

## POLICY ON CREDIT CARDS

(Updated as on 27.03.2026)

## 1. Introduction & Purpose:

This Policy defines the essential elements of the Credit Card business and sets the framework for issuance, authorization, risk, collections, grievance redressal, and partnerships with external entities. It highlights major operational scenarios, third-party interactions, and business processes, and is to be read along with detailed policies and SOPs for comprehensive understanding.

## 2. Coverage:

The Policy covers all Credit Cards issued by the Bank, whether organic or co-branded, and affiliated with network providers such as Visa, MasterCard, and RuPay. The cards may be secured or unsecured. Additionally, the Bank may issue supplementary/add-on cards, floater cards, commercial cards, and business cards.

## 3. Policy Background:

The Bank's Policy on Credit Cards is aligned with business objectives and key legal and regulatory requirements. The Policy has been framed in accordance with the following legal and regulatory frameworks:

- a) RBI (Commercial Banks – Credit Cards Debit Cards: Issuance and Conduct) Directions, 2025 as amended from time to time.
- b) Regulations and guidelines under the Payment and Settlement Systems Act, 2007, including norms on cash withdrawal, security, risk mitigation, and ATM transactions.
- c) International credit card issuance will follow applicable FEMA regulations and related RBI directions.
- d) Anti-Money Laundering (AML)/Combating of Financing of Terrorism (CFT) requirements, including obligations under the Prevention of Money Laundering Act, 2002 and RBI (Commercial Banks – Know Your Customer) Directions, 2025 along with the Bank's Policy on Combating Financial Crime (PCFC).
- e) Card issuance and operations will follow the rules of the respective card networks (e.g., RuPay, Visa, Mastercard). Customers shall be offered the option to choose from multiple card networks during issuance or renewal.
- f) Conversion of credit card transactions to Equated Monthly Instalments (EMIs) will be governed by this Policy. Other loan products offered on credit cards will comply with RBI's Digital Lending Guidelines and the Bank's Loan Policy
- g) Card payment security controls will follow RBI's Master Direction on Digital Payment Security Controls and the Bank's Information System Security Policy.

## **Part 1: POLICY ON CREDIT CARD ISSUANCE AND CONDUCT**

### 1. Product types:

The Bank will offer EMV-compliant, contactless credit cards across Visa, MasterCard, and RuPay networks, designed for defined customer segments with clear Customer Value Propositions (CVPs) and fully aligned with RBI guidelines. Cards will operate across Point of Sale (POS) terminals, e-commerce, UPI, and other channels. Customers may hold multiple physical or virtual cards within their approved credit limit, with total credit exposure adhering to the Bank's unsecured lending norms. Product types include: a) Secured Cards backed by Fixed Deposits that may be liquidated in case of non-payment; b) Unsecured Cards issued based on credit history, financial profile, and internal scores; c) Add-on Cards for immediate family members sharing the same credit limit with clearly defined primary cardholder liability; d) Floater Cards on the RuPay network for UPI enablement, sharing the primary card's limit and remaining usable even if the primary card (except secured) is closed; and e) Commercial & Business Credit Cards, including Corporate (T&E) Cards, Purchase Cards, and Business Cards to support corporate and MSME spending.

### 2. Product Variants:

The Bank shall issue multiple card variants, each with defined target segments, benefits, and designs. New variants may be added or discontinued with necessary approvals from Business Controller. The Bank shall put in place a consolidated Product Approval Document (PAD) covering end to end product offer of Credit Cards. There shall be separate PADs on Business Credit Cards, Corporate Credit Cards, and Co-branded Credit Cards. All existing variants will be documented in the PADs. New variants shall be added as Annexures to the PADs.

### 3. Credit Card Issuance:

#### 3.1. General Conditions for issuance of Credit Cards:

- The Bank may issue credit cards to individuals for personal use together with add-on cards and/or floater wherever required.
- The Bank shall issue or upgrade the cards based on specific and explicit request and/or consent of the customer, collected in written form or digital form with multifactor authentication. The digital mode of consent taking has been communicated to RBI.
- No unsolicited cards shall be issued. In case of issuance of unsolicited cards or upgradation without explicit consent, any consequential charges billed to the customer shall be reversed forthwith, and Bank shall pay a penalty amounting to twice the value of charges reversed. The customers issued with unsolicited cards are free to approach the RBI Ombudsman.
- The Bank shall be fully responsible for any misuse of cards issued but not received by the applicant/intended person and any consequential losses suffered by such person.
- Customers will have to accept the terms and conditions before availing the card. The Bank will upgrade the credit cards and / or enhance the credit limit only with explicit consent of the customer, either in written or digital mode. Down-gradation of the card/ reduction of credit limit shall also be intimated to the customer.
- Terms and conditions governing the issue and use of Credit Cards shall be clearly expressed and will maintain fair balance between the interests of the customer and Bank. They are available on the Bank's website and will be made available to cardholders either in physical form or through email. The relationship between the Bank and the cardholder shall be contractual. Bank shall take explicit consent of the cardholder whenever there is/are any change/s in terms and conditions.
- In case of rejection of a credit card application, the Bank shall convey, in writing or through –digital mode(s), the specific reason/s which led to the rejection of the application.
- In the first 30 days of card issuance, any customer-initiated process with respect to activation of card (Example: PIN generation, modification of transaction control) shall be considered as intent for usage. Further, a recorded call to the customer service Call Centre for activating the card shall also be treated as an intent to use the card. Bank shall seek OTP based customer-initiated consent (like PIN generation through IVR or mobile banking application) for activating a credit card, if the same has not been activated by the customer for more than 30 days from the date of issuance. This process shall continue for seven working days from the 30th day of issuance. If no consent is received from the customer for activating the card, Bank shall close the credit card account without any cost to the customer within seven working days from date of seeking confirmation from the customer. In case of a renewed or replaced card, the closure of an inactivated card shall be subject to payment of all dues by the cardholder.
- The Bank shall report a credit card account as 'past due' to credit information companies (CICs) 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 three days.
- The Bank shall not report any credit information relating to a new credit card account to Credit Information Companies prior to activation of the card. Any credit information reported to CIC prior to activation of card shall be withdrawn forthwith.
- Bank shall obtain explicit consent in digital mode from the cardholders along with the details of nominee/s while offering any insurance cover to the cardholders, in tie-up with insurance companies.

#### 3.2. Issuance of Credit Cards to various customers:

The Bank may issue Credit Cards to existing customers meeting the eligibility criteria as well as to New-to-Bank customers who apply and qualify. Corporate Credit Cards may be issued to eligible non-individuals/corporates based on criteria determined by the Bank and approved by the New Product Approval Committee (NPAC). Credit Cards issuance through co-brand arrangements - will require prior vetting clearance from IRMD, Compliance, and other relevant stakeholders. Following this clearance, approvals will be granted by the Fintech Steerco or MD & CEO for Fintech relationships, and by the MD & CEO for organic co-brand arrangements. Business Credit Cards and Corporate cards to be issued as per

the respective policy approved for the programs.

