

## **Guidelines on Credit Card**

### **SECTION - I**

#### **INTRODUCTION**

##### **I. PREAMBLE:**

1. The basic objective of the Credit Card policy of the Bank is to provide a framework of rules/regulations/standards/practices for the issuance, maintenance, and accounting of Credit Cards of all types - Physical and Virtual cards, to ensure that the same are in alignment with the best customer practices, statutory and regulatory guidelines, duly adopting adequate safeguards.
2. Reserve Bank of India, Indian Banks Association and other regulatory bodies issue various instructions, directions / guidelines, from time to time, on Credit Card operational matters. These relate specifically to the systems and procedures to be adopted in relation to Customer sensitive areas like Issue of Credit Cards (Both Acquisition & Underwriting Standards), Types of Cards, Closure of Cards, Interest Rates & Other Charges, Billing, Customer Conduct, Co-branding Arrangement, Redressal of Grievances, Outsourcing, etc. and on risk mitigation measures.
3. RBI has directed Card-Issuers to have a well-documented Board approved policy for the issuance and conduct of Credit Cards and that the same shall be in consonance with various instructions on the subject issued by them from time to time as well as the directions contained in the Master Directions. The existing Board approved Credit Card Policy of the Bank is reviewed in the light of the directions issued by RBI vide Master Direction-Credit Card-Issuance and Conduct Directions 2022, dated: 21.04.2022, effective from July 01 2022, directions issued by RBI subsequently on 21.06.2022 extending the timeline for implementation of certain provisions of the Master Directions; and other directions issued from time to time.
4. Regulators advise Banks to exercise adequate attention and care to customers' interest while marketing Credit Card products and related services to maintain balance between the business needs and the customer's aspirations.
5. Scheduled Commercial Banks (SCBs) other than Regional Rural Banks (RRBs) with net worth of ₹100 crore and above are permitted to undertake credit card business either independently or in tie-up arrangement with other card issuing banks/NBFCs with the approval of their Boards.

6. SCBs (excluding Small Finance Banks and Regional Rural Banks) desirous of setting up separate subsidiaries for undertaking credit card business shall require prior approval of the Reserve Bank.
7. Bank may permit its RRB to issue Credit Cards in collaboration with the Sponsor Bank and not independently.
8. Thus, the overall objective of this policy is to ensure that the *guidelines issued to Banks* are adhered to *scrupulously* at all levels in the card related operations, so as to ensure that the card operations are carried out in a transparent, sound, secured and customer friendly manner.

## II. SCOPE & COVERAGE

2.1 The policy document aims to cover all functional areas of:

- a. Organizational set up & Business Objectives.
- b. Credit Card Issuance & Operations
- c. Rewards & Benefits.
- d. Policy for introducing any new Card products, Value additions and related Services.
- e. Follow up, Recovery & Write Off inline with the extant Recovery Management Policy of the Bank.
- f. Card holder Services and Grievances Redressal Mechanism.
- g. Outsourcing of certain activities of Credit Card Business.
- h. Role of card networks in our Card operations.

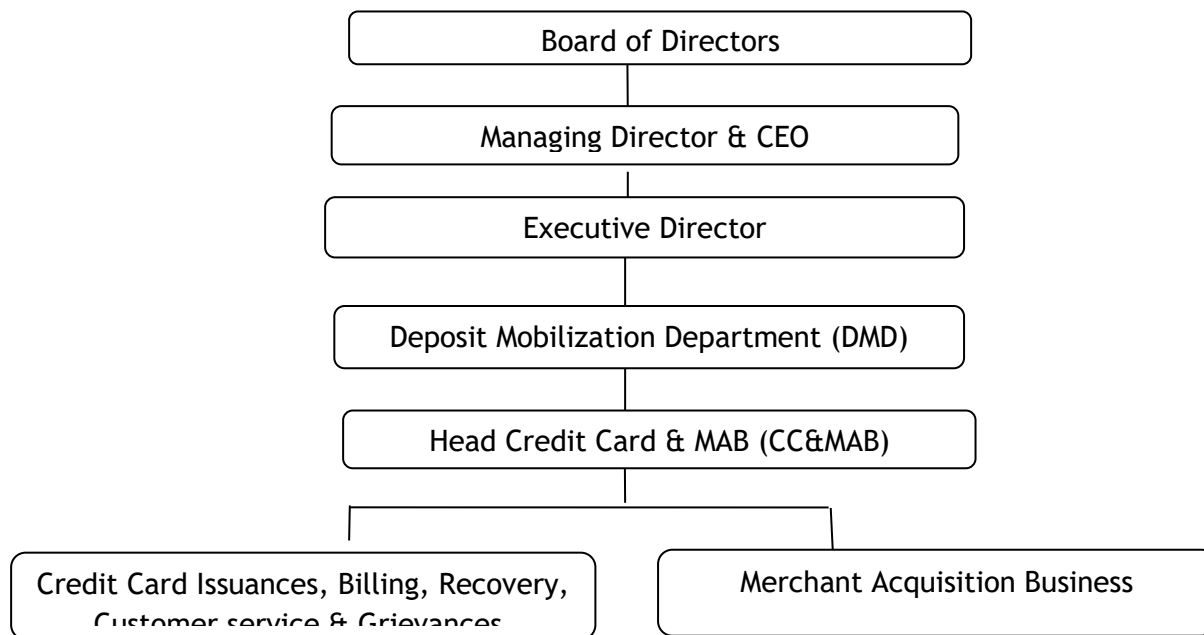
2.2 Any other guidelines instructions with respect to Credit Card operations as issued by RBI which comes in to effect after the review of the Policy, the shall be deemed to be the part of this policy for the purpose of compliance and shall be included in the policy during its ensuing review.

2.3 Further, in case of any conflict or overlap with existing RBI guidelines, the extant RBI guidelines shall supersede the policy.

2.4 The Policy shall be read in conjunction with SOP and FAQ in order for better clarity and understanding.

## III. ORGANISATIONAL SET-UP

The existing set up of Credit Card & MAB is as follows:



#### IV. BUSINESS OBJECTIVES

The objectives are to -

1. Achieve steady growth in Credit Card base in tune with the Corporate Goals by adopting various marketing strategies for issuance of new cards/variants, with due diligence.
2. Evolve a prudent and effective Recovery Management System for controlling Card NPAs, in tune with the Recovery Policy of the Bank and also by involving Recovery Agencies, in co-ordination with Recovery / CCM Department, Central Office.
3. Upgrade Technology periodically and introduce new initiatives using technology (through dedicated IT Team at Credit Card & MAB Department), to compete with Card Industry Standards, in accordance with Card Networks or any other card association requirement and as per Statutory & Regulatory guidelines.
4. Update the back-end operations and Customer Support Services, implemented by the Bank or through outsourcing the operations identified.
5. Evolve & update a Dynamic Risk Management System for random check and continuous monitoring of transactions to control frauds in emerging challenges of card operations, in co-ordination with the Risk Management Department, Central Office.
6. Develop a professional approach by imparting necessary training to the staff to improve the standards for efficient card operations.
7. Ensure compliance to the Regulatory/ Statutory guidelines and other guidelines received from Card Networks or any other specified authority; and
8. To draw an action plan, in tune with the Card Industry, Market conditions, etc. for achieving the above Objectives.

#### SECTION - II

## CREDIT CARD BUSINESS

### I. CREDIT CARDS

#### a. Issuance of Cards, Operations & Maintenance:

- i. The main objective of the Bank is to offer various types of Credit Cards and Prepaid cards/Instruments to the public consisting of Individuals, Corporates and Others, by adopting adequate safeguards to ensure that the card operations are carried out in a transparent, sound, prudent and customer friendly manner. These products and services are extended to the customers for forging better customer relationship, and to attract new customers for enlarging the scope of our Banking business to generate non-interest income for the Bank.
- ii. Presently, Bank has tie up arrangements with VISA International, Master Card and National Payments Corporation of India (NPCI) for furthering its Card business. **The new network, if any introduced by the country shall be covered as part of the policy from time to time.**
- iii. Bank shall issue International VISA, MASTER and RUPAY cards that empowers Bank's customer to make purchases, both on internet and at merchant establishments with PoS terminals, UPI/QR Codes across the globe, wherever VISA / MASTER / RUPAY logo is displayed. It complements other products such as PoS, Payment Gateway and UPI/QR Code, which forms potential source for fee-based income.
- iv. Expanding the card base of the Bank.
- v. Ensure good quality of cards by adhering to the laid down systems, ensure that the Bank evolves dynamic and flexible to changes in products and facilities to the cardholders, to remain competitive in the market.
- vi. Adopt complete transparency in operations by regularly informing cardholders about the various Terms and Conditions for card issue, various charges applicable (Appendix VI - Most Important Terms and Conditions) and the developments in Credit Card operation from time to time.
- vii. Outsourcing of select Operations like Tele Callers, Record Assistants, Card Processing Vendor, End to End (E2E) Card Solutions Vendor, Sales & Marketing Promotion, Recovery of the Credit Card dues, etc.
- viii. Ensure that the operations are conducted in such a manner that risk areas are mitigated and minimized at every level of operations.

- ix. Bank receives guidelines from Reserve Bank of India from time to time on various matters of Credit Card Operations viz., issuance of Cards to Customers, Customer Complaints, Dispute Management, Grievance Redressal and transparency in Operations, etc. which are to be complied.
- x. Unless the context otherwise requires, the terms/definitions herein used in this policy shall bear the meanings assigned to them.
- xi. Credit cards to visually challenged persons. Credit Cards can be issued within overall eligible limit to visually challenged persons.
- xii. Bank shall not enter in to any arrangement or agreement with card networks that will restrain the Bank from availing services of other card Networks.
- xiii. Bank shall provide an option to eligible customers to choose from multiple card network at the time of issue. For existing cardholders, this option may be provided at the time of next renewal. The same shall be made applicable from September 2024 onwards.

**b. VARIANTS OF CARDS:**

- i. Bank shall issue different variants of Credit Cards including Co-Branding, Co-Batching and Corporate Cards, to both its ETB (Existing To Bank) and NTB (New To Bank) Customers. Add-on cards wherever eligible shall also be issued.
- ii. Any new variant of card introduced by any of our existing associates VISA, Master Card , NPCI etc shall be introduced in the Bank with the recommendation of PPEC and prior approval of CRMC/ORMC.
- iii. Any new agreement with any other new Network shall only be with the prior approval of the Board.
- iv. Bank shall not enter in to any arrangement or agreement with card networks that will restrain the Bank from availing services of other card Networks.
- v. Bank shall provide an option to eligible customers to choose from multiple card network at the time of issue. For existing cardholders, this option may be provided at the time of next renewal. The same shall be made applicable from September 2024 onwards.
- vi. Based on Underwriting Standards, new BREs may be defined with the recommendation of PPEC and approval of CRMC to introduce New Products / Processes.

- vii. However, for the purpose of cardholder's convenience, card transactions related data may be drawn directly from the card-issuer's system in an encrypted form and displayed in CBP platform with robust security. The information displayed through CBP's platform shall be visible only to the cardholder and shall neither be accessed nor be stored by the Co-branding partner.
- viii. Customer induced STP journeys shall be introduced for the credit card business with prior approval of CRMC
- ix. A maximum of three add-on cards shall be issued only to the persons (spouse/parents/major children) specifically identified by the principal cardholder. Add-on cards shall be issued with the clear understanding that the liability will be that of the principal cardholder.
- x. **The add-on card shall be within / part of main limit of the principal card.**

**c. GUIDELINES FOR ISSUANCE OF CREDIT CARDS:**

Credit Cards are issued to Individuals (including Staff) and corporates.

**i. Individuals:**

Eligibility criteria: All resident individuals / NRI and full KYC compliant

**Age:**

- i. Salaried employees 21 - 65 years
- ii. Business / Professionals / others 21 - 70 years
- iii. Relaxation of age limit for point I and ii above, not below 18 years and not above 75 years is vested with Head - Credit Card & MAB.

**Income Criteria:**

- i. Salaried employees - Minimum Net Annual Income is Rs. 2.50 Lakhs
- ii. Business / Professionals / others - Minimum Net Annual Income is Rs. 2.50 Lakhs

**CIC Score:**

- i. Employees of PSU / Central Govt. / State Govt. and other Govt. institutions - 650 and above
- ii. for all other 700 and above.

**Internal Rating Sheet Score:**

- i. ETB / NTB Customers - Minimum score of 18 out of 30
- ii. ETB Customers (STP) - Minimum score of 30 out of 50

- iii. For any change in internal rating scores, CRMC shall be the approving authority hereafter.

