instructions issued by RBI for such activities. However, a CBP shall not have access to card transaction data irrespective of any other service offered by them to the card-issuer. For the purpose of customer convenience, card transaction related data may be drawn directly from the card-issuer's system in an encrypted form and displayed in the CBP's platform with robust security. The information displayed through the CBP's platform shall be visible only to the cardholder and shall neither be accessed nor be stored by the CBP.

Query 16. Whether deactivation/blocking of a credit card amounts to closure of the card account?

Response: No. De-activation/Blocking of a credit card temporarily curtails the ability of a cardholder to make any transaction in a credit card account while still maintaining the credit/account relationship with the card-issuer.

Closure of a credit card on the other hand amounts to termination of the account-based relationship between the cardholder and the card-issuer. The request for closure has to be honoured within seven working days as stipulated in Para 8 of the MD. However, in case payment towards dues is outstanding, the card-issuer shall provide details regarding such outstanding dues to the cardholder upon receipt of the closure request without waiting for completion of the billing cycle and accordingly advise him/her to make payment in order to complete the closure process. In such cases, the prescribed timeline of seven working days shall be calculated after excluding the number of days taken by the cardholder to clear the outstanding dues. The card-issuer shall also report to CICs suitably about the closure of the card account.

Query 17. What is the procedure for filing a complaint against a card issuer?

Response: For redressal of his/her grievance, the customer must first approach the concerned card-issuer. If the card-issuer does not respond within a period of 30 days after filing of the complaint or rejects the complaint wholly/partly or if the customer is not satisfied with the response/resolution given by the card-issuer, the customer can lodge his/her complaint with the Ombudsman, Reserve Bank through any of the following methods:

- i. Online at <https://cms.rbi.org.in>.
- ii. Physical complaint (letter/post) in the form as specified in Annexure 'A' of the Reserve Bank - Integrated Ombudsman Scheme, 2021 to "Centralised Receipt and Processing Centre, 4th Floor, Reserve Bank of India, Sector -17, Central Vista, Chandigarh - 160017".