### **3.3. Customer Types:**

The Bank will issue credit cards to both Existing-to-Bank (ETB) and New-to-Bank (NTB) customers, with targeting strategies updated over time. The Bank reserves the right to decline issuance to any individual or entity while communicating the reason for rejection. Customer categories include: a) ETB – Pre-Approved: existing customers identified through analytics and eligible for instant digital Straight-through Processing (STP) issuance; b) ETB – Non-Pre-Approved: existing customers not in the pre-approved pool who may apply through designated channels and receive cards based on eligibility; c) NTB Customers: individuals with no prior relationship with the Bank, assessed through digital or manual underwriting; d) NRI Customers: non-resident Indian individuals eligible as per the Bank’s risk policy adhering to RBI guidelines; and e) Staff (Employees & Ex-Employees): employees and former employees with eligibility and limits defined by HR and Business teams and processed under internal rules.

### **3.4. Operations:**

The Bank shall maintain standardized and documented processes across all credit card operational activities, including pre-issuance tasks such as acquisition, documentation, and card/PIN issuance, and post-issuance servicing such as replacements, refunds, EMI conversions, closures, rewards, reconciliation, and repayments. All activities shall follow SOPs, approved by respective Department Heads, to ensure operational consistency and regulatory compliance. Loans offered through credit cards will adhere to applicable RBI guidelines. Bank shall ensure that credit limit as sanctioned is not breached without explicit customer consent. All customer benefits such as rewards, discounts, and cashbacks will be transparently disclosed with proper accounting treatment and communication.

### **3.5. Business Process Outsourcing (BPO)**

The Bank shall make use of BPO services offered by reputed agencies who have expertise in handling Credit Card operations. The Bank shall conduct a proper due diligence before engaging entities for BPO services. All aspects of operations, with roles & responsibilities, will be documented in a Standard Operating Procedure (SOP). Where applicable, the SOP will be signed off by both the service provider and the respective Department Heads from the Bank’s end.

### **3.6. Billing:**

The Bank will ensure timely and accurate dispatch of billing statements, provide sufficient time (at least one fortnight) for payment before interest is charged, ensure wrong bills are not raised and issued, provide the list of authorised payment modes on the website and billing statements, and follow RBI’s prescribed authentication framework for any debits to credit card accounts. The Bank will also maintain transparent processes for handling disputes, refunds, and credit adjustments. The Bank shall provide cardholders an option to modify the billing cycle, at least once, as per the cardholders’ convenience.

### **3.7. Channels:**

The Bank has identified some designated channels like FedMobile, SMS, Web journey, Call Centre, Direct Sales Agents (DSAs), etc through which a customer may apply for a Credit Card.

### **3.8. Use of Direct Sales Agent (DSAs) / Direct Marketing Agents (DMAs) / other agencies:**

The Bank may engage DSAs/DMAs/other third-party agencies to source credit card applications and provide doorstep services, while retaining full decision-making authority for card issuance. All mandatory checks and verifications shall be conducted by the Bank. Disclosure of customer information to DSAs/DMAs/recovery agents shall be strictly limited to what is required for sourcing or recovery. Personal information not relevant to these functions shall not be shared. The Bank shall ensure that agents do not misuse or transfer customer data. The Bank is responsible for preventing mis-selling and shall monitor complaints against employees/agents, taking corrective action including blacklisting, where necessary. A dedicated helpline and email shall be available for complaints relating to mis-selling or harassment. The Bank shall ensure that telemarketers comply with TRAI regulations, including guidelines on ‘Unsolicited Commercial Communications - National Customer Preference Register’, and contact customers only between 10:00 and 19:00 hours. Due diligence shall be undertaken before appointing any service provider to ensure confidentiality, customer privacy, service quality, and adherence to fair-practice and

debt-collection norms. For recovery operations, agents must maintain confidentiality and avoid actions that may harm the Bank's reputation. All recovery communications must include the contact details of a designated senior Bank officer. Cardholders shall be informed of the assigned recovery agent's details immediately. The Bank shall conduct random checks and mystery shopping to ensure agents are properly trained, understand product terms, follow permitted contact hours, respect customer privacy, and adhere to policies on solicitation and collection.

### **3.9. Postal services:**

The Bank is responsible for timely delivery of credit cards and PINs and may engage postal or courier partners for this purpose. The Bank shall identify serviceable and non-serviceable areas and make arrangements to serve all eligible PIN codes. Applications from locations not serviceable by the delivery partners shall be declined, with due communication to the applicants.

### **3.10. Welcome kit & other peripherals:**

The Bank may add a welcome kit for specific variants of card, considering the product variant, issuance cost, terms of use etc.

### **3.11. Loss / theft / unauthorized use of card and blocking of card:**

. Bank shall provide to the cardholder the detailed procedure to report the loss, theft or unauthorised use of card or PIN and provide multiple channels such as a dedicated helpline, SMS, e-mail-id, Interactive Voice Response, internet banking and mobile-app or any other mode for reporting an unauthorized transaction on 24 x 7 basis and allow the customer to initiate the blocking of the card.

The Bank shall block a card, whenever information on theft, loss or similar kind of misplacement news is reported. Customers shall have the facility to block a card immediately through any of the alternate channels where the Bank has enabled such facility. The Bank shall immediately send a confirmation to the cardholder subsequent to the blocking of a card. Formalities like card closure etc after blocking a lost card will be processed within a TAT of 7 working days of receipt of complaint. Such actions would adhere to Bank's guidelines on fraud loss mitigation policy. In case a card is blocked at the request of the customer, replacement card in lieu of the blocked card shall be issued with the explicit consent of the customer.

## **4. Charges & Penalties:**

The Bank reserves the right to issue different variants of cards at different points of time. Some variants may be specific to geographies, with specific issuance cost. The Bank may also close any variant at its discretion. The Bank reserves the right to modify the charges of existing variants from time to time with due prior notice to customers. Changes in charges shall be made only with prospective effect giving prior notice of at least one month. The Bank may provide various services for which, Bank may charge the customer on a non-discriminatory basis as decided by the competent authority from time to time. The Bank shall be entitled to charge for various card related issuance and maintenance services.

Below are the illustrative charges for Credit Card. The list is subject to revision from time to time. Revisions to the charges will be approved by MD & CEO and will be included in the Annual Review of Service Charges presented to the Board. Introduction of any additional charges will be approved by the Board through Customer Service Committee.

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| a) Issuance/Joining Charges            | m) Loan Processing Fee & Pre closure Charges         |
| b) Annual Charges                      | n) Railway Ticket Purchase Fee                       |
| c) Card Replacement Charges            | o) Card Validation Charges                           |
| d) Cash Advance Charges                | p) Outstation Cheque Processing Charges              |
| e) Late Payment Charges                | q) Foreign Currency Transactions                     |
| f) Finance Charges                     | r) Goods and Services Tax (GST)                      |
| g) Over limit Charges                  | s) Wallet Loading Charges                            |
| h) Payment Return Charges              | t) Rental Charges                                    |
| i) Rewards Redemption Charges          | u) Additional Add on Card fee                        |
| j) Balance Transfer Processing Charges | v) Fee for Cash Payment                              |
| k) Charges of Revolving Credit         | w) Dynamic Currency Conversion Fee                   |
| l) Auto EMI Conversion Charges         | x) Cheque returns or dishonor or Auto-debit reversal |

The Bank may impose penalties on case-to-case basis on grounds related to falsified claims, attempt to dupe etc. No charges shall be levied on transactions disputed as 'fraud' by the cardholder until the dispute is resolved. If a cardholder desires to surrender his/her card on account of any change in charges to his/her disadvantage, he/she shall be permitted to do so without levying any extra charge for such closure, subject to payment of all dues by the cardholder. Bank shall not levy any charge that was not explicitly indicated to the cardholder at the time of issue of the card and without getting his/her explicit consent. However, this shall not be applicable to charges like service taxes which may subsequently be levied by the Government or any other statutory authority. The details of all the charges associated with cards shall be displayed on the Bank's website. The convenience fee, if any charged on specific transactions, shall be indicated to the cardholder in a transparent manner prior to the transaction.