**Minimum Base Limit of Credit Cards:**

- i. Minimum Base limit of credit card shall be changed from time to time based on the market conditions and business requirement with prior approval from CRMC.

**Issuance guidelines**

- a. Bank issues Credit Cards to our Customers against Term deposits with 25% margin.
- b. Credit Cards to NRI Customers agt. Deposits with minimum margin of 25%.
- c. The credit card variants issued before approval of this policy shall remain intact. However, for any variant introduced / modified shall be treated as a separate credit product, which shall be subject to approval of CRMC.
- d. Validity of Cards issued shall be for a period of four years.
- e. **Delegation for Branch /Ro / ZO is as per annexure III**

**Proof of income:**

- While issuing the Card against Income where salary account is with Union Bank of India, the financials of the individual shall be ascertained through Last 3 months account statement showing salary credits, if salary account is with other Banks latest 3 months salary slips showing salary credits and last 3 months account statement are required.
- For other than salaried personnel- Income Tax returns for the last 2 years along with computation of income. Last 6 months account statement is required.
- The income estimation may also be derived from external data sources (CICs along with above.
- For issuance of cards in respect of agriculturists and those who are not having tax returns, the eligibility criteria shall be arrived based on the income certificate issued by revenue authorities not below the rank of MRO/Tahsildar.
- If a Customer wants to avail multiple cards either in one variant or other variants, the same can be sanctioned subject to maximum ceiling as per the overall eligibility arrived.

**Card against deposit**

- I. Bank issues Credit Card based on the security provided in the form of fixed deposits of our Bank to Individuals. Such card variant is issued based on lien against Term Deposits.

- II. These cards are termed as U-Secure Credit Card. U-Secure Credit Cards can be of any variant depending on the credit limit.
- III. Expiry date of the such Credit Card shall be before the maturity date of the deposit
- IV. At any point of time outstanding amount of the Credit Card should not exceed the outstanding amount of the fixed deposit.
- V. Branch/field functionaries should strictly monitor and follow up repayment of such cards.
- VI. These cards, based on lien against Term Deposits, are targeted to fulfill the need of customers who do not file IT returns/ have lower CIC score/ NRI Customers. No income proof or rating sheet shall be insisted for sanction of U-Secure Credit Cards against deposits.
- VII. Limit shall be 75% of the Term Deposit present outstanding balance including accrued interest at the time of issuance of the Credit Card.
- VIII. Minimum left over period of the deposit shall be One year with auto renewal facility.
- IX. No other loan on the deposit is allowed and cancellation shall be done only after surrender of the card along with payment of total Credit Card dues.
- X. U-Secure card will be issued only to the primary account holder of the Term Deposit. In case the deposit is jointly owned, Credit Card can be issued, after taking signatures of all the joint holders on the Credit Card application.
- XI. Add-on cards can be issued to any of the joint deposit holders as per their request made in the Credit Card application.
- XII. **Branch to ensure marking of lien on the deposit against which the Credit Card is issued. Closure of such deposits can be done only subject to closure of the said Credit Card and confirmation of Credit Card Department.**

#### **Other important conditions**

- I. PAN is mandatory for issuance of Credit Cards. Multiple/Add-on cards can be issued within overall eligible limit against same PAN.
- II. As a part of welcome kit in respect of SB accounts with full KYC compliance, branches shall sanction Credit Card on the (date of account opening itself, on the basis of CIC score and income criteria provided.
- III. The amounts due from NRI cards shall be settled by inward remittance or out of the balances held in the cardholder's FCNR (B)/NRE/NRO Accounts as directed under RBI Master Circulars from time to time on remittance facilities for NRI/PIO. Any changes in the guidelines as and when received from FEMA, RBI, specifically applicable to NRI/NRO/FCNR etc., shall be applicable as directed and shall be incorporated in the Policy during annual review. For sanction of Credit Cards to NRI customers, with deviations and for ratification of deviation, powers of delegation vests with CAC II.
- IV. Savings Bank account holders of our Bank who are maintaining an average minimum balance of Rs.1,00,000/- and above for the last 12 months are eligible for availing Credit Cards. SB Accounts under Govt. Schemes like PMJDY, etc. are not eligible.



**V. Branches shall issue Credit Cards for full KYC Compliant**

**STP Journey - Credit Card**

Bank issues Credit Cards online via Straight Through Processing (STP) for existing (ETB) Non-card holder customers (excluding staff). General criteria for cards is as under

- i. Credit Cards to general public through STP shall be issued only to individuals.
- ii. While issuing the Cards against Income, the financials of the individual shall be ascertained through **CIC / ITR**.
- iii. Bank issues Credit Card based on the security provided in the form of fixed deposits of our Bank to Individuals. Such card variant is issued based on lien against Term Deposits. These cards are termed as U-Secure Credit Card. The guidelines are as stated above.
- iv. The existing customers can apply for credit card through any one of the following methods
  - Through STP link
  - By giving missed call on the mobile number 9289224012
  - By scanning QR code
- v. Credit card cannot be issued to customers through STP in cases where deviation is noticed and the approval of which requires further processing, validation, and approval. Such instances are to be handled by branches by taking physical application and following the laid-out guidelines as per Credit Card policy. Bank shall ensure that all the details keyed in by the Customer are preserved in digital mode and shall be available as and when required.

**Credit card to NTB (New to Bank Customers)**

To expand our Credit Card base, Bank shall issue Credit Card (including PACCs) to New To Bank (NTB) Customers. The same shall be communicated to the field once approval is obtained from CRMC/ORMC for issue of such cards.

The basic criteria mentioned hereunder are to be precisely complied with

- i. point of contact verification report from the branch official / other agencies/CPV agents must be obtained at the place of applicant's residence / business address, for easy recovery and follow-up of credit card dues.
- ii. *point of contact verification will be compulsory while issuing new card for NTB customers.*
- iii. Possibility of opening an account with our Bank to be explored.
- iv. NTB Customers shall be on-boarded through digital mode also duly verifying PAN, Aadhar, Credit Score and income proof.

**For seamless customer service and better monitoring of the Credit Card business, a dedicated/ Nodal Officer (Scale 3 and above) shall be nominated at each Zonal Office.**

***Credit Cards to VVIPs:***

- i. Bank shall also issue complimentary Credit Cards with a maximum Card limit of Rs.10.00 lacs to individuals, on selective basis.
- ii. **the delegated power to sanction such cards is vested with respective committees namely ZLCC 1.**
- iii. These are cards shall not have any annual fees.
- iv. All other Service Charges are as applicable to the respective Card Variant issued.
- v. Minimum Annual Income criteria is applicable as per guidelines mentioned above.
- vi. No Rating Sheet is required.
- vii. However, Branch to obtain Credit Card Application, KYC Documents, SB A/c details, income proof etc.

**General Provisions for sanction of Credit Cards:**

- The instructions/guidelines on KYC/AML/CFT applicable to Banks, issued by RBI from time to time, shall be adhered to in respect of all cards issued, including co-branded, corporate and add-on Credit Cards.
- The applicant's age, financial position, proven income, business profile, employment, residential/social status, etc. shall also be taken into consideration while sanctioning a card or for arriving at the limit to be sanctioned.
- Credit risk shall be assessed while issuing Credit Cards, and shall be issued with a specific card limit, commensurate with the financial standing, credit worthiness, business relation of the applicant with the Bank and repayment capacity of the applicant.
- The issuance of the cards is subject to satisfactory **CIC** score.
- Cards with CIC score of -1, which means no credit history is available with Credit Information Companies (CIC), is also eligible for issuing Credit Card with enhanced due diligence.
- **Sanction of Credit Cards to the borrowers having CIC score of -1 is vested with RO/ZO even if it comes under the branch delegation to sanction the Credit Card.**
- Bank may also consider issuing cards linked to Overdraft accounts that are in the nature of Personal Loans without any end-use restriction, subject to the conditions as stipulated in the Overdraft account.
- It shall also be ensured that while sanctioning Credit Cards, reference shall be made to the credit rating agency as approved by Reserve Bank of India. The issuance of card shall be subject to the credit report findings and relationship with the Bank and as per the guidelines specified by our CCM Department from time to time in respect of credit rating criteria.
- Defaulter list on CMCC Web portal shall be referred for immediate and initial due diligence of applicants of Credit Cards.

- Delegated authority can decide Credit Card limit of applicants as per eligibility norms and scoring model ( minimum score 60% as per Appendix II) in the application and calculate the Credit Card limit up to 20% of the Net annual income based on latest ITR (Net Annual Income) / **Annual Net Salary / Annual Income generated from ITR.**
- Issuance of Cards will be processed within a week from the date of receipt of all the valid documents as required by the Bank.
- **Bank shall not dispatch a card to a customer unsolicited, In case of renewal of an existing card, the cardholder shall be provided an option to decline the same if he/she wants to do so before dispatching the renewed card. Further, in case a card is blocked at the request of the cardholder, replacement card in lieu of the blocked card shall be issued with the explicit consent of the cardholder.**
- Bank may consider introducing an insurance cover to take care of the liabilities arising out of lost cards, card frauds, etc. In cases where the Bank is offering any insurance cover to its cardholders in tie-up with insurance companies, Bank shall obtain explicit consent in writing or in digital mode from the Cardholders along with the details of nominee/s.
- In case of an insurance cover provided with a card, Bank 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.
- The terms of Card issue shall put the Cardholder under an obligation to take all appropriate steps to keep the card safe and not to record the PIN or code, in any form that would be intelligible or otherwise accessible to any third party if access is gained to such a record, either honestly or dishonestly.
- Bank shall exercise care when issuing PINs or codes and shall be under an obligation not to disclose the cardholder's PIN or code to anyone, except to the cardholder.
- With a view to reducing the instances of misuse of lost/stolen cards, Bank may consider issuing card with advanced features that may evolve from time to time.

#### **Other important Provisions:**

- As per RBI guidelines, by default, all Credit Cards, though issued with global validity, shall be activated for domestic usage only. However, Cardholder can activate the international usage by logging in to Credit Card portal or through Mobile Application

(VYOM). Alternatively, cardholder can send request e-mail to Credit Card & MAB Department to enable international usage in their Credit Card.

- Card limit is subject to revision based on the track record of the cardholder.
- At any time, Bank shall NOT issue any unsolicited cards or allow any enhancement of Limit or sanction without specific consent of the card holder.
- Whenever the card applications are rejected, the Bank shall inform with reason for such rejection.
- All sanctions/declines made during the month, shall be reviewed by the next higher authority in the succeeding month.
- Bank shall process and sanction the cards to its customers through CBS and also through digital mode. However, Staff Credit Card applications are to be sent to Credit Card & MAB Department for sanction and issuance of the Cards.
- Bank shall block a lost card immediately on being informed by the cardholder and formalities, if any, can follow within a reasonable period of 3 days.
- Bank shall immediately send a confirmation to the cardholder subsequent to the blocking of a card.
- Any information regarding discounts, cashbacks, reward points, loyalty points or any other benefits offered by the Bank shall be displayed on the Bank's website issuer and a copy of the same shall also be provided to the cardholder.
- Bank shall mention the terms and conditions for the issue and usage of a card in clear and simple language (preferably in English, Hindi and the local language) comprehensible to the Cardholder.
- Bank shall provide a one-page Key Fact Statement along with the Credit Card application containing the important aspects of the Card such as rate of interest, quantum of charges, among others.
- Conveying reasons in-writing about Rejection of application:
  - i. In case of STP application, a page containing Rejection, MITC, copy of agreement in PDF format [downloadable] will be made available
  - ii. In case of others, MITC & agreement will be sent over email
- Sending of MITC & Copy of Agreement between Bank & the Credit Cardholder to his Registered e-mail / Postal address, as per the choice of the customer, will be provided against acknowledgement.

- In case of applications through STP, consent of the applicant for Annual Insurance [as Y / N] and details of Nominee such as Name of nominee, Age, Relation shall be obtained on-line
- Cards shall be issued only on request of customer and any upgradation shall be with the consent of the customer.
- For activation of cards, customers are empowered via App, SMS to dedicated number or from Regd. Email ID.
- As per RBI guidelines, w.e.f. 01.10.2022, for the cards which are not activated for more than 30 days from the date of issuance of cards, SMS link is provided for activation of cards. Based on OTP shared by cardholder for activation of cards, Cards will be activated. If OTP is not received within 7 working days from the date of link shared, such cards will be de-activated.
- For renewal/replacement cards, on payment of applicable dues, cards will be de-activated if no consent is received within 7 days from the OTP based consent sent via SMS for activation of the cards.
- In case of new cards, AMC/Insurance premium if any, will be recovered after activation of the cards.
- Bank shall not report any credit information relating to a new credit card account to Credit Information Companies prior to activation of the card.
- The consent for the cards issued or the other products / services offered along with the card shall be explicit and shall not be implied. In other words, the written consent of the applicant shall be required before issuing a credit card. Alternatively, Bank may use other digital modes with multifactor authentication to obtain explicit customer consent. Such alternative digital modes, if any used by the Bank, shall be communicated to the Department of Regulation, Reserve Bank of India.
- The decision-making power for issue of credit card to a customer shall remain only with the Bank and the role of the Direct Sales Agent (DSA)/Direct Marketing Agent (DMA)/Other Agents shall remain limited to soliciting/servicing the customer/account.