## **5. Annual charges:**

The Bank shall clearly disclose annual maintenance charges in the Most Important Terms and Conditions (MITC), highlighting them during onboarding, acceptance, and in key subsequent communications. The MITC shall be provided to the customer at the time of onboarding and each time, a condition is modified with notice to the customer. The MITC and the signed or digitally signed cardholder agreement shall be sent to the customer's registered email or postal address, as per their preference. Additionally, the Bank shall provide a one-page Key Fact Statement along with the credit card application, outlining key information such as interest rates and applicable charges.

## **6. Issuance fees:**

The Bank would assign a specific issuance fee to different product variants. Post issuance, the Bank will charge stipulated issuance fees from the card accounts, as per the agreed terms. However, the Bank reserves the right to waive charges on specific grounds on a case to case basis.

## **7. Add on/Supplementary Cards and Cards replacements:**

Customers may login to the Bank's Internet banking / mobile banking account and apply for an Add-on Card or a Supplementary Card (including Floater). The Bank may also allow issuance of Add-on cards through Direct Sales Agent (DSAs) / Direct Marketing Agents (DMAs). In case of requests for replacement from customers, the Bank shall issue replacement cards to the customer. The costs of such cards shall be determined by the Bank, and they may be revised from time to time.

## **8. Daily cash withdrawals & Transaction Limits:**

The Bank shall define highest transaction limit for each card and within such highest limit, customers can customize it individually. The Bank shall define a percentage of credit limit as cash withdrawal limit. These limits may be revised with approval from the Business Department Head, and customers will be informed of any changes and their effective date .

## **9. Interest rates:**

The Bank shall follow the instructions on interest rate on advances of RBI issued from time to time. The interest shall be determined based on the cost and reasonable return considerations. The Bank shall determine the Annual interest rates for the revolvers, and other interest rates based on sound financial analysis. However, the Bank may impose dynamic rates too based on several parameters, in which case, details shall be clearly mentioned. Changes in Annualized Percentage Rates (APR) and the date when the changes would be effective will be informed to the customers. The Bank shall charge interest on Credit Card outstanding dues post the payment due date. The Bank shall quote 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. Interest Rate ceiling for the Revolving Credit may vary based on the Average Monthly Balance (AMB) maintained by the customer in their operative account. Customers who do not maintain an operative account with Federal Bank will be charged at a higher APR. The maximum ceiling for interest rate shall be 47.88% yearly, i.e. 3.99% per month. The rates shall be communicated to the customer through various modes which include email, SMS, updation in website etc. Further, the Bank shall ensure that methodology of calculation of finance charges, with illustrative examples, are periodically communicated to customers. Revisions in interest rate will be approved by the Bank's Asset Liability Committee with the required rationale in support thereof being provided by the Business Department. The Bank shall assign an interest free period to all the cardholders for paying the accumulated dues of a specific

time-period. Bank may choose to increase or decrease this interest free period at any point of time, provided sufficient prior notice is given to the existing cardholders.

## *10. Renewals:*

The Bank shall intimate the card holder prior to the renewal of existing card and also provide an option to decline, if the card holder desires. The option to decline shall be provided by SMS. If the customer does not exercise the option to decline the renewal within a specified period of time from the date of receipt of the communication, the Bank shall proceed with the renewal of the card. The Bank shall ensure that no renewal of card is carried out in cases wherein the customer advises the bank not to renew the card. The Bank is responsible for the delivery of the new card to the customer's registered address, closing the expired card account, migrating points & other benefits to the new card account post activation of the new card, and PIN transfer. The customer would be responsible for the activation of the new card. However, the Bank would engage with the customer in case of non-activation from customer's end, for completing the process and providing continuous services.

## *11. Termination of account:*

The Bank shall terminate a card account after obtaining application and consent from the customer. Any request for closure of a credit card shall be honoured within seven working days by the Bank, subject to payment of all dues by the cardholder. Subsequent to the closure of credit card, the cardholder shall be immediately notified about the closure through email, SMS, etc. Cardholders shall be provided option to submit request for closure of credit card account through multiple channels such as helpline, dedicated email-id, Interactive Voice Response (IVR), SMS, etc. If card is not closed within 7 working days, Bank is liable to pay penalty of Rs 500 per calendar day till the account is closed, provided there is no outstanding in the account. Subsequent to termination of account, the Bank shall not permit any form of transaction from the particular card account. During the course of closure, the Bank must ensure, all dues are settled for the particular account. In case of pending dues, the Bank may take appropriate measures deemed fit on case to case basis. Subsequent to closure of credit card account, any credit balance available in credit card accounts shall be transferred to the customer's bank account. In order to do so, the Bank shall obtain details of the cardholder's Bank account. Such information shall be obtained either in writing (via email/physical letter) or shall be obtained over a recorded voice line, with the customer having been positively identified through the regular positive identification process. 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 from the expiry of the one-year period of non-usage, the card account shall be closed by the Bank, subject to payment of all dues by the cardholder. 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.

## *12. KYC/AML compliance:*

Credit Cards, including co-branded cards/ add on cards/ supplementary cards/Floater Cards/ commercial and business cards issued either to the Bank's existing account holders or to new applicants would be KYC/ AML/ CFT compliant. The Bank would abide by applicable Prevention of Money Laundering Act/ Rules/ Regulations and RBI instructions / guidelines on KYC / AML / CFT and Bank's Policy on Combating Financial Crimes around (a) Customer Acceptance (b) Risk Management (c) Customer Identification Procedures (CIP) and (d) Monitoring of Transactions

### *12.1 Acceptable compliance:*

In case, Bank's acceptance criteria around KYC / AML / CFT are met, the Bank may issue Credit Cards to respective applicants with limits as deemed fit post risk assessments. However, the Bank shall have the authority to deny issuance of Credit Card to any entity/clients/customers, even with acceptable KYC / AML / CFT, based on its discretion.

### *12.2 Unacceptable compliance:*

If the Bank's acceptance criteria around KYC / AML / CFT are not met while assessing an application, the Bank reserves the right to deny Credit Cards to respective applicants. On a case-to-case basis, however, the applicant may re-submit requisite documents for re-evaluation. The Bank may consider the resubmitted KYC documents for re-evaluation and based on the outcome may grant or deny Credit Card to

the applicant.

### *13. Use of Credit Bureaus:*

The Bank shall employ services from credit bureaus for individual credit information for taking a decision to issue or not issue a Credit Card.

### *14. Introduction of New Cards:*

The Business Head shall introduce new cards depending on the business opportunities with the approval of Business Controller and MD&CEO.

### *15. Card controls:*

RBI has directed all Banks to restrict the usage of debit/Credit Cards through multiple channels like e-com/International/contactless unless specifically requested by the customer. In accordance thereof, the applicable restrictions will be imposed on usage of our Credit Cards as well. Customers shall be able to manually enable card not present/ International/ NFC functionalities and set the Credit Card limits through multiple channels like FedMobile, FedNet or IVR (only enabling/disabling facility). At the time of issue or re-issue of cards, usage shall be enabled only at contact-based points of usage within India. The Bank shall provide the following to cardholders: a) facility to switch on / off and set / modify transaction limits (within the overall card limit, if any, set by the issuer) for all types of transactions – domestic and international, at PoS / ATMs / online transactions / contactless transactions, etc., b) the facility mentioned in point a) on a 24x7 basis through multiple channels - mobile application / internet banking / Interactive Voice Response (IVR), c) alerts / information / status, etc., through SMS / e-mail, as and when there is any change in status of the card.

### *16. Tokenization:*

Bank will offer Tokenization as a feature for credit cards. Tokenization is the replacement of the card number with an alternative number, referred to as a token. This can be used to pay merchants in day-to-day transactions.

### *17. Recurring (Standing Instruction) transactions through Credit Cards:*

Bank is offering customer the convenience to register for recurring transactions by enabling processing of e-mandate on Credit cards in line with the RBI guidelines. The Bank permits processing of e-mandate on cards for recurring transactions (merchant payments) with AFA during e-mandate registration, modification and revocation, as also for the first transaction, and simple / automatic subsequent successive transactions.

### *18. Terms and conditions for issuance of cards:*

The terms and conditions of Credit Card issuance are covered under 'Most Important Terms and Conditions (MITC)' and 'General Terms and Conditions for Credit Cards (T&C)'. The same may be updated/changed from time to time with 30 days' notice of change to the customers.

### *19. Security and other aspects:*

The Bank shall ensure robust security of credit card systems, including data protection and safeguarding against security breaches. Losses arising from any failure of the Bank's security mechanisms shall be borne by the Bank, while all other scenarios will follow shared responsibility between the Bank and the customer. Customer information obtained during onboarding or card issuance shall not be shared with third parties without explicit consent, and all disclosures shall comply with applicable data-protection laws. Customers shall be clearly informed of the implications of any consent they provide, and the Bank shall remain responsible for the accuracy of information shared. The Bank shall maintain internal records to enable transaction tracing and error rectification in accordance with RBI instructions, PMLA and record-maintenance rules. Cardholders shall receive a documented record of each transaction immediately through receipts, or within a reasonable period in the form of statements, SMS, or email. Customer liability for unauthorized transactions shall be governed by the Bank's Board-approved Policy on Customer Protection – Limiting Liability in Unauthorized Electronic Banking Transactions. The Bank shall adopt evolving security measures to minimize misuse of lost or stolen cards. If the Bank blocks, deactivates, or suspends a card at its discretion, it shall follow SOP provided in Annexure 3 and immediately notify the cardholder, stating the reason via SMS, email, or other available electronic channels.

## *20. Marketing & Promotions:*

### *20.1. Branding:*

Branding shall be done in line with the branding policy of the Bank. Marketing Department of the Bank will decide on brand specifications to be carried on all cards. The Bank may choose to brand different Credit Card products with the view to access a focused customer base, or increase average spends per card or improves customer stickiness. During the course of branding Credit Cards, Bank shall adhere to the vision, mission and values of the Bank. The Bank shall uphold the integrity and reputation of the Bank brand and in no point in time shall participate in any kind of activity, design, promotion etc. which might adversely affect the reputation of the Bank.

### *20.2. Marketing & Promotions:*

Marketing and promotions will be in line with the Bank's marketing guidelines. Marketing Department of the Bank will decide on the quality of communications being done in association with business teams.

## *21. Partnerships:*

### *21.1. Partnership with third party service providers:*

The Bank may choose to partner with any entity to augment Credit Card sales, to inculcate any product feature or enable its DSAs to enable services. The engagement with such partners can be, but not limited to (a) Contribution to top and bottom line with shared revenue (b) Better brand visibility (c) Enhance customer loyalty.

### *21.2. Partnership with network service provider:*

The Bank and any network service provider may enter into a partnership which may include, but not be limited to, sharing marketing expenses, waiving cost components etc. with the view to pursue a mutually beneficial agenda. Partnerships with all such entities can be long term, co-branding or seasonal / promotional, based on the agreement made with the Bank.

### *21.3. Co-Branding Partnership:*

In case of co-branded Credit Cards, typically an issuing bank partners with corporate/merchant with features customized to benefit the users of both the bank & corporate. The Bank may participate in any such partnership as and when the Management/Product team deems fit and correspondingly issue co-branded Credit Cards to the customers. The detailed norms applicable for Co-branding Arrangement is covered separately in Part 5 of this Policy.

## *22. Outsourcing of Card related activities:*

All outsourcing activities of the Bank shall comply with the board approved outsourcing policy of the Bank. Sharing and transfer of data will be according to the Bank's Information Systems Security Policy (ISSP). Activities outsourced can change from time to time. The Bank shall ensure adherence to RBI (Commercial Banks - Managing Risks in Outsourcing) Directions, 2025 as amended from time to time. The 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.

## *23. Credit Risk:*

The Bank maintains a prudent credit risk framework for Credit Cards by defining its risk appetite, credit parameters, and approval criteria in line with its Credit Risk Policy. It ensures a strong credit environment through clear strategies, sound credit-granting processes, and established guidelines for issuing, renewing, and amending cards. Credit administration and monitoring are performed regularly using analytical systems and monthly Retail Risk Forums to assess credit health, provisions, and reserves. Independent assessments, ongoing oversight of credit-granting practices, adherence to prudential limits, and timely remedial actions for deteriorating accounts ensure robust control over credit risk.

## *24. Systems:*

The Bank shall formulate systems to ensure efficient operations of Credit Cards system. The Bank should implement systems, IT infrastructures etc. to aid such endeavors. The Bank shall get into a license model or may make any capital investment on such systems, as and when deemed fit. The Bank shall partner with different network service providers for different issuance phases, based on the agreement the Bank makes

with such parties.

## *25. Transaction Authorization and Fraud Management:*

The Bank shall put in place appropriate measures to regulate electronic transactions causing debits to customer accounts/ cards, with a view to ensure customer's and Bank's protection against fraudulence. A separate comprehensive Transaction Authorization and Fraud Management policy would encompass defining various scenarios of transactions, including regulatory requirements as enunciated by Reserve Bank of India (RBI).

## *26. Types of electronic banking transactions:*

Electronic banking transactions broadly fall into three categories: (i) remote or online payments using channels such as internet banking, mobile banking, PPIs and card-not-present transactions; (ii) face-to-face or proximity payments where the physical card or device is used at ATMs, POS terminals, etc.; and (iii) UPI-on-Credit-Card transactions, where a credit card is linked to UPI apps for merchant payments.

## *27. Repayment and Channels for Repayment:*

Bank will have channels and systems in place allowing customers to repay the dues on time. The channels for repayment would include electronic settlement through the Bank's net banking / mobile application, auto debit from accounts with standing instructions, payment gateways (NEFT, UPI, IMPS), cash, cheques, or through third party apps.