#### Issue of Form Factor

- a) Bank may issue other form factors in place of/in addition to a plastic debit/credit card such as wearables, after obtaining explicit consent from the customer.

- b) Form factors shall be subject to all the specific and general guidelines applicable to the respective cards.
- c) Bank shall provide options for disabling or blocking the form factor in line with the instructions issued by the Reserve Bank from time to time.

#### **Telemarketing:**

Bank shall ensure that the telemarketers they engage, comply with directions/regulations on the subject issued by the Telecom Regulatory Authority of India (TRAI) from time to time while adhering to guidelines issued on “Unsolicited Commercial Communications - National Customer Preference Register (NCPR)”. The Bank’s representatives shall contact the customers only between 10.00 hrs and 19.00 hrs.

#### **Underwriting Standards**

- Bank will assess credit risk taking into account independent financial means of applicants viz., Risk scoring matrix, **CIC** site verification, ITR verification, EPFO, Bank statement, Salary statement or any other correct means etc as necessitated from time to time depending on the mode of on-boarding customers.
- Bank will obtain total card limits enjoyed by the applicant from Credit Information companies [CIC] / Self-declaration as the case may be for sanctioning new card or enhancement of existing limit which should not cross beyond 75% of total Gross income of the last FY. Our application form should contain total card limit from industry which shall be verified with CICs.

#### **Limit Enhancement:**

- Normally limit will be enhanced on the basis of income as per ITR/Salary Slip, at the request of the card holder.
- 
- Limit can be enhanced without submission of any income documents depending upon the card usage (minimum card usage of 75% of the present Card limit) and prompt repayment pattern during the past 6 months period (No Overdue) and CIC SCORE of the card holder up to a maximum of 25% of the card limit on yearly basis by duly taking the consent through SMS. However, Re-KYC and obtention of income proof should be done once in three years. This type of enhancement of Card Limit shall be approved by Officials of CC & MAB / CAC-III as per delegated authority mentioned in the policy and exceptions allowed by next higher authority.
- Limit can also be enhanced on temporary basis (ad hoc basis) under exceptional cases at the request of the card holder along with recommendation of next higher authority for a period of not more than three billing cycles in a year and the sanctioning powers

for the same are vested with the Head - Credit Card & MAB, with a maximum limit as per the latest Rating sheet, subject to the following conditions. However, Deviations, if any, shall be referred to CAC-III.

- Annual income of Rs.20.00 lacs & above
- Acceptable CIC Score of minimum 750
- No overdues during the past 6 months
- Re-KYC

#### **Benefits and Offers on Credit Card:**

Benefits on the cards shall be informed to the field from time to time. Inclusion or exclusion of benefits on any card shall be vested with corporate office, DMD with prior approval of competent authority. The competent authority shall be CAC III/ II/ I based on the delegation of the expenditure involved in providing these benefits. Competent authority for removal of facility shall be CAC III. The note shall be placed with proper justification with cost/ benefit analysis.

As on date some facilities available are **Airport Lounge, Reward Points, fuel charge reimbursement etc.** The details of facilities including reward points shall be mentioned as part of operational guidelines for reference to the field functionaries.

#### **i. Personal Accidental Insurance:**

- a. Cardholders are covered under Personal accidental insurance package in case of death by accident. The premium payable for the insurance cover is borne by the card holder.
- b. Lost card insurance, if any, shall be governed by the Banker's Indemnity Policy of the Bank.

#### **ii. Offers:**

- a. Any Generic offers presented by the card networks (VISA/Master Card/RuPay) will be passed on to the cardholders.
- b. The Bank offers certain discounts on par with Debit Cards from time to time, for increasing the Usage of the Card, which are notified on the Bank's Website.
- c. Apart from the above, some of the offers given from time to time by the Vendors can be passed on to the Cardholders based on the Usage of the Card.

#### **iii. Other Value-Added Services:**

Bank shall continuously strive for value addition to our existing and prospective cardholders. As of now, following facilities /benefits have been provided to the card holders for carrying out hassle free transactions in a safe and secured environment.



- SMS/IVRS based services viz., balance enquiry, card activation, OTP for generation of pin through ATMs, Lost card marking in case of card lost, and request for replacement of lost card, enabling/ disabling international transactions, etc.
- EMI facility.
- Virtual card facility for online transactions.
- Credit Card portal for card holder's convenience.
- Credit Card mobile app (Android and IOS version) with card control and second factor authentication facility.
- E-mandate facility as per guidelines in force.

Bank shall endeavor to introduce utility payment options, card to card (C2C) balance transfer, arrange special discounts or freebies from agencies with reputed market brands or any other value additions to the cardholders. It shall endeavor to provide technically advanced products, facilities and related services to the cardholders, in tune with the card industry and in association with Card Networks.

**a. Closure of Credit Card:**

- i. Bank shall endeavor to provide Cardholders an option to submit request for closure of credit card account through multiple channels such as helpline, dedicated email-id, Interactive Voice Response (IVR), prominently visible link on the website, internet banking, mobile-app or any other mode.
- ii. Credit cards not used for more than a year; an e-mail/SMS will be sent to close the card. Before closing such cards, dues if any shall be recovered.
- iii. Card closure details will be updated with CIC within a period of 30 days from date of closure.
- iv. After closure of card, any credit balance will be transferred to Cardholder's bank account for which account details will be obtained.
- v. In case of card issuance to NTB customers, account number & IFSC details will be captured in Application form or while on-boarding through digital process.
- vi. Any request for closure of a credit card shall be honored within seven working days by the Bank, subject to payment of all dues by the cardholder.
- vii. After the closure of credit card, the cardholder shall be immediately notified about the closure through email, SMS, etc.



- viii. Bank shall endeavor to provide Cardholders an option to submit request for closure of Credit Card Account through multiple channels such as Helpline, dedicated E-mail ID, Interactive voice response (IVR), prominently visible link on the website, internet banking, mobile app or any other mode.
- ix. Bank shall not insist on sending a closure request through post or any other means which may result in the delay of receipt of the request.
- x. Failure on the part of the Bank to complete the process of closure within seven working days shall result in a penalty of **₹500 per calendar day** of delay payable to the customer, till the closure of the account provided there is no outstanding in the account.
- xi. If a credit card has not been used for a period of more than one year, the process to close the card shall be initiated after intimating the cardholder. If no reply is received from the cardholder within a period of 30 days, the card account shall be closed by the Bank, subject to payment of all dues by the cardholder.
- xii. The information regarding the closure of card account shall also accordingly be updated with the Credit Information Company/ies within a period of 30 days.
- xiii. Subsequent to closure of credit card account, any credit balance available in credit card accounts shall be transferred to the cardholder's bank account. Bank shall obtain the details of the cardholder's bank account, if the same is not available with the Bank.

**b. Issue of Unsolicited facilities**

- i. Unsolicited loans or other credit facilities shall not be offered to the Credit Cardholders without seeking explicit consent. In case an unsolicited credit facility is extended without the written/explicit consent of the cardholder and the latter objects to the same, the Bank shall not only withdraw the facility, but also be liable to pay such penalty as may be considered appropriate by the RBI Ombudsman, if approached.
- ii. Bank shall not unilaterally upgrade credit cards and enhance credit limits. Explicit consent of the cardholder shall invariably be taken whenever there is / are any change/s in terms and conditions.
- iii. In case of reduction in the credit limit, the Bank shall intimate the same to the cardholder.

ii. Corporate Credit Cards:

Customer - Corporates:

Target Group and Purpose:

Bank issues “Corporate Credit Card” to companies having excellent track record and also maintaining an account with us. The primary corporate card will be in the name of the Company, and it will NOT be a physical card but will be for the purpose of account creation only. These cards are issued to the Company Executives as add-on cards only to the Primary Corporate Card and in the name of company executives.

Bank shall also issue Corporate Credit Cards to LLPs & Partnership firms (ETB Customers) as per the existing criteria applicable to Companies.

However, in case of Trusts, Clubs & Associations, only renewal of Corporate Cards shall be considered, subject to the terms & conditions applicable to Corporates, which also includes delegation of powers.

Bank may also issue business credit cards to business entities/individuals for business expenses. The business credit cards may also be issued as charge cards, corporate credit cards or by linking a credit facility such as overdraft/cash credit provided for business purpose as per the terms and conditions stipulated for the facility concerned.

The bank shall put in place an effective mechanism to monitor end use of funds. Business credit cards can be issued together with add-on cards wherever required.

Eligibility:

- i. Credit Card Limit: Rs. 1.00 Lakh and above for each Card
- ii. Overall spending limit will be 2% of the tangible net worth, with a minimum of Rs. 1.00 Lakh for each Card
- iii. Board Resolution: For Corporates, Bank to obtain Board Resolution (wherever applicable) mentioning the name and details of the executives to whom cards shall be issued.
- iv. Registered Trust and Society Engaged in the Educational Activities can only be considered for issuance of corporate card.
- v. For LLPs / Partnership Firms, Bank to obtain a letter requesting for issuance of Corporate Credit Card, duly signed by all the Partners.
- vi. KYC details of these Executives / Partners shall be obtained.

- vii. Multiple individual cards can be issued in the names of different officials/Executives of the corporate with different sub-limits as per their requirements, however within the total (overall) corporate Credit Card limit sanctioned. The aggregate limit under various Credit Cards issued on behalf of the Corporate shall not exceed 25% of the company's tangible net worth or Rs. 5.00 Crores whichever is lower.
- viii. The liability of the corporate/business entity on account of business cards shall form part of their total assessed credits for compliance to instructions issued by the RBI on Exposure norms as well as Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.
- ix. Similarly, while issuing corporate credit cards, the responsibilities and liabilities of the corporate and its employees shall be clearly specified. The liability of the corporate/business entity shall form part of its assessed credit limits.

**Eligibility Criteria for New to Bank (NTB) Corporates:**

Only Companies availing credit facilities with Banks or Development Finance Institutions are eligible for corporate credit cards. However, the following are exceptions.

- When 100% liquid security is offered as guarantee by way of lien on deposits/ Government securities for issue of Corporate Credit Cards. In such cases, the limits shall be to the extent of 75% of the Security notwithstanding the norms as to the Net Worth.
- Top Executives/Directors of Public Sector Undertakings of Central and State Governments and first-class companies whose financial position is strong.

Tangible Net worth of the company applying for corporate Credit Cards shall be minimum of Rs.1.00 Crore. The tangible net worth is to be arrived at on the same basis adopted by our Bank in credit appraisals.

Corporates are required to produce status report on their account dealings with their financing Banks/Development Finance Institution, etc., along with the application.

The aggregate limit under various Credit Cards issued to a company should not exceed 25% of its tangible net worth subject to a maximum of Rs.5.00 Crores.

**Sanctioning Authority:**

- i. Branches to forward the Corporate Credit Card applications to the respective sanctioning authority with recommendations for sanction through proper channel.

- ii. Delegated Authority in their sanction letter shall mention the card limit of each Credit Card of the company. Delegated Authority shall consider enhancement of limits as per eligibility.
- iii. Sanction of Corporate Card beyond the powers of ZLCC should be referred to respective CACs by the concerned Credit Vertical.
- iv. In case of branches which are reporting directly to Central Office Verticals, Sanction of Corporate Card should be referred to the respective Credit vertical for placing before CACs.

**Sanction of Corporate Credit Cards with deviations:**

For sanction of company corporate Credit Cards with deviation(s) and ratification of sanction, if any, the competent authority will be CAC III and above, as per the Delegation of powers (Appendix - III).

**Renewal of Corporate Credit Cards:**

Branch/RO/ZO shall review the financials of the company and communicate their sanction once in a year. The review shall be based on the latest available financial statements. Branch/RO/ZO will communicate latest net worth of the company and the card limit sanctioned to the company. Department Head shall consider renewal of cards based on the past performance of each card and within the renewed limit recommended and sanctioned by Branch/RO/ZO. However, in any change of limit or conditions during renewal based on recommendations of RO/ZO, the competent authority shall be CAC III.