## *28. Minimum due & Full repayment:*

The Bank shall define the minimum due and full repayment amounts based on prudent economic and industry practices and clearly communicate to customers the implications of (a) non-payment of minimum dues by due date, (b) paying only the minimum amount due, (c) payments between the minimum due and total amount due, and (d) payment over the total amount due. Days past due and late payment charges shall be calculated from the payment due date stated in the credit card statement, in accordance with RBI's prudential norms. Late payment and related charges shall be applied only on the outstanding amount after the due date, and interest shall be levied solely on the net outstanding, duly adjusted for payments, refunds, and reversals. Repayment terms, including the minimum amount due, shall be structured to prevent negative amortization, and unpaid charges, levies, or taxes shall not be capitalized for interest computation. Customers shall be informed of the consequences of paying only the minimum amount due, and all billing statements shall prominently display the mandatory warning that making only minimum payments leads to significantly prolonged repayment and compounded interest. The MITC shall clearly state that the interest-free credit period is suspended when any outstanding from the previous billing cycle remains unpaid. The Bank shall explicitly bring to the notice of the customer that information relating to credit history/repayment record of the cardholder is being provided to a Credit Information Company in terms of the Credit Information Companies (Regulation) Act, 2005. Before reporting default status of a credit cardholder to a Credit Information Company (CIC), the Bank shall ensure that they adhere to the procedure, approved by the Board, and intimate the cardholder prior to reporting of the status. In the event the customer settles his/her dues after having been reported as defaulter, the Bank shall update the status within 30 days from the date of settlement. The Bank shall 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. In all cases, a well-laid down procedure shall be transparently followed and be made a part of MITC.

Procedure for reporting to the CIC on default (covered in MITC): If the Card Member fails to pay the Minimum Amount Due by the date indicated in the billing statement, it shall be treated as default. In case of default, the Bank can forward the default report to the Credit Information Bureaus or to such other agencies as approved by law. The time period between the billing date and the payment due date indicated on the billing statement is considered as the notice period before reporting a Card Member as a defaulter. Terms and Conditions governing Credit Card Facilities shall be applicable to the Supplementary Card Holders as well. The Bank submits Card Members' repayment data to Credit Information Companies (CICs) in India on a monthly basis, including both current and defaulting accounts for the preceding month; the CICs typically update their records within approximately thirty (30) days, and any updation or withdrawal of default status after settlement of dues shall be reflected in accordance with applicable CIC rules and regulatory

guidelines.

### *29. Late payment:*

The Bank shall clearly define the timelines of payment and corresponding fees applicable on late payments either on the product brochure or on online platforms as well as in the MITC. Any changes on the fees shall be properly communicated to the customers.

### *30. Non-repayment:*

In case of non-repayment, the Bank must ensure adequate measures, including blocking such cards and having an appropriate collection mechanism to minimize credit risk.

### *31. Collections:*

The collection policy aims to ensure standardized and fair collection practices to promote timely repayment, effectively manage delinquencies, and maintain credit quality, in line with RBI guidelines.

#### *a. Collections Governing Structure:*

The Bank shall define a governing structure for collections and the same may include internal as well as external stakeholders as and when an appropriate collection partner is agreed upon.

#### *b. Identifying Overdue:*

The Bank will identify overdue accounts by categorizing the reasons for default, such as temporary repayment issues (e.g., delayed salary or sudden cash needs), long-term financial stress (e.g., job loss, serious illness, business downturn, or natural calamity), willful default or fraud, absconding customers, and technical issues. Appropriate recovery actions will be planned based on the specific reason identified.

#### *c. Collections Strategy:*

The Bank's collection strategy is based on days past due and the reasons for overdue accounts. It includes a time-bucketed activity framework, defined engagement of field and tele-calling agencies, and corresponding monitoring authorities. Credit card collection and NPA norms are governed by the NPA Management Policy of the Loans Collection and Recovery Department.

#### *d. Dunning strategy:*

The Bank shall define time bucket-based dunning strategy for debt collection purpose. This will include calls, reminder notices for the customers etc. This shall include sending SMSs and calls on pre-defined frequencies, sending bank issued letters and field visits on a case to case basis.

#### *e. Legal aspects:*

The collections policy shall define a time period beyond which legal actions can be taken on defaulters. The different types of legal actions will be defined in the MITC which will be accepted by the customer before on-boarding.

### *32. Customer Relationship Management:*

The Bank shall focus on a Credit Card Customer Relationship Management (CRM) framework to enhance customer service. The CRM shall provide a consolidated and responsive platform enabling seamless and personalized customer interactions through a single view of customer information, including product holdings, service requests, cases, leads, appointments, and deliverables. The Bank may outsource the CRM module as part of the Card Management solution, in line with applicable guidelines.

### *33. Lead Management:*

Lead Management system shall entail capturing of leads via internal or external sources. New to bank (NTB) customers may apply on the Bank's Internet Banking website / dedicated portal or Mobile Banking application. Bank may enter into formal partnership with any third-party aggregator site or application and provide an option to the customers to apply for the Bank's credit cards through the aggregator platform. Customers may have the option to apply for the Bank's credit cards through the service provider platform with whom the Bank has entered into an arrangement.

### *34. Reports:*

Reports being one of the most important tools, Credit Card systems shall provide information or reports to internal stakeholders in a concise fashion on various business/operations metrics.

## *35. International Credit Cards:*

### *35.1. Issuance and Regulatory Compliance*

Banks authorized to deal in foreign exchange are permitted to issue International Credit Cards (ICCs) and these shall be issued strictly in accordance with the provisions of the Foreign Exchange Management Act (FEMA), 1999, and the relevant guidelines issued by RBI, as amended from time to time. As a card-issuing bank, all ICC issuance and operations will adhere to applicable regulatory requirements governing foreign exchange usage, permissible transactions, customer due-diligence, reporting obligations, and restrictions specified under FEMA and RBI circulars.

### *35.2. Bank's Rights and Operational Controls*

The Bank reserves the right to regulate the issuance, operation, international usage enablement, and transaction authorization controls for ICCs.

The Bank may modify applicable rules and limits based on regulatory changes or internal risk assessments, with prior notice provided to affected customers where required.

### *35.3. Permissible and Prohibited Usage*

#### *35.3.1. Permissible Uses*

ICCs may be used by individuals for – (a) Payments towards expenses incurred while on a visit outside India, without being subject to Rule 5 restrictions under the Foreign Exchange Management (Current Account Transactions) Rules, 2000; and (b) Online international transactions for purposes for which foreign exchange can be legally drawn from an Authorised Dealer under FEMA/FTP (e.g., import of books, downloadable software, and other permissible items). No separate monetary ceiling is prescribed by RBI specifically for ICC usage; the applicable limit shall be the credit limit sanctioned by the Bank.

#### *35.3.2. Prohibited Uses*

ICCs shall not be used for transactions prohibited under FEMA, including but not limited to - purchase of lottery tickets, banned or proscribed magazines, participation in sweepstakes, call-back services, and any items/activities listed in Schedule I of the FEM (CAT) Amendment Rules. Further, ICCs shall not be used for the purchase of crypto assets or for making payments through digital platforms that are prohibited or restricted by RBI. Use of ICCs for payments in foreign exchange in Nepal and Bhutan is not permitted.

#### *35.3.3. International ATM/POS Transactions*

All international ATM and POS transactions must comply with FEMA and exchange-control regulations. Cardholders must adhere to guidelines issued by the RBI and the Government of India regarding foreign currency usage. Currency conversion for ICC transactions shall occur at rates determined by the card networks and settlement partners. The Bank shall not be responsible for exchange-rate fluctuation, and the converted INR amount shall be binding on the cardholder.

#### *35.3.4. Settlement of ICC Transactions*

International transactions carried out using ICCs shall be billed and settled in Indian Rupees. The total transaction amount permitted on the card shall remain restricted to the credit limit available in the Credit Card account.

#### *35.3.5. System-Level Monitoring & Regulatory Restrictions*

The Bank will implement system-level controls to ensure compliance with FEMA restrictions, including blocking of ICC usage in prohibited jurisdictions (e.g., Nepal and Bhutan) and prohibited merchant categories. These controls may be modified periodically to reflect changes in regulatory directives. The detailed control process flow is documented within the transaction authorization policy.