**Others:**

**In case of lost/broken/stolen Corporate Business Cards, Card shall be replaced only upon receipt of a Requisition from the Authorized Signatory of the Company.**

Payment of company's aggregate corporate card dues should be made by debit to the operating account of the company by the branch, irrespective of the status of the account.

Roll over facility is not available to the corporate cards.

- All charges as applicable for other Card Variants are applicable to Corporate cards
- All facilities available for other card variants are also applicable to corporate cards.
- Cards shall be blocked when the Corporate account falls in SMA-0 & hot listed when the Corporate is in SMA-1 and further downgraded if Corporate account becomes NPA the same shall be informed to the Corporate while accepting their request for Credit Card.
- If any of the Credit Card dues are not paid as per Asset Classification norms, the Card A/c will become NPA and remaining other Card A/cs of the Primary

Credit Card holder and other Borrowal accounts of the Primary Cardholder shall also become NPA (Percolated NPA).

- Declaration cum undertaking by the company and employees as per the format provided in the application is to be signed by authorized signatory of the company and employee in whose name the card is applied and whenever additional cards are applied for. This undertaking is obtained with the joint signatures of the company and the employees.
- Regional Offices shall send, process and sanction note along with application and other documents to Credit Card & MAB Department for onward processing and issuance of cards.

**II. Co-branded/Co-Batching/ Affinity Cards:**

1. Credit Card & MAB Department shall explore the opportunities for identifying suitable public sector, private sector, co-operative Banks, and reputed institutions/ organizations or Government or Government bodies, associations as partners for joint venture to issue co-branded Credit Cards, as per RBI guidelines.
2. Credit Card & MAB Department shall also expand the card base through specific groups having general Banking and Credit relationship with the Bank by issuing customized affinity cards and also by sponsoring BIN to FinTechs, duly adhering to extant guidelines.
3. Prior approval of the Reserve Bank is not necessary for the issuance of co-branded credit cards subject to the following conditions. In addition to the same, Credit Cards shall also be subject to the specific conditions applicable to such Cards.
  - The co-branded credit card shall explicitly indicate that the card has been issued under a co-branding arrangement.
  - The co-branding partner shall not advertise/market the co-branded card as its own product. In all marketing/advertising material, the name of the Bank shall be clearly shown.
  - The co-branded card shall prominently bear the branding of the Bank.
  - The co-branding arrangement shall address issues pertaining to various risks, including reputation risk associated with such an arrangement and suitable risk mitigation measures.
  - The information relating to revenue sharing between the card-issuer and the co-branding partner entity shall be indicated to the cardholder and also displayed on the website of the card-issuer.
  - Due diligence: Bank shall carry out due diligence in respect of the co-branding

partner entity with which it intends to enter into tie-up for issue of such Cards to protect themselves against the reputation risk they are exposed to in such an arrangement. For this purpose, Bank shall empanel the Agencies to carry out the due diligence of the Companies with which it intends to enter into Co-branding arrangement.

- Bank shall ensure that in cases where the proposed co-branding partner is a financial entity, it has obtained necessary approvals from its regulator for entering into the co-branding arrangement.
  - Outsourcing of activities: Bank shall also be liable for the acts of the Co-branding partner. Bank shall ensure adherence to the guidelines on ‘Managing Risks and Code of Conduct in Outsourcing of Financial Services by Banks’ as amended from time to time. Bank shall also ensure that cash backs, discounts and other offers advertised by a co-branding partner are delivered to the Cardholder on time. Bank shall be liable for any delay or non-delivery of the same to the Cardholders.
  - Role of Co-branding partner entity: The role of the Co-branding entity under the tie-up arrangement shall be limited to marketing/distribution of the cards and providing access to the Cardholder for the goods/services that are offered. The co-branding partner shall not have access to information relating to transactions undertaken through the co-branded card. Post issuance of the card, the co-branding partner shall not be involved in any of the processes or the controls relating to the co-branded card except for being the initial point of contact in case of grievances.
4. In addition to the conditions listed above, the co-branding arrangement for Credit Cards shall also be subject to the specific conditions applicable to such cards.

### **III. Delegated powers for Credit Card sanction:**

1. Different functionaries at Branches, Regional Office, ZOs, RLPs, MLPs and Central Office shall be vested with sanctioning powers for various card related activities including sanction and enhancement of card limits. The delegated powers are mentioned in the Appendix III. Further, any changes in the delegated powers shall be implemented with the approval of the Board.
2. All sanctions/rejections made during the month shall be put up for review to the next higher authority.
3. Any deviation with respect to sanction of Credit Cards to individuals, Delegation shall be ZO, as per the Delegation of powers (Appendix - III) for ratification of the deviation/sanction with deviation.

4. Any deviation with respect to sanction of Credit Cards to Corporates, LLPs, Partnership Firms, Delegation shall be CAC III and above, as per the Delegation of powers (Appendix-III) for ratification of the deviation/sanction with deviation.
5. Any new product, service to be introduced other than changes in the process shall be with the recommendation of PPEC and approval of CRMC.

#### **IV. Operations in Credit Card:**

##### **I. Card Application:**

- i. In case of individual applicants, If the card is sourced by the branch, Original application set is to be retained at respective branch invariably till the life cycle of the Credit Card as it is required for filing of the recovery Suit, if any.
- ii. In case of corporate Credit Cards, branches to send the attested and scanned copies of documents with their recommendations along with the application for sanction to the concerned delegation of authority for sanction of card.
- iii. For corporate Credit Cards, the application and process note duly approved by respective Delegated Authority to be sent to Credit Card & MAB Department.

##### **II. Issuance and delivery of the Cards:**

- i. The Credit Card & MAB Department downloads the applications that are duly sanctioned by the Branches, Regional Offices, FGMOs, RLPs, MLPs and Central Office as per delegated authority through CBS menu/Digital mode. After due processing, the data is forwarded to the service provider for issuance and delivery of personalised cards.
- ii. The Service Provider directly sends the Credit Cards along with the 1) Cardholder information and 2) Most Important Terms and Conditions (MITC) to the card holder, directly by Courier/Speed Post.
- iii. Bank's Credit Cards will not be dispatched to international address. They will be dispatched to respective base branch. It is the responsibility of the base branch to dispatch the card to international address as per customer's request.
- iv. Bank dispensed with sending any physical PIN to the Card Holder. Green PIN can be generated by the customer through Bank's ATMs or through Credit Card portal or through /VYOM , etc.



### III. Post Issuance Monitoring:

In order to prevent the misuse of cards, Department shall observe the following mechanism:

- i. The cards are dispatched in INACTIVE state through reputed courier/ Speed Post, with the special condition that the envelope should be delivered “to the addressee only”.
- ii. SMS alerts will be sent to the applicant, information about dispatch of the cards.
- iii. The undelivered cards, returned to the department, are documented in the Receive register and the same will be recorded in Credit Card system. Such cards are appended with “Undelivered card” and shall be in ‘INACTIVE’ status only.
- iv. In case, some of the cards are “returned undelivered” for any valid reason, the Department will resend by contacting Card holder over phone/E-mail after ascertaining the details of non-delivery of card. The undelivered cards are securely destroyed in case no response is received from the Addressee within 30 days from the date of return. The destruction of the Card shall be updated in the System.
- v. In case of lost/broken/stolen Corporate Business Cards, Card shall be replaced only upon receipt of a Requisition from the Authorized Signatory of the Company.
- vi. Physical Card Destruction:
  - i. The undelivered cards are destroyed after Cancellation of such cards for non-activation within 30 days from the date of issue duly adhering RBI guidelines.
  - ii. The following are the ways to securely destroy a credit card upon cancellation of card where all the attempts to deliver the card is failed.
    - a. Slice the card with scissors and it is important to cut through all the card information with multiple horizontal and vertical slices.
    - b. Destroy the magstripe for scrambling the data and use scissor or hammer to destroy the chip.
    - c. For maximum security, once the card is cut in to pieces, throw small batches in different trash can so that it is impossible to place together to get the card information.
- vii. Credit Card & MAB Department shall obtain the due date of Credit Cards which is enabled in the system and shall ensure issuance of fresh cards promptly on the due date of renewal, before expiry of the Card.
- viii. Credit Card & MAB Department shall send SMS to the Credit Card holder 30 days before the renewal due date, for obtaining explicit consent for renewal of the Credit Card/Enhancement/Change in the Credit Card Variant/Card not Required, etc. and act accordingly. The SMS shall also contain a clause that if no



information is received, the Card shall be renewed on the due date with the existing limit.

- ix. The Credit Card & MAB Department provides data on SMA and NPA accounts to the branches with the help of CMCC portal. The same should be used to curb stress in Credit Card accounts.

#### **IV. Credit Card Mobile Application / VYOM (Android & IOS):**

It is a Value-added service that offers the card holders to have a complete control of their Credit Card. Card holders can manage the usage of all their Credit Cards from mobile application. Card holders need to install the application in their smart phone and enter the card details on the mobile app which will enable them to manage the card.

The basic facilities provided to the Credit Card holders through the App shall be communicated by way of a circular.

#### **V. UPI on Credit Card:**

- i. Bank RuPay Credit Cards are linked and can be used on UPI platform through BHIM APP.
- ii. RuPay Credit Cards on UPI provide a smooth, digitally secure payment experience for the customers. Customers shall be able to use their RuPay Credit card at all merchant locations.
- iii. Post linking the credit card, customer shall be able to make payments to merchant by Online / scanning UPI QR code and authorising the same by inputting UPI PIN.
- iv. Cash withdrawal at merchants, P2P, P2PM, card to card payments will not be permitted through this functionality.
- v. Benefits of using RuPay Credit card on UPI are as under
  - Easy, Safe and Instant
  - Free Credit Period up to 50 days
  - Merchant Transactions through QR Code or Online
  - EMI Facility for transactions of Rs 10,000/- & above
  - View Available Balance & Outstanding Balance
  - Virtual Credit Card can be used on UPI

#### **VI. Accounting Process:**

- i. Whenever a Credit Card holder makes a transaction, it is routed through VISA/Master Card/ NPCI (RuPay) Networks. At the end of the day, VISA Master

- Card and NPCI (RuPay) will make settlement and provide transaction wise details to each of the issuing and acquiring Banks.
- ii. Card networks would also work out the interchange income receivable and interchange payable by issuer Banks, in respect of the transactions made in the cards and include the same while making the net settlement in Nostro Accounts maintained with Bank of America (VISA), Bank of India (MASTER Card) and with Union Bank of India (NPCI/RuPay).
  - iii. The settlement data is downloaded from Card networks dedicated websites by Bank or outsourced vendor and provided to Credit Card & MAB Department on daily basis.
  - iv. The incoming files received from the card networks are uploaded to the Credit Card system, to reconcile the authorized transactions and also to pass necessary card related General Ledger entries in CBS.
  - v. The outsourced Service Provider would maintain card wise accounts, based on transaction details received from VISA, MASTER and NPCI networks. The Service Provider will provide the details of transactions and the income to the Bank, which will help the Bank in reconciling the office accounts with Network settlement.
  - vi. The outstanding in accounts should tally with the sum of Credit Card receivables, income earned, and net settlement made with networks.
  - vii. Reconciliation of all suspense accounts are done on T +1 day for all Networks.
  - viii. Bank would control the amount of settlement in Bank balances (suspense) accounts and also reconcile the account maintained at various Banks of network providers. Thus, the Credit Card receivable is controlled in CBS under Bank balances accounts.
  - ix. The service provider would work out card wise fees, service charges and interest, prepare account statement as per the billing cycle and inform such details to the Bank. Asset classification has to be done by the service provider based on the due collections in card account.
  - x. Bank would pass the entries for the interchange income earned as well as interest and service charges to income account in CBS along with the Credit Card receivables.
  - xi. Proper reporting of NPA and overdue cards to CICs is ensured.
  - xii. Reconciliation of Nostro accounts of VISA, MASTER and NPCI will be done on daily basis.
  - xiii. Settlement entries with respective Networks are monitored closely.

## **VII. Billing & Account Maintenance including Interest Rates and Other Charges :**

The following procedure for billing and maintenance of card transactions shall be followed and any changes in the process shall be done by Head - Credit Card & MAB with the recommendation of PPEC and approval of CRMC/ORMC.

- i. Monthly bills shall be prepared by the Service Provider on 10<sup>th</sup> and 25<sup>th</sup> of every month showing the summary of the transactions in the card account as on the 10<sup>th</sup> and 25<sup>th</sup> of the previous month to 9<sup>th</sup> and 24<sup>th</sup> of current month.
- ii. E-statement will be sent to all the cardholders on their registered email ID, in a password protected mode, using the details known only to the card holder.
- iii. Physical copy of the bill will be sent to those card holders whose email ID is not available in the Bank record.
- iv. SMS alert will also be sent to the card holder on their registered mobile number informing the billing amount and due date. Reminder SMS will also be sent before due date.
- v. To minimize the complaints of non-receipt of statements, branches are being provided with access to CCMS Portal where Branch can download the Card Statements at Branch level. This facility empowers the branches to download and print at branch level or email the statements to customer in their registered email ID or any alternate email ID as requested by the card holders.

Any changes in the billing date or due date, providing for more than one cycle of billing for the convenience of the customers or easing the workload at department shall be considered by the Head - Credit Card & MAB with *the recommendation of PPEC and approval of CRMC/ORMC*, duly informing card holders well in advance.

- vi. Bank shall publicize through website the interest rates charged to various categories of customers as part of MITC.
- vii. Bank shall indicate upfront to the card holder [as part of MITC], the methodology of calculation of finance charges with illustrative examples, particularly in situations where only a part of the amount outstanding is paid by the customer.
- viii. Bank shall quote Annualized Percentage Rates (APR) on credit cards for different situations such as retail purchases, balance transfer, cash advances, nonpayment of minimum amount due, late payment etc., if different. The method of calculation of APR shall be given with clear examples for better comprehension. The APR charged, and the annual fee shall be shown with equal prominence. The late payment charges, including the method of calculation of such charges and the number of days, shall be prominently indicated. The manner in which the outstanding unpaid amount has been arrived at for calculation of interest shall also be specifically shown with prominence in all the billing statements. These aspects shall also be shown in the Welcome Kit in addition to being shown in the billing statements.

- ix. MPD i.e. 5% of total outstanding amount will be shown separately. MPD cannot be paid through EMI.
- x. For the unpaid amounts of previous billings, interest free credit period shall not be available.
- xi. These will be captured in billing statements, with clear example will also be captured in Welcome kit & placed in the Bank's website.
- xii. Bank shall ensure that there is no delay in sending/dispatching/ emailing bills/statements and the customer has sufficient number of days [at least one fortnight] for making payment before the interest starts getting charged.
- xiii. Bank shall send a link by mail/SMS. By clicking on the link Bill statement can be downloaded by cardholder.
- xiv. Bank shall ensure that wrong bills are not raised and issued to cardholders. In case, a cardholder protests any bill, the card-issuer shall provide explanation and, wherever applicable, documentary evidence shall be provided to the cardholder within a maximum period of 30 days from the date of complaint.
- xv. No charges shall be levied on transactions disputed as 'fraud' by the cardholder until the dispute is resolved.
- xvi. Card-issuers do not follow a standard billing cycle for all credit cards issued. In order to provide flexibility in this regard, cardholders shall be provided an option to modify the billing cycle of the credit card at least once as per the card holders convenience.
- xvii. Any credit amount arising out of refund/failed/reversed transactions or similar transactions before the due date of payment for which payment has not been made by the cardholder, shall be immediately adjusted against the 'payment due' and notified to the cardholder.
- xviii. Bank shall seek explicit consent of the cardholder to adjust credit amount beyond a cut-off, one percent of the credit limit or ₹5000, whichever is lower, arising out of refund/failed/reversed transactions or similar transactions against the credit limit for which payment has already been made by the cardholder. The consent shall be obtained through e-mail or SMS within seven days of the credit transaction. The card-issuers shall reverse the credit transaction to the cardholder's bank account, if no consent/response is received from the cardholder.

- xix. Notwithstanding the cut-off, if a cardholder makes a request to the Bank for reversal of the credit amount outstanding in the card account into his/her bank account, the Bank shall do it within three working days from the receipt of such request.
- xx. Bank shall report a credit card account as 'past due' to CIC or levy penal charges, viz. late payment charges and other related charges, if any, only when a credit card account remains 'past due' for more than 3 days.
- xxi. The number of days past due and late payment charges shall however be computed from the payment due date mentioned in the Credit Card statement as specified under the regulatory instructions on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances' amended from time to time.
- xxii. late payment charges and other related charges shall be levied only on the outstanding amount after the due date and not on the total amount due.
- xxiii. Changes in charges shall be communicated with 30 days' notice period, in case Cardholder does not agree on payment of the revised charges, cardholder will be permitted to close without levying any extra charge before effecting the changes in charges.
- xxiv. No Capitalization of unpaid charges / levies / taxes for charging / compounding of interest w.e.f., 01.10.2022.
- xxv. There shall not be any hidden charges while issuing credit cards free of charge.

**VIII. Payment of Bill:**

- i. Due date for payment of Bill shall be 14<sup>th</sup> or 15<sup>th</sup> of the succeeding month of bill generation or any other date as approved from time to time, adhering up to 50 days interest free credit period.
- ii. Bank shall inform the cardholders of the implications of paying only 'the minimum amount due'. A legend/warning to the effect that "Making only the minimum payment every month would result in the repayment stretching over months/years with consequential interest payment on your outstanding balance" shall be prominently displayed in all the billing statements to caution the cardholders about the pitfalls in paying only the minimum amount due. The MITC shall specifically explain that the 'interest-free credit period' is suspended if any balance of the previous month's bill is outstanding.

- iii. Bank shall work out illustrative examples and include the same in the Welcome Kit sent to the Cardholders and place it on its website.
- iv. The cardholders shall be given the options to pay either the entire amount of card dues or Minimum Payment Due (MPD) or any amount between MPD and the total dues.
- v. Minimum payment due will be 5% of the outstanding if the card holder does not have any previous unpaid dues. The minimum due calculation will be as under:  
  

$$\text{Minimum due} = \text{All previous unpaid minimum dues} + 5\% \text{ of the current outstanding} + \text{Over limit amount (if any)} + \text{EMI amount (if opted)}$$
- vi. When Minimum Payment Dues or any amount between MPD and total dues are paid, service charges (interest) at the specified rates are levied.
- vii. To encourage cardholders for better utilization of their card limits by opting Roll over facility and for revenue generation to the Department, the monthly service charges shall be kept at competitive rates.
  - Presently the service charges as approved at the rate of 2.50% per month, if Minimum Payment Dues (MPD) is paid before due date.
  - If MPD is not paid by the cardholder before the due date, a service charge at 2.95% per month shall be charged on the total outstanding and a late payment fee at specified rate shall also be levied.
  - Goods and Service Tax (GST) will be applicable on the Banking services availed.
- viii. The card holder will have the following options to make Payment:
  - Pay by cash/ by transfer from Union Bank of India account at any of the branches through CBS.
  - Deposit cheque favouring card number in any of the Union Bank branches.
  - Issue standing instruction or Auto debit\* of the account on due date.
  - Through Mobile Banking and Internet Banking.
  - Make online payment from any Bank account by NEFT/IMPS/ UPI modules etc.
  - Payment through PG services from other Bank accounts.
  - Auto Debit: Standing Instruction is mandatory for all the cardholders who hold Bank account with the Union Bank of India. However, cardholder can opt for either MPD or total amount outstanding.

- If the Cardholder fails to pay the MPD amount on or before the due date of Credit Card Bill, Bank shall run the Auto Debit on daily basis to recover the overdue amount from the operative account of the Cardholder. The same is to be informed to the Cardholder through Credit Card Bill sent to the Customer/SMS/Registered E-Mail of Cardholder.

#### **IX. EMI Facility:**

- i. In order to facilitate card holders, to conveniently repay the card dues and to provide a competitive edge to our Credit Card product, for its increasing usage for high value merchant transactions, an option to make payments in Equated Monthly Installments (EMIs) shall be made available to the Cardholders.
- ii. Bank shall ensure complete transparency in the conversion of Credit Card transactions to Equated Monthly Instalments (EMIs) by clearly indicating the principal, interest and upfront discount provided by the merchant/Bank (to make it no cost), prior to the conversion. The same shall also be separately indicated in the Credit Card bill / Statement. EMI Conversion with interest component shall not be camouflaged as zero-interest / no-cost EMI.
- iii. Bank shall ensure that loans offered through Credit Cards are in compliance with the instructions on loans & advances issued by the Reserve Bank from time to time.
- iv. Bank shall ensure that the credit limit as sanctioned and advised to the Cardholder is not breached at any point in time without seeking explicit consent from the Cardholder.
- v. Accordingly, an EMI facility with the following salient features, as approved is in vogue.
  - Merchant transactions of Rs.10,000/- and above, except the under mentioned are eligible for EMI facility. Transactions less than Rs.10,000/- cannot be combined.
    - Cash withdrawal through ATM and Cash @ PoS
    - Transactions done at Bars.
    - Transaction made for Jewellery Purchases.
    - Amount spent through card on purchase of fuel at petrol pumps.
  - The EMI repayment period shall be 3/6/9/12/18/24 months as per convenience of the cardholder with Rate of Interest at 16% per annum under reducing balances.
  - One-time processing charges of 2% of transaction amount subject to a Minimum of Rs.200/- and a maximum of Rs.1,000/- shall be levied on the



card, for each EMI request registered.

- Interest shall be charged at the prescribed rate presently 16% per annum on reduced balances.
  - Pre-closure charges shall be levied at 2% of the outstanding amount under EMI still not due.
- vi. The monthly billing will include the amount spent during the month and the installment under EMI, falling due in the month.

#### **X. Procedure for availing EMI facility and maintenance:**

- i. On a successful completion of an eligible transaction, an automated SMS will be sent on the registered mobile number of the card holder, informing the EMI facility being available for the transaction. Upon receipt of SMS, cardholder can convert the transaction into 3/6/9/12/18/24 EMI, either through Credit Card mobile app or can call Toll free number and register EMI Request for eligible transactions.
- ii. Customers can avail the EMI facilities if provided by the Bank both Online/Offline at the time of transaction.
- iii. Once registered, the EMI schedule will commence from subsequent Billing cycle, depending on number of EMIs opted by card holder. Head - Credit Card & MAB shall have the delegated powers to make any changes in the procedure and operative guidelines of the EMI scheme.

#### **XI. Waiver of Charges:**

Many a times, Cardholders represent for waiver of charges usually for the following reasons.

- Payment made in time through Branch/VYOM app/Credit Card app/NEFT/Bill desk/VPA but not reflected in Credit Card A/c
- Auto-debit/Standing instructions not carried out on due date
- Delay in crediting the amount to the Credit Card A/c where cheques are lodged in clearing towards Credit Card Payment
- Non dispensation of cash while withdrawing through ATM but cash/ services charges being levied.
- Card Replacement charges due to non-functioning of Card for technical reasons.
- Linking of non-closed COD Accounts of retired staff even though they are maintaining balances in Pension Accounts.



- Non-Credit of Card payments paid through any UPI channel and not received within due date
- Existing Card expired; renewal Card not received but charges are being levied.
- Card usage is not up to the required level of the variant of the Card and annual fee/subsequent charges is being debited

The fact shall be counterchecked for genuineness and charges (including late payment and interest) shall be reversed in eligible cases only. Delegation of Powers shall be as per Appendix V. The amount waived should be credited back to the Cardholder's Credit Card A/c, which gets reflected in the next billing statement.

## **XII. Post-Billing Monitoring:**

- i. If current month bill is not paid by a cardholder by due date, soft tele-follow up shall be made and the cardholder shall be reminded to make the payment.
- ii. In addition to the random check on the genuineness of merchant transactions, all high-volume transactions or exceptional transactions in higher limit card accounts may be monitored on daily basis during the first month of operations or for unusual transactions and any suspicious transactions shall be verified and cross checked with the cardholder. In the event of any transaction, which was not authorized by the cardholder and any fraudulent usage is observed; further usage of the card shall be blocked immediately. A replacement card with a new card number shall be sent to the cardholder on receipt of confirmation from the cardholder.
- iii. **The branch/RO shall monitor the end use of Business credit card transactions for any fraudulent / restricted MCC. Each branch may use CCMS package, link for which is available on UBINET.**

### SECTION - III

#### RECOVERY MANAGEMENT

In order to achieve a target-oriented approach for recovery of Credit Card dues, the Credit Card & MAB department shall follow a prudent and transparent policy. The salient features of which are detailed hereunder.