#### *35.3.6. ICCs for NRIs / PIOs*

The Bank may issue ICCs to NRIs/PIOs without seeking prior approval from RBI, subject to adherence to the aforementioned regulatory requirements and the following repayment condition that all card dues must be settled exclusively through inward remittances or from balances maintained in the cardholder's NRE or NRO or FCNR(B) accounts.

#### *35.3.7. Forex transactions on Credit Cards:*

The Bank shall formulate policies around forex transactions for different card products. Such transaction rules shall be defined in the transaction authorization policy.

### *36. Grievance Redressal:*

In case of any complaints / grievances, the customers shall have access to a variety of options to register, monitor and escalate the same, as defined in the Bank's Policy for Customer Grievance Redressal. Bank shall provide dedicated email IDs and phone number to customers as laid down in Policy for Customer Grievance Redressal. Grievance redressal and customer compensation framework shall be as per Policy for Customer Grievance Redressal and Customer Compensation Policy of the Bank. There shall be a Grievance Redressal Mechanism within the Bank and wide publicity about it shall be given through electronic and print media. The Bank shall ensure that their call center staff are trained adequately to competently handle and escalate, a complaint, if necessary. The timeline and compensation framework prescribed in the aforementioned policies will be followed in the case of Credit cards and any modification will take into consideration the credit card policy requirement as well. The Grievance Redressal process shall have a provision for automatic escalation of unresolved complaints from a call centre/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. All complaints will be acknowledged and provided a reference number. Each complaint will be investigated with due care and customer will be provided with response from the Bank within the stipulated time period. The grievance redressal procedure of the bank and the time frame fixed for responding to the complaints are displayed at branches and published on the bank's website. The name, direct contact number, email-id and postal address of the designated grievance redressal officer of the Bank shall be mentioned on the credit card bills and account statements. The designated officer shall ensure that grievances of cardholders are redressed promptly without any delay. 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. 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 RBI Ombudsman under Integrated Ombudsman Scheme for redressal of his/her grievance.

### *37. Review of Operations:*

The Business Department, who is the owner of cards portfolio, at present Retail Assets (Cards & Personal Loans), shall place a half yearly review, as at the end of September and March of each accounting year, before the Audit Committee of the Board on card operations. The review should cover key areas of risk in the credit card business, with details of the mitigating controls implemented. The review should also cover, inter-alia, customer service, frauds, complaints and grievance redressal, card usage analysis including cards not used for long durations.

### *38. Policy implementation and update:*

The policy which was last reviewed by the Board in its meeting held on 24/03/2025, has now been reviewed with inputs from the related departments like Operations Dept, IT Dept, Integrated Risk Management Dept, Compliance Dept, Service Quality Dept, Digital Centre of Excellence. Retail Assets (Cards & Personal Loans) shall be the custodian of the Policy. Any changes in the Policy during the course of the year shall be approved by the MD & CEO. The changes will be duly incorporated into the next Annual Review of the Policy and presented to the Board.

## **Part 2: POLICY ON CREDIT RISK FOR CREDIT CARD**

### *1. Introduction:*

The policy lays down the approach the Bank shall adopt in customer selection, underwriting, credit limit management and other credit risk related aspects in credit card business. Detailed guidelines within the broad contours of the Board approved policy shall be set out in various circulars and scheme documents. The policy and other guidelines shall be reviewed from time to time based on the evolving scenarios including changes in economic conditions, regulatory guidelines, change in risk appetite of the Bank and portfolio performance.

## 2. Card Issuance:

Credit card shall be issued to customers based on their credit worthiness and repayment capacity. MD & CEO committee shall be the authority to approve the customer selection and limit assignment norms for all the credit card programs.

## 3. Digital / Manual underwriting of credit card:

The Bank may offer credit card to eligible customers under pre-approved as well as non-pre-approved program. Credit card applications of such eligible customers may be approved digitally through a Straight Through Process (STP). Applications not meeting the parameters to undergo digital underwriting may be considered under manual underwriting.

## 4. Income Identification and Credit Limit Assignment:

Credit limit shall be assigned basis repayment capacity of the borrower, which is identified basis verified income or imputed income of the applicant. Credit limit assignment under imputed income method shall be based on different surrogate methods defined by Bank including but not limited to Banking relationship, credit profile of the applicant. Credit limit assignment norms and income imputation methods shall be approved by MD & CEO committee.

## 5. Manual Underwriting – Delegation for CRCH:

CRCH official shall underwrite the credit card applications based on the delegation matrix approved. MD & CEO Committee shall permit amendments in the delegation structure for manual underwriting flow. The delegation structure shall be part of Credit Delegation Policy.

## 6. Deviations from thresholds fixed for eligibility parameters

### 6.1. Authority for permitting deviations in manual underwriting:

In case of any deviations from the thresholds fixed for eligibility parameters, respective sanctioning authority may approve deviations subject to the points mentioned below. Any deviations in the eligibility norms (other than norms applicable for borrowers having write-off/settlement history as specified in the loan policy) may be permitted by Head - Credit (Credit Cards) after being satisfied based on documents/details submitted, subject to conditions specified in the deviation matrix approved by MD & CEO committee.

### 6.2. Tracking deviations:

The details of exceptional cases referred to the manual underwriting team and portfolio performance shall be reviewed by RBDC in a timely manner in consultation with CRCH and Risk Team . Necessary changes in existing policy shall be considered wherever required.

## 7. Initial Credit Limit and review

Initial credit limit for a credit card shall be assigned subject to the customer selection and limit assignment norms approved by the MD&CEO Committee. Wherever unsecured credit cards are offered, credit limit assigned to a customer shall be reviewed by the Bank at pre-defined intervals. Credit limit shall be revised based on the customer's banking behavior, creditworthiness including repayment history (on-us and off-us). Credit limit shall be revised / blocked based on this review. Sanction of credit limits to a borrower whose earlier credit limits have been closed by write off (including technical write off) / compromise settlement by bank/ other banks/ FIs will be complied as per the Loan Policy of the Bank.

## 8. Exposure Ceiling:

Review of Exposure cap set shall be done based on the performance of the portfolio. This shall be monitored closely by both IRMD (Integrated Risk Management Department) and Business Department and in case 80% of ceiling is utilized, arrangements for review shall be made. Review and re-fixing of the limits set for overall credit card business shall form part of Exposure policy and the exposure shall be monitored and submitted to the RMC and the Board on a quarterly basis as part of 'Monitoring of Risk Limits' by IRMD.

## 9. Credit over Limit:

When a bank allows customer to spend more than the credit limit it is called over limit facility. The credit over limit shall be restricted through system-built controls. Over limit facility will not be extended to customers without obtaining explicit consent from them. Also, cardholder shall be given an option to enable or disable the option of overlimit through issuer's platforms such as internet, mobile banking, or any other suitable medium.

## *10. Cash advance limit on credit card:*

The cash advance service allows cardholder to withdraw cash either through ATM or over the counter at the bank. Cash advance limit or cash limit shall be lower than credit card limit itself. The Bank shall limit the cash limit as a percentage of the overall credit limit. The Bank may extend cash advance service along with card issuance. The higher cash advance limit may extend only to high end credit card (presently Celesta variant) issued to HNI customers.

## *11. Card renewal:*

The Bank shall renew the credit card subject to the eligibility conditions approved by MD & CEO committee, subject to satisfying the conditions prescribed by the regulator.