1. To facilitate branches for pursuing with borrowers, Credit Card MIS Portal Link is also provided through UBINET portal. Through this Menu PNPA & NPA Reports can be generated & printed to identify and pursue for effective recovery of card dues in a timely manner.
2. Time bound action plan for recovery is followed as under:

Step	Default Age	Action
<b>SMA-0</b>	<b>Up to 30 days</b>	Follow-up through Tele-calls.  Auto Debit to operative account to recover MPD amount on daily basis till recovery of MPD.
<b>SMA-1</b>	<b>31 to 60 days</b>	While continuing step one, the card is blocked for further usage and personal follow-up through recovery agencies.  Auto Debit to operative account to recover MPD amount on daily basis till recovery of MPD.
<b>SMA-2</b>	<b>61 to 90 days</b>	Hot listing of the card.  Follow up by Branch and Regional Nodal Officers and Nodal Executives for Credit Cards and by Recovery Agents, Recovery team at Credit Card & MAB department will review, monitor and guide the branches /zones.  Auto Debit to operative account to recover MPD amount on daily basis till recovery of MPD.
<b>NPA</b>	<b>Above 90 days</b>	Card dues become NPA and follow up on the same lines as outlined above 3 steps. Demand Notices are to be issued.  Auto Debit to operative account to recover total outstanding amount on daily basis till recovery of full amount.
<b>Post NPA status</b>		Issuance of legal notice.  Filing cases with 'Lok Adalat' through branches and in civil

Step	Default Age	Action
		courts by CC & MAB/Branch, if found necessary by the competent authority keeping in view the amount due, recovery chances etc.
Write Off		After exhausting all the above recovery measures, outstanding dues in NPA cards may be written off duly adhering to Recovery Management Policy of the Bank and status reported to CICs. However normal recovery process shall continue.

### 3. Classification of Assets and Reporting:

- i. Prudential norms for classification of assets as applicable to general advances shall be applied for classification of Credit Cards also. This shall, however, not be applicable for Corporate & Petro Cards to Executives of the Bank and Health Cards to Whole-time Directors of the Bank since the Bills are paid by the Bank.
- ii. Past-due status of the Credit Card account for the purpose of asset classification would be reckoned from the payment due date mentioned in the monthly statement. Consequently, a Credit Card account will be treated as Non-Performing Asset (NPA), if the minimum amount due, as mentioned in the statement, is not paid fully within 90 days from the payment due date mentioned in the statement.
- iii. Shadow account shall be maintained for assessing the up-to-date liability in a card account and for recovery follow up.
- iv. All Credit Card dues “except Cards Issued against Deposits” are considered as clean advances in the absence of any security.
- v. Appropriate Provisions shall be made as per the guidelines in force in respect of all NPA cards. The department shall identify NPA accounts wherever there are no recoveries beyond 90 days and accordingly every month NPA/SMA data is being sent to CMCC Department, Central Office. Percolation in CBS and Reverse percolation in CCMS is being done as per extant guidelines.

### 4. Recovery is being monitored using the following services.

- i. Tele Callers of Credit Card & MAB Department.
- ii. Recovery Agents at RO/ ZO.
- iii. Call Center.
- iv. Follow up with Branches, Nodal Officers/Executives at ROs by recovery team of Credit Card & MAB Department.
- v. Auto Debit to operative account

- vi. Filing of suits by Legal department, Credit Card & MAB Department.
- vii. Legal action/filing of suit on case-to case basis where the chances of recovery are remote as per reports of Recovery Agents/Branches/Regional Offices.
- viii. Sanction of Compromise proposals wherever eligible.
- ix. Settlement under OTS as per the guidelines in force.
- x. Bank shall also explore availing the services of M/s. UBISL and Business Correspondents at the branches and any other eligible agencies for recovery of Credit Card dues. Guidelines spelt out in the Recovery Policy on utilizing the services of Business Facilitators/Correspondents as Recovery Agents shall be followed.

**5. Following other steps shall also be initiated by the Bank in its recovery efforts.**

- i. Whenever cheques issued by cardholders are dishonored and the card holders fail to pay the amount on demand, action shall be initiated under Section 138 of N.I Act.
- ii. The Bank shall report the names of defaulters to CICs.

**iii. Tele callers:**

- a. Credit Card & MAB Department is availing services of Outsourcing agency for tele caller services. Approval for engaging outsourcing agency and relative Budget shall be obtained from the Competent Authority on Financial year basis.
- b. Tele-callers shall be stationed at Department and for making continuous follow up of PNPA/NPA Cards.

**iv. Call Center:**

- a. Call center agents will be allotted the NPA cards of various branches for follow up of card due recovery. The cards are being allotted on regular basis in such a way, where recovery agents are not available at some of the Regional Offices, such cards will be monitored by Call Center agents.

**v. Recovery Agencies:**

- a. Availing the services of recovery agencies for collection of Credit Card dues is imperative for an effective recovery mechanism in Credit Card Industry, as it is a retail loan business and cardholders are spread across the country. Bank shall ensure to comply with the extant guidelines in respect of engagement of recovery agents issued by the Reserve Bank, as amended from time to time. As per the guidelines spelt out in the Recovery Management Policy of the Bank, Recovery Agents are appointed by the Regional Offices of the Bank. Commission payable by Credit Card & MAB Department on recovery of PNPA/NPA cards is attached as Appendix IV.
- b. The recovery agents shall be imparted with the mandatory training as per IBA guidelines. A review note on recovery agents' performance shall be placed before the Operational Risk Management Committee once in Half year.

- c. A performance-based commission rates as approved by competitive authorities shall be paid for Recovery of dues keeping in view the prevailing market trends.
- d. The details of recovery agents engaged by the Bank shall also be published in the Bank's Website.

vi. **Fair Practices in Debt Collection:**

In the matter of recovery of dues, Bank shall ensure that they, as also their agents, adhere to the extant instructions on Fair Practices Code for lenders. A model code of conduct for recovery agencies with the following provisions shall be put in place.

- a. The Recovery agents are advised to adhere to the extant guidelines on fair practices code while dealing with the cardholders for collection of card dues.
- b. Bank/its Agents shall not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the credit cardholders' family members, referees and friends, making threatening and anonymous calls or making false and misleading representations.
- c. With regard to appointment of third-party agencies for debt collection, the Bank shall ensure that their Recovery Agents refrain from action that could damage the integrity and reputation of the Bank and that they observe strict customer confidentiality.
- d. Recovery agents carry the identification card issued by Bank and shall not adopt uncivilized, unlawful and questionable behavior on recovery process causing reputation loss to the Bank.
- e. All communications issued by Recovery agents must contain the Name, email-id, telephone number and address of the concerned Senior officer of the Bank whom the customer can contact.
- f. Further, the Bank shall provide the name and contact details of the recovery agent to the cardholder immediately upon assigning the Recovery Agent to the cardholder.
- g. The disclosure of customers' information to the DSAs/DMAs/Recovery Agents shall also be limited to the extent that will enable them to discharge their duties. Personal information provided by the Cardholder but not required for recovery purposes shall not be released by the Bank.
- h. Bank shall ensure that the DSAs/DMAs/Recovery Agents do not transfer or

misuse any customer information during marketing/recovery of credit card products.

- i. Bank shall ensure that the appointment of Service Providers do not compromise the quality of the customer service and the Bank's ability to manage credit, liquidity and operational risks.
- j. In the choice of the Service Provider, the Bank shall be guided by the need to ensure confidentiality of the customer's records, respect customer privacy and adhere to fair practices in debt collection.
- k. Bank shall have a system of random checks and mystery shopping to ensure that their agents have been properly briefed and trained as to how to handle customers and are also aware of their responsibilities, particularly about soliciting customers, hours for calling, privacy of customer information, conveying the correct terms and conditions of the product on offer.
- l. Bank shall ensure that its employees/agents do not indulge in mis-selling of credit cards by providing incomplete or incorrect information to the customers, prior to the issuance of a credit card. The Bank shall also be liable for the acts of its agents. Repetitive complaints received in this regard against any employee/agent shall be taken on record by the card-issuer and appropriate action shall be initiated against them including blacklisting of such agents. A dedicated helpline and email-id shall be made available to the cardholders to raise complaints against any act of mis-selling or harassment by the representative/Recovery Agents of the Bank.

**vii. Recovery Team at Credit Card & MAB Department**

Officers at Credit Card & MAB department are exclusively monitoring the recovery performance of the Recovery agents, Tele callers, Call Center agents. In addition, they will be following up with the branches, Nodal Officers / Executives at Regional / Zonal Offices directly for effective recovery in both PNPA / NPA Credit Cards.

**6. NPA Trial Run:**

Most of our Credit Card holders are our account holders maintaining deposit and/or loan accounts with us. Department has mapped the Credit Cards with that of CBS accounts data, based on PAN as the common identity. Credit Card & MAB Department shall share the data of Credit Cards to DIT, for inclusion of NPA Credit Cards in the trial run of CBS accounts so that NPA Credit Card account will trigger Performing account in CBS to NPA and also will share the card NPA information to all the Branches/ROs/FGMOs, improving substantial recovery of card dues.

## **7. Compromise Proposals:**

The Credit Card & MAB department shall entertain Compromise proposals, wherever the recovery of entire dues is difficult and time consuming, as per the guidelines of the extant Recovery Management Policy of the Bank for recovery of dues. The compromise proposals shall be entertained in the following cases.

- i. In Credit Cards that are categorized as NPA as of the end of the previous quarter.
- ii. Branch shall ensure that the cardholder does not have any direct / indirect liability with the Bank, as on date. In addition to this, the Branch and Regional Office shall recommend the proposal and ensure that if the cardholder has multiple accounts, all accounts must be settled simultaneously.
- iii. All Compromise/OTS/ CIBIL / Experian Masking proposals shall be considered/approved by the Compromise / OTS Settlement Committees, constituted for the same.
- iv. Department shall utilize the services of Recovery Agents for mobilizing the Compromise proposals basing on the above eligibility criteria.
- v. Whenever a card account is closed under compromise, and the total dues are not recovered, then the status of the card shall be shown as “SETTLED” in Credit Information Companies’ data base and not as “CLOSED” with attendant consequences in the card holder’s ratings.
- vi. **Masking with CICs:**

In all such cases wherever cardholders, after a lapse of time, approach to update their status from “SETTLED/WRITTEN-OFF” to “CLOSED” (CICs Masking), they shall be given an option to pay the amount waived /amount forgone by the Bank at the time of compromise with Interest (1 year MCLR/EBLR/RLRR + 5% ) on quarterly cumulative basis along with GST applicable, from the date of compromise till the date the accepted amount is paid.

### **vii. Compromise proposal of Staff Cards:**

Compromise Proposals under staff pertaining to our Bank, will be considered on case-to-case basis. The compromise will not be entertained for the staff on rolls. The staff members who ceased to be on rolls because of Superannuation, VRS, CRS, dismissed are eligible for submitting the compromise proposals. Such compromises shall be undertaken on par with the General Public.

**Settlement in Deceased Cases:**

- i. In case of death of the cardholder, other than the ones issued against deposits or any other security, where the family members are coming forward to pay the dues, the liability shall be adjusted duly collecting the amount outstanding at the time of the death of the card holder, provided there is no further usage.
- ii. If the death occurred due to accident and the cardholder is covered under accidental insurance coverage, the total outstanding dues to be recovered out of the Settlement proceeds, if any, and only the balance shall be paid to the Nominee.

**8. One-Time Settlement of Credit Cards:**

- i. Credit Card & MAB Department shall entertain the OTS proposals as per the OTS guidelines issued by the Bank from time to time. The calculation of the OTS amount will be as per the corporate OTS Policy of the extant Recovery Management policy.
- ii. If the card is settled under OTS, the same status will be updated in CICs. Department shall utilize the services of Recovery agents for mobilizing the OTS proposals basing on the above eligibility criteria.
- iii. All the OTS proposals shall be approved as per the delegation of powers mentioned in the OTS Circular/guidelines issued by the Bank from time to time.

**9. Staff Accountability Study (SAS) on NPA Credit Cards:**

All Credit Cards sanctioned through manual/digital mode are as per eligibility norms. Hence, Staff accountability Study (SAS) is waived.

**10. NPA Cards Reissuance:**

Once the Credit Card becomes NPA, all other Cards / loan accounts pertaining to the customer also becomes NPA. Requests for Issuance of new Card / Renewal/Replacement/Upgradation/Conversion/Enhancement of Card can be considered for sanction, provided all the overdue are repaid in full to the Bank by the Cardholder. In such cases, justification substantiating reissuance of the Card / or issue of the Card shall be recommended by ZO and in case of Direct reporting branches viz. IFB/MCBs, by the respective vertical. **The cooling period for such card re-issuance shall be 90 days from the date of settlement of dues.**

**11. Functions of Legal Department:**

- i. Waiver of legal action/filing of suit on case-to-case basis where the chances of recovery are remote as per reports of Recovery Agents/branches/Regional Offices.



- ii. There may be cases, where cost of pursuing legal action will be more than the total dues. In all such cases discretion should be available for waiver / withdrawal of legal action. Accordingly, policy guidelines in this regard are provided for as stated below.
- iii. There are cases where initiating and continuing litigation or filing appeal, review or revision is not only unwarranted but also proves to be waste of resources. Further, continuing litigation by way of appeal, review or revision arises in the following cases, may not be fruitful namely.
  - a. The case filed by Bank has been dismissed by the Court due to factors like limitation or very bad documentation.
  - b. Court has not granted the full claim but lowered the amount claimed due to documentation defects, interest rates being excessive than permitted, defect in entries in books of accounts, discretion given to courts to award future interest etc.
  - c. There may be accounts where borrowers and guarantors have died or are not traceable. Further, security/net worth is Nil.
  - d. Original Credit Card application not traceable at branch / CC & MAB Department.
- iv. For taking decisions whether to file suit, the Committee headed by the Head - Credit Card & MAB Vertical along with a quorum of 3 Officers of Senior Manager and above grade shall consider the cases on the basis of the liability / real balance / availability of the cardholders, etc. (given in the table)

S. No.	Committee	Head of the Committee	Suit Claim Amount
01	Head - Credit Card & MAB along with a quorum of 3 Officers of Senior Manager & above of the Department	Head - Credit Card & MAB	No ceiling
02	Dy. General Manager along with a quorum of 3 Officers of Senior Manager & above of the Department	DGM	Above Rs.5.00 lacs and up to Rs.10.00 lacs
03	Asst. General Manager along with a quorum of 3 Officers of Manager (Scale II) & above of the Department	AGM	Up to Rs. 5.00 lacs

- v. All decisions for waiver/withdrawal/not to pursue legal action, waiver/withdrawal/not to pursue appeal etc. shall be considered/approved by the following Committees, in tune with the extant Recovery Management Policy of the Bank.
- vi. Post filing of suit, Department will continue with its recovery efforts by:
- a. Following up with advocates for early posting of the matter in the court.
  - b. Obtaining Pre-judgment attachment orders wherever possible.
  - c. Early disposal of suit and obtaining of final decree in favor of the Bank. Filing Execution petition for attachment of properties, if any (both movable & immovable) and also salary attachment for employees in service.
  - d. Obtaining award for settlement of dues from Lok Adalat wherever feasible to avoid litigation and save on legal expenses.
  - e. Suits shall be filed in the courts which have jurisdiction over the latest communication address/place of the cardholder or at Hyderabad, as per the administrative exigencies / convenience.
- vii. Recoveries made in decreed accounts by filing Execution Petition is to be reviewed on a quarterly basis by the Committee on Legal Proceedings.
- viii. Following other steps shall also be initiated by the Bank in its recovery efforts:
- a. Whenever cheques issued by cardholders are dishonored and the card holders fail to pay the amount on demand, Bank may initiate action under section 138 of N.I Act.
13. The Bank shall report the names of defaulters to **CIC** or any other such authorities as approved by RBI.

\*\*\*

## **SECTION - IV**

### **CARDHOLDER SERVICES AND GRIEVANCE REDRESSAL**

- I. Bank shall put in place a Grievance Redressal Mechanism within the card issuing entity and give wide publicity about it through electronic and print media as required. The name, direct contact number, email-id and postal address of the designated Grievance Redressal Officer of the card-issuer shall be mentioned on the credit card bills and account statements.
  1. The designated officer shall ensure that grievances of cardholders are redressed promptly without any delay.
  2. The specific timelines for redressal of grievances shall be in accordance with the Board approved Policy on Grievance Redressal from time to time.
  3. The grievance redressal procedure and the Board approved policy shall be displayed on the website of the card-issuer with a clearly visible link on the homepage.
  4. Bank shall ensure that their Call Centre staff are trained adequately to competently handle and escalate a complaint, if necessary.
  5. The Grievance Redressal process shall have a provision for automatic escalation of unresolved complaints from a call center/base level to higher authorities. There shall be a system of acknowledging customers' complaints for follow up, such as complaint number/docket number, even if the complaints are received over phone.
  6. Bank has established a process for handling customer grievances and providing needed assistance, as part of better customer service. Bank has setup Call Centre/IVRS/ Help Line for inquiries, requests and for recording any grievances. Bank has extended some of these services through the web module and Union Credit Card/U-Mobile app also.
  7. Call center/IVRS is connected 24x7 with adequate number of telephone lines for easy reach of cardholder. Also, Help Desk at Department during Banking hours i.e., 10.00 AM to 5.00 PM to be made available.
  8. Services offered by Call Center/Helpline/Union Credit Card app include:
    - i. Hot listing of Credit Card due to card loss.
    - ii. PIN Change
    - iii. Balance enquiry
    - iv. Transaction / payment details.
    - v. Queries on payment discrepancy.

- vi. Register for statements through e-Mail.
  - vii. Request for re-issue/replacement of cards.
  - viii. Status of card sent for reissue/renewal/replacement.
  - ix. Grievance re-addressal
9. All the branches will help the Cardholders in updating their profile, activation of their Cards, enhancement of Card limit (New limit) as per the delegated powers.
  10. Branches/ Department shall make efforts to examine and resolve the complaints and grievances at the earliest.
  11. Bank shall display the grievance redressal procedure and the details of Chief Grievance Redressal Officer on Bank's website.
  12. Bank shall put in place a system of Grievance redressal where customer complaints are first acknowledged, a complaint number is given for reference and necessary steps are taken to ensure closure within turnaround time.
  13. **The grievance received through email shall be redirected to CRM Portal. The branch / call center agent can view the grievance on the ZOHO CRM and connect to the customer for grievance re-addressal. The solution given to the customer shall be recorded in the portal.**
  14. All complaints received from cardholder over phone / e-mail / post shall be acknowledged and redressed within a reasonable time depending upon the nature of complaint. However, in matters involving inter-Bank disputes, the timelines set by respective networks will be followed.
  15. To have a concerted approach in dealing with card holders the queries of cardholders shall be categorized into separate categories.
  16. Bank shall display the Board approved Credit Card Policy on its Website.
- II. Requests & Enquiries, Grievances & Complaints:**

**1. Grievances:**

Grievances arising on account of non-compliance of cardholders' requests within reasonable time.

- i. Looking after grievances on wrong billing such as double debits, non-acceptance of transaction etc.
- ii. Grievance about non-receipt of cash through ATM
- iii. Grievance about credit not posted.
- iv. Grievances on non- receipt of bills/PINs/cards

An option to lodge complaint has also been provided at all branches through CBS Menu.

If a complainant does not get satisfactory response from the Bank within a maximum period of 30 days from the date of lodging the complaint, he / she will have the option to

approach the Office of the concerned RBI Ombudsman for redressal of his/her grievance(s).

### **III. Standing Committee:**

A Standing Committee on Customer Service is constituted as under to review on a monthly basis, the Credit Card operations including reporting defaulters list to the CICs, complaints, to take the necessary measures to improve the services and to ensure the orderly growth in Credit Card operations.

**Constitution of the Committee:** Head - Credit Card & MAB (Chairman of the Committee) and DGM; AGM; Chief Manager (Operations), Chief Manager (Helpdesk) and two Senior Managers from CC & MAB; Credit Card Grievance Redressal Officer as Members of the Committee.

**Quorum:** Head - Credit Card & MAB along with 3 Officers of Senior Manager and above grade

**Convenor:** Credit Card Grievance Redressal Officer

**Competent Authority for change of Constitution:** Head - Credit Card & MAB section under DMD

### **IV. Protection of Customer Rights:**

As mandated by RBI, Bank shall frame and circulate to all its cardholders, the Most Important Terms and Conditions (MITC) of Card activation and utilization.

1. All cardholders shall be clearly informed about the Most Important Terms and Conditions (MITC) covering the following details:
  - a. Fees and Charges
  - b. Cash Withdrawal limits
  - c. Billing
  - d. Default and circumstances
  - e. Termination/ revocation of card membership
  - f. Loss/Theft/Misuse of card
  - g. Grievance Redressal and Compensation Framework; and
  - h. Disclosure.
2. During Marketing, aforesaid item 'a' shall be disclosed.
3. The Particulars mentioned under aforesaid items 'a' to 'c' above shall be disclosed in the application form.
4. In the welcome kit of Credit Cards, MITC on the aforesaid items 'a' to 'h' are provided with explanation.
5. MITC are available in Bank's Website and updated from time-to-time.

6. Monthly Bill sent to the cardholder will have the items from a, b and c.
7. Any changes in the Terms and Conditions shall be with the recommendation of PPEC and approval of CRMC/ORMC as applicable and such changes shall be intimated with prospective effect, giving one-month notice to the cardholders through monthly bills, SMS, brochures enclosed with the monthly bills and published in our Bank's website.

Cardholders shall also be kept informed, as per guidelines on any new/ modifications of Terms and conditions, charges, value additions, facilities, etc.

#### **V. Other Provisions:**

1. Cardholder's rights in relation to personal privacy, clarity related to rights and obligations, preservation of records, maintaining confidentiality of customer information and fair practices in debt collection shall be maintained.
2. Bank shall not issue unsolicited cards/upgradation. If it is done and activated without the explicit consent of the recipient and the latter is billed for the same, the Bank shall not only reverse the charges forthwith, but also pay a penalty without demur to the recipient amounting to twice the value of the charges reversed.
3. If such cards are misused before reaching the persons in whose names these have been issued, any loss arising out of misuse of such unsolicited cards shall be the responsibility of the Bank only.
4. Bank may initiate outbound calls through call center for marketing Credit Cards. However, Customers who inform the Bank that they do not wish to receive unsolicited calls/ SMS for marketing of our Credit Card products, as per statutory guidelines, will have the option to register at "Do Not Call Register" (DNCR) maintained by telecom companies. The Do Not Call Registry numbers are not passed on to any unauthorized person/s and Bank is not engaging any Tele-Marketers for marketing of card products.

#### **VI. Customer confidentiality:**

1. Bank shall not reveal any information relating to customers obtained at the time of opening the account or issuing the card to any other person or organization without obtaining their explicit consent, with regard to the purpose/s for which the information will be used and the organizations with whom the information will be shared.

2. Bank shall ensure strict compliance to the extant legal framework on data protection. Further, in case where the customers give explicit consent for sharing the information provided by them with other agencies, card-issuers shall clearly state and explain to the customer the full meaning/implications of the disclosure clause.
3. The information sought from customers shall not be of such nature which will violate the provisions of law relating to maintenance of secrecy in the transactions. The Bank shall be solely responsible for the correctness or otherwise of the data provided for the purpose.
4. For providing information relating to credit card history / repayment record of the cardholder to a Credit Information Company (that has obtained Certificate of Registration from RBI), the Bank shall explicitly bring to the notice of the customer that such information is being provided in terms of the Credit Information Companies (Regulation) Act, 2005.
5. Before reporting default status of a credit cardholder to a Credit Information Company, the Bank shall ensure that it adheres to a procedure, duly approved by the Board and **intimate the card holder prior to reporting of the status.**
6. In the event the Customer settles his/her dues after having been reported as defaulter, the Bank shall update the status with CIC within 30 days from the date of Settlement.
7. Bank to be particularly careful in the case of cards where there are pending disputes. The disclosure/release of information, particularly about the default, shall be made only after the dispute is settled.
8. **In all cases, a well laid down procedure shall be transparently followed** and the same shall be made a part of MITC.

## **VII. Risk Management and Internal Controls:**

1. Credit Card Business is a unique business with unique needs. It is a technology driven business. High rate of technology obsolescence requires constant upgradation and adoption of newer technologies. It is imperative to evolve policies, Strategies for System Stability to adhere the unique features of Credit Card business to forge ahead.

2. Bank shall have built-in internal controls for effective functioning and customer service. These shall include Concurrent audit, Management Audit, Statutory Audit and Risk Based Supervision. Credit Card operation covered wide geographical area and controlled by a remote mechanism and is confronted with various financial and non-financial risks.
3. VISA International, NPCI and MASTER provides its members with Payment products, Global telecommunications network and Risk control and authorization services. Bank shall obtain the guidance from VISA / NPCI / MASTER and adopt the risk tools available.
4. Bank shall apprise the Top Management by way of a status note at quarterly intervals and place a detailed yearly review report of the performance of Credit Card & MAB Department before the Management Committee of the Board.
5. **Chargeback:**
  - i. One of the inherent risks of Credit Card operations is outgoing Chargeback and incoming Chargeback.
  - ii. Outgoing Chargeback is initiated by our Bank on the Acquiring Bank based on cardholder's complaints/eligibility.
  - iii. Wherever the disputes could not be resolved through chargeback, Bank shall raise Pre-arbitration/Arbitration claim against the merchant.