## *12. Within the Limit (WTL) Loan on Credit Card:*

The Bank may offer loan against the unutilized credit limit of customer's credit card. The Bank shall offer such loan to selected customers as pre-approved offers, subject to scheme norms approved by MD & CEO committee. Loan amount will depend upon the available credit limit of credit card. Loan amount shall be carved out from the credit limit of the customer. Customer may avail the given loan facility through online banking channels or through customer care center. The Bank may not ask for any additional document from customers for such loan. Being an instant personal loan, the Bank may disburse the amount immediately to the saving account.

## *13. EMI on credit cards:*

The Bank may decide to offer EMI facility for the big-ticket credit card purchases by the customer. Customers may convert their large purchase transactions into small monthly payments at their discretion. The Bank shall not allow EMI facility on transactions of gold, any type of jewelry or any other item that may be excluded by law/ regulator from time to time. Minimum amount considered for such conversion shall be decided by the Bank and intimated to customers.

A customer may convert the large purchase transaction into EMI through (a) EMI at the time of purchase; (b) Post purchase EMI conversion. When a customer makes a purchase using the credit card EMI option, the available credit card limit of the card shall get reduced by the amount converted to EMI.

## *14. Convert outstanding to EMI:*

The Bank may also provide the option to customers to convert total outstanding amount into EMI. This facility shall be given only to customers based on their Credit Card performance.

## *15. Cancellation of EMI facility:*

The Bank shall allow customer to cancel the EMI facility. The Bank may decide to charge customer with pre-closure charges for the cancellation. Once customer chooses cancellation option, the Bank shall debit back the original transaction amount which was converted to EMI. The applicable charges in each of the scenarios shall be intimated to the customers and the conversion shall be affected only based on the explicit consent of the customer.

## *16. Balance transfer:*

Balance transfer facility may be offered by the bank so that customers may transfer their outstanding balance against credit card issued by other card issuers to our credit card. Balance transfer facility shall be considered within the credit limit approved to the customer.

## *17. Monitoring of credit card processing:*

Business Department shall regularly monitor the credit card applications processed through digital channel and manual mode so as to ensure that the sanctioning is as per the laid down policy and limit assignment matrix. Inspection & Audit Department shall bring in the credit card product under the purview of their RBIA/Concurrent audit process.

## *18. Review of Policy on Credit Risk for Credit Card*

Policy on Credit Risk for Credit Card shall be an integral part of Policy on Credit Cards and Business Department shall be the custodian of the same. The Policy on Credit Risk for Credit Cards shall be reviewed on an annual basis along with the Policy on Credit Cards with the inputs from various stakeholders.

## *19. Authority to MD & CEO Committee:*

Policies and norms with regard to credit card business need to be aligned dynamically with the evolving economic and business environment. In order to handle such situations, MD & CEO Committee may

introduce new parameters or modify existing parameters relating to customer selection, income assessment and limit assignment. Where such changes relate to onboarding of new customers, the changes made should duly consider the credit bureau scores of prospective customers and should also stipulate thresholds on monthly sourcing of customers with credit scores below the pre-determined cut off bands.

### **Part 3: POLICY ON DISPUTE MANAGEMENT FOR CREDIT CARD**

#### *1. Introduction & Purpose:*

This document encompasses aspects of dispute management for Credit Card operations that will form the basis on which detailed operating procedures are built. This document specifies the approach adopted to attend such disputes.

#### *2. Process:*

##### *2.1. Dispute Case Creation:*

Dispute can be raised by the customer through Call center, Branch, Dispute management portal in the Bank’s corporate website or through an email within 120 days for Master card, Visa & Rupay, 90 days for UPI normal disputes, and 60 days for UPI fraudulent disputes. A service request must be created and the service request must be assigned to Cards operations dispute management team for action. If a transaction is disputed after 120 days from the date of transaction, the claim must be raised with the respective Bank on good faith basis.

Major card transaction dispute types are given below:

##### *2.1.1. Failed Transaction Disputes (ATM /ECOM/POS/UPI)*

- a) Card Debited but Cash not dispensed by the ATM (Full dispensation or Partial dispensation)
- b) Card Debited but Payment Failed / Confirmation not received at Merchant

##### *2.1.2. Service/Merchant related transaction disputes (ECOM/ POS/UPI)*

- a) Double Debit - Charged twice for a single transaction;(b) Services not rendered / Goods not received;(c) Paid by alternate means;(d) Cancellation of Good and Services Ordered – Refund not received;(e) Returned Defective Goods and Services Ordered – Refund not received;(f) Recurring Transactions cancelled but debits continued;(g) Incorrect Transaction Amount Billed;(h) Digital Goods Transaction (e.g. Online Subscriptions, In-app products);(i) Retrieval of Charge-slip Request;(j) Billed for No Show Charge after Cancellation

For all Goods / Services related disputes, the customer must first attempt to contact the merchant to resolve the dispute which enables prompt resolution. The Channel for lodging and tracking of disputes and grievances is mentioned in the Bank’s Policy for Customer Grievance Redressal.

##### *2.1.3. Unauthorized Transaction (ATM/ECOM/POS/UPI)*

- a) Cardholder did not authorize the transaction in the account.

#### *2.2. Validation / Verification:*

Service request created must be attended by Cards Operations dispute team. Based on the reason code and submitted documents, case must be further investigated.

##### *2.2.1. Supporting documents to be submitted by the card holder:*

Customer should submit supporting documents as mentioned below depending upon the nature of dispute. If customer fails to submit the supporting documents within specified TAT, complaint can be rejected.

1	All disputes	Copy of communication made with the Merchant, if applicable
2	Failed Transactions	Copy of correspondence with the Merchant Establishment or Screenshot of notification on failed transaction
3	Duplicate/Multiple billing	Copy of authorized charge slip(optional)
4	Paid by alternate means	Cash (receipt/Bill)/ Cheque (attach Cheque /Bank statement)/ other card (attach charge slip/other card statement)
5	Goods & Services not delivered	Proof of merchant acknowledging the order with delivery date of order
6	Cancellation of Good and Services Ordered – Refund not	Credit Voucher/Refund note/Merchant’s letter or any form of merchant’s confirmation that credit is due to the card account

	received	
7	Returned Defective Goods and Services Ordered – Refund not received	Credit Voucher/Refund note/Merchant’s letter or any form of merchant’s confirmation that the credit is due to the card account
8	Recurring Transactions	Proof of merchant acknowledging the cancellation and Terms & Conditions
9	Incorrect Transaction Amount	Copy of Cash receipt/Bill
10	Digital Goods Transaction	Attach the proof of merchant acknowledging the cancellation & Terms and Conditions
11	Retrieval of Charge slip Request	No Mandatory Documents
12	Billed for No Show Charge after Cancellation	Confirmation Letter / email received from the merchant copy of Terms & Conditions from Merchant
13	Unauthorized Transactions	Customer Letter, FIR or Acknowledgement

**2.3. Additional Information:**

Any additional information required for validation / investigation must be requested from the customer by Branch / Call center. In such cases, the Service request shall be re-assigned to the Branch / Call center.

**2.4. Raise dispute with schemes (respective card network):**

For a valid dispute, the Card Operations team must create a dispute on the respective scheme’s dispute management portal requesting the merchant to respond. Based on the response and proofs, Card Operations team shall resolve or seek further clarifications. Before creating a dispute, Card Operations team must ensure that the funds are not already returned by the merchant for the disputed transaction. In such a scenario, Card Operations team shall close the case as “Resolved”. If the credit is not processed, then Card Operations team can provide interim chargeback credit for disputed transaction, depending on the merit of the dispute. If the merchant has provided sufficient proofs to validate, then interim chargeback credit must be reversed. If the merchant has not provided any response, then card operations team will process permanent chargeback credit for the disputed transaction.

**2.5. Chargebacks and Response:**

(a) The chargeback process can be initiated by the cardholder’s issuing Bank against the acquiring Banks for the transactions dispute by the customers. (b) Transactions can be disputed for many reasons. A cardholder may have been charged by a merchant for items they never received, a merchant could have duplicated a charge by mistake, a technical issue may have caused a mistaken charge, account debited - amount not received, account debited – partial amount received, cash deposited – not credited to the account, etc. (c) When a dispute is raised for a transaction, depending on the nature of the dispute, the chargebacks can be raised against the acquiring Banks for analyzing the case. (d) The Bank will raise the chargebacks in the respective scheme’s portal by adhering to the chargeback rules for resolution of a disputed transaction. (e) Each card scheme has its own dispute resolution process. This process outlines the circumstances and timeframes during which the Bank can dispute a transaction and claim a refund on customer behalf. (f) Based on the resolution provided by the acquiring Banks in the respective card scheme portals, the claims can be settled either as accepted or rejected.

**2.6. TAT to resolve a Dispute:**

**Settled Transactions:**

CHANNEL	DOMESTIC	INTERNATIONAL
	TAT (From the Complaint Lodged Date)	
ATM Transactions	5 Calendar Days	40-60 Calendar days
ECOM / POS MasterCard Transactions	45 – 60 Calendar Days	45 – 60 Calendar Days
ECOM / POS VISA Transactions	30 – 40 Calendar Days	30 – 40 Calendar Days
ECOM / POS/UPI RUPAY	15 – 35 Calendar Days	30 – 40 Calendar Days for ECOM/POS

Transactions	(International UPI - not yet enabled)
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## 2.7. Raise valid Pre-arbitration / Arbitration:

Acquiring Bank can either accept or reject the Chargeback/Pre-Arbitration raised by Issuing Bank. TAT involved in the dispute process is specific for each Network.

- a. If the dispute is responded by the merchant within the network timelines specified, then Card Operations team must validate the dispute response and documentary proofs provided.
- b. If the Acquirer Bank is unable to produce necessary evidence/the claim is genuine, then such claims are to be accepted at their end.
- c. If no response is received from the Acquiring Bank within the network specified TAT for the pre-arbitration/chargeback raised by Issuing Bank, such cases will be considered as deemed acceptance as per the network rules and customer dispute can be closed favorably.
- d. If the Acquiring Bank rejects the chargeback claim (Representment), Issuing Bank have the option to raise second level chargeback / Pre-arbitration of the claim on behalf of customer. During Representment, Acquiring Bank has to mandatorily submit necessary evidence and supporting documents or additional documents to the Issuing Bank proving that a transaction is valid, and that the cardholder’s claim should be overturned.
- e. If the Issuing Bank becomes aware about the evidence/ supporting documents, often provided by the cardholder/Acquiring Bank, that undermines the case the merchant presented or not satisfied with the supporting documents provided during re-presentment, pre- arbitration can be initiated by the Issuing Bank.
- f. If Acquiring Bank rejects the pre-arbitration within the network TAT, Issuing Bank can proceed with Arbitration stage after reviewing the documents.

## 2.8. Approval / Rejection of dispute and closure:

Decisions must be taken either to make the customer liable for the disputed transaction or re- dispute will be raised with scheme. Cases where merchant has accepted re-dispute, the fund will be settled through schemes on daily net settlement and permanent chargeback credit shall be provided to the customer. Therefore, the dispute shall be closed based on all the validation either in favor of the merchant or in favor of the customer within the specified TAT.

## 2.9. Unauthorised Transactions –Limiting Customer Liability Policy:

Unauthorised transactions are transactions, where the cardholder disputes that he/she has not authorized the transaction debit in the account. These transactions would be resolved based on the Bank’s Board Approved Policy on Customer Protection - Limiting Liability of Customers in Unauthorized Electronic Banking Transactions, and Customer Compensation Policy.

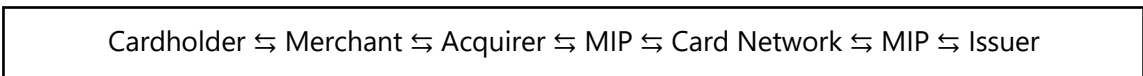
## **Part 4: POLICY ON TRANSACTION AUTHORIZATION FOR CREDIT CARD**

### 1. Overview:

This policy outlines the framework for authorizing and monitoring credit card transactions to ensure security, prevent fraud, and maintain smooth processing across POS, ATM, e-commerce, and UPI channels. Strong authorization rules help the Bank validate legitimate activity, reduce financial losses and chargebacks, and support reliable merchant payment processing while balancing risk, customer experience, and business needs.

### 2. Transaction Authorization:

- Credit Card Authorization is an approval that the customer has sufficient balance on their card to pay for the transaction. This is the approval from an issuer through a Credit Card processor. If the customer details are correct and there are enough funds in their account, the specified amount is deducted from the customer’s credit limit.
- The incoming transaction request can originate from POS, e-commerce, UPI, and ATM channels for both Card –present and Card-not-present scenarios.
- Below diagram depicts the basic Authorization flow with all the relevant entities participating in the Authorization request and response.



- Transaction will be authorized based on the rules laid down on the respective Card Management System (CMS).
- An incoming Authorization request first reaches the Vision plus system where the Card details and available balance are verified.
- Authorization rules are configured at a **system level**, for example - a) Transactions initiated from blocked cards, b) Disallowing international transactions on domestic only card; or defined at a **product level**, for example – a) Type of card, b) Allocated credit limit, c) CVV and expiry. The approval or rejection of the requests largely depends on authorization rules.
- **Card Transactions in Contactless Mode** – For Card Transaction in contactless mode at Points of Sale (POS) terminals, Additional Factor of Authentication (AFA) requirement shall be relaxed for values up to 5,000/- per transaction. The transactions beyond this limit shall be processed in contactless mode, but with AFA.

A detailed review on transaction monitoring is conducted and approved in the Cards Rules Forum which is chaired by Transaction Monitoring and Fraud Prevention Dept Head, and consists of the Business Controller & Business Head. The meeting covers the following – a) Overall transaction architecture, b) Velocity rules, c) Transaction scenarios and associated authorization scenarios, d) Stand-in transaction process (STIP). In addition to the above, the transaction authorization process will be as per the Bank's Policy on Information System Security Policy and Cyber Security Policy.

### 3. *Fraud Management:*

Mitigating fraudulent transactions is one of the important aspects for an issuer as it has financial implication. The Bank needs to have a robust mechanism and checks to avoid loss both to the Bank and its customers. To mitigate the risks of potential fraudulent transactions, FALCON, a fraud management system provided by Fiserv, is being used. This platform helps in identifying fraudulent transactions by running through several rules and plays a crucial role in approving / rejecting the transactions. Fraud Monitoring and associated review of the same will form a part of the monthly Cards Rules Review Forum. The Bank's Policy on Fraud Risk Management covers managing the fraud risk, strengthening security measures, and reporting of frauds etc. The Credit