#### **VIII. Compensation Framework:**

Bank shall be liable to compensate the complainant for the loss of his/her time, expenses, financial loss as well as for the harassment and mental anguish suffered by him/her for the fault of the Bank and where the grievance has not been redressed in time.

Bank shall be guided by the Policy on Compensation, Grievance Redressal and Customers Rights for financial losses which customers might incur due to deficiency in the services offered by the Bank which can be measured directly. The commitments as per the Policy on Compensation, Grievance Redressal and Customers Rights are without prejudice to any right, the Bank will have in defending its position before any Forum duly constituted to adjudicate banker-customer disputes it applies to all Networks

#### **IX. Compensation with respect to Frauds:**

1. Since Bank issues EMV Credit Cards, frauds due to card cloning/ counterfeiting has been reduced to a great extent. Bank sends One Time Password (OTP) for all domestic online transactions as second factor authentication as SMS to Registered Mobile Number. Bank also sends SMS alerts on successful completion of transactions to the cardholder.
2. Whenever a cardholder has informed about fraudulent use of his/her card, Bank shall examine such complaint and do the necessary initial investigation. On confirming that



prima facie there is fraud and it happened without connivance or negligence of the customer, Bank shall initiate the chargeback to get back the amount from the acquiring Bank/merchant. Wherever the disputes could not be resolved through chargeback, Bank shall raise Pre-arbitration/ Arbitration claim against the acquiring Bank/ merchant.

3. However, since such procedures would take long time to settle, Bank, in the meantime, will consider releasing the money to the customer by debit of a separate suspense account, pending such settlement, to gain the customer confidence and avoiding reputational loss. Whenever the charge back claim is settled, such amount is adjusted against the compensation paid through suspense account.
4. Meantime, Credit Card Department will place the matter before the competent authority as per *Fraud Risk Management Policy*, if department is convinced that on prime facie fraud has happened without the negligence of the customer and customer has taken all the preventive measures like replacing the card on foreign visit etc-
5. Based on conclusion given by the committee, if element of fraud Observed/concluded, Credit Card department will report the matter to Fraud Risk Management Department, Central Office for further investigation and reporting purposes.

**X. Delegated Authority on Fraud amount Write-off:**

1. Directions as stated vide UBI IC No.9955 dated 22.05.2014 will be followed. Where the cases of write-off within the authority at CO level, the proposal with complete details along with the format prescribed should be forwarded by concerned *Head - Credit Card & MAB* for placing before the competent authority as under:

Nature of entries	Functional Area
Robbery, Theft	Security Division
Forex transactions	Domestic Foreign Business & IBD
Government Business transactions	Government Business Cell, PBOD
ATM, Currency Chest	Digital Banking Department
Credit Card	Credit Card & MAB Department
Staff related	HRMD
Property/premises related, etc.	Support Service Dept
All Other entries	Accounts Department

2. The cases for write off of losses on account of Fraud (other than advances) are required to be referred to/vetted by Fraud Risk Management Division invariably and such cases are not under the extant delegated authority. Hence, Credit Card & MAB Department will raise their claim on account of write off on Central Accounts Dept (SOL ID: 80070) only after approval by competent authority.
3. The write-off should be considered as a last resort, after exploring all efforts for its adjustment and delegated authority should be exercise judiciously.

**XI. Liability of Customer:**

Liability of Customer against unauthorized transaction shall be governed by the Bank's *Policy on Compensation, Grievance Redressal and Customers Rights* issued from time to time.

.....

## SECTION - V

### OUTSOURCING OF CERTAIN ACTIVITIES OF CREDIT CARD BUSINESS

#### **1. Introduction:**

Bank shall ensure adherence to the Master Direction DoS.CO.CSIT/SEC.1/31.01.015/2023-24 dated April 10, 2023 on 'Outsourcing of Information Technology Services' and guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services', as amended from time to time. Further, Bank shall not share card data (including transaction data) of the cardholders with the outsourcing partners unless sharing of such data is essential to discharge the functions assigned to the latter. In case of sharing of any data as stated above, explicit consent from the cardholder shall be obtained. It shall also be ensured that the storage and the ownership of card data remains with the bank.

Wherever required and found expedient, certain activities of the Credit Card are outsourced, duly complying with the extant Outsourcing policy of the Bank. Presently, following activities are outsourced:

- a. Card Issuance
- b. Backend Card Management Services.
- c. Card embossing and Dispatch
- d. Printing and Dispatch of Monthly Bills
- e. Second factor authentication services
- f. Other Miscellaneous office functions.
- g. 24/7 Call Centre facility
- h. Sales & Marketing / Recovery functions of Credit Card

Considering the Cost, Technology, Manpower Management and nature of job, outsourcing activities are entrusted externally with suitable security mechanism and controls. The outsourced agents are empaneled as per the Bank's policy and in compliance with the extant guidelines of RBI. The performance of outsourcing activities is periodically monitored and is governed by the Service Level Agreements with the respective vendor.

The outsourcing activities will be reviewed from time to time and the vendors shall be selected through an approved tender process, if required.

#### **2. Backend Card Management Services:**

**The backend Card management services are outsourced for the following activities to the Vendors approved/engaged by the Bank.**

- a) Maintenance of RTH (Real Time Authorization Host) server at Credit Card &MAB Department for authorization of online Credit Card transactions.
- b) Web server for customer access to card information through internet.
- c) EMI facility for purchases.
- d) Loyalty Points.
- e) Facility of Dynamic PIN.
- f) Different card numbers to primary and add-on cards with one account.

- g) Flexibility of sub-limits for the add-on cards within the overall card limit.
- h) EMV (Euro, Master, VISA and RuPay) chip card system.
- i) Integration of Bank accounting module with other modules in the Package.
- j) Any other features that may be required or introduced from time to time

Most of the activities are carried out by the outsourced agents in the premises of Credit Card & MAB Department and are closely monitored by the staff of Credit Card & MAB Department with necessary controls and review mechanism.

### **3. Card Embossing & Dispatch:**

The services of the vendor are engaged for embossing of Personalized Credit Cards, with or without Photographs. The vendor is certified by VISA, Master Card and NPCI (RuPay) to carry out the card embossing activity. The card embossing activity shall be carried out on-site/off-site as per the required technology, machinery and the security standards. The activity is end-to-end which includes embossing of cards and stuffing etc. in the specified stationery for dispatch. Payment to vendor for card embossing activity is made on per card basis as per the agreed commercials.

**The Postal Charges will be paid by the Credit Card & MAB section on a monthly basis based on the invoices raised by the Vendor.**

### **4. Printing & Dispatch of Monthly Bills:**

Printing of static pre-printed bills, envelopes and printing of bills with variable cardholder's data on the pre-printed bills including stuffing in envelopes and handing over to the Postal department or Courier for dispatch.

Printing of bills is handled by the Vendor. The stationery cost will be reimbursed by the Bank. **Physical copy of the Bills will be sent to those Cardholders whose email ID is not registered with the Bank.**

### **5. Second Factor Authentication Services:**

**Second factor authentication of 3-D secure service, namely Verified by VISA (VBV) and RuPay Issuer Authentication Services (IAS) for all Card Not Present (CNP) transactions, executed through Internet/IVR transactions, as mandated by RBI are provided.**

### **6. Miscellaneous:**

- i. For the Bank, the agents through approved outsourcing agency will be entrusted with certain outsourced activities related to in-house maintenance of huge number of cardholders' physical records, individual and other files, Tele-calling services for soft tele-follow up on pan India basis etc., for recovery of card dues.
- ii. **Bank shall also explore outsourcing of Marketing / Recovery functions of Credit Card by involving DSAs / DMAs / Business Correspondents / Any other eligible Agencies (Corporates/Firms) approved by the Bank.**
- iii. Bank shall ensure that the appointment of service providers do not compromise the

- quality of the customer service and the card-issuers' ability to manage credit, liquidity and operational risks.
- iv. In the choice of the service provider, the card-issuers shall be guided by the need to ensure confidentiality of the customer's records, respect customer privacy and adhere to fair practices in debt collection.
  - v. **Outsourcing of any activity will be within the gamut of overall outsourcing policy of the Bank. Review of all outsourced activities shall also be in accordance with the Outsourcing Policy of the Bank.**
  - vi. In case of any dispute in the provisions of credit card policy with respect to outsourcing of activities, the outsourcing policy shall prevail.
    - i. To expand the Card Usage by the Cardholders, new tie-up arrangements shall be explored with Fintech Companies by Value additions, upfront discounts (no-cost/low cost EMI's). Engagement of FinTech in the Bank is governed by the Board approved FinTech Policy.
    - ii. Bank shall also give an option to our active cardholders with good repayment history, to pay the Card dues with other Banks, within their Card limit, by collecting upfront 1.5% of the amount paid. Such payment will not qualify for any reward points/cash back.
    - iii. **Head - Credit Card & MAB with Recommendation of PPEC & Approval of ORMC / CRMC is authorised to Introduce any New Variant in Card of the existing associate and Changes in the Processes such as billing date**
  1. Information Technology: Hardware and software maintenance, Sourcing of new hardware for updating the technology, Maintenance of CRM, Periodical review of service providers performance and their related outsourcing payments, Floating of RFP, Vendor management, Payments to IT Vendors, Co-ordination with IT Service Providers in the context of compliance with Regulatory / Bank Policy guidelines issued from time to time and also to enable the requirements of business teams of Issuer & Acquirer, Customer Service & Grievances Redressal related to IT etc. All IT software related purchases shall be governed by IT procurement & e-tendering policy.

As per RBI directive, Credit Card & MAB Department **shall** place review of Credit Card Operations on a half-yearly basis before the Audit Committee of the Board. The review shall include, inter-alia, customer service, frauds, complaints & grievance redressal, card usage analysis including cards not used for > 3 /6/12 months durations and the inherent risks therein.

- a. **Contactless Payment through Credit Cards:** All Credit Cards shall be with NCMC / NFC compatibility as per Regulatory guidelines on AFA (Additional Factor of Authentication) for making small value card present transactions.
- b. **Card on File Tokenization (CoFT):**  
As per the regulatory guidelines of RBI, tokenization facility introduced for all the card users of Debit / Credit / Prepaid for the card issued under the network VISA / Master / RuPay as part of enhancing the online transaction security.

Under tokenization facility, neither the Payment Aggregators (PAs) nor the Merchants can store customer card credentials in their Payment system.

**c. RBI E-Mandate on Recurring Transactions:**

Keeping in view the changing payment needs and the requirement to balance the safety and security of card transactions with customer convenience, as directed by the Regulator, the Bank has put in place processing of E-Mandate on cards for recurring transactions (merchant payments) with Additional Factor of Authentication (AFA) during E-Mandate registration, modification and revocation, as also for the first and subsequent transactions.

**D. Liaison And Co-Ordination with Business Partners, Card Networks and Vendor Management**

**1. ROLE OF CARD NETWORKS IN OUR CARD OPERATIONS:**

Our Bank is associated with the prime Card Service Provider VISA International, National Payment Corporation of India (NPCI) & **MASTER Card**. They are maintaining the world's largest payments systems, operating worldwide. They provide its members with:

- i. Card Payment products and services
- ii. Global telecommunications network
- iii. Risk control and Authorization services
- iv. Clearing and Settlement facilities
- v. Advertisements and other promotional events.
- vi. Any advanced Technology card products

These Corporations provide their members with a framework within which, they can offer cardholders, internationally accepted payment system. Members fund these Corporations by paying Membership fee, Service fee based on sales volume, as well as fee for usage of telecommunication network and fee for Clearing and Settlement of inter-Bank transactions.

**IV. Compliance/Statutory obligations**

The issue of cards as a payment mechanism shall also be subject to relevant instructions on cash withdrawal, issue of international card, security issues and risk mitigation measures, card-to-card fund transfers, merchant discount rates structure, failed ATM transactions, etc, issued by the Department of Payment and Settlement Systems, Reserve Bank of India under the Payment and Settlement Systems Act, 2007, and the Foreign Exchange Department, Reserve Bank of India under Foreign Exchange Management Act, 1999, as amended from time to time.

\*\*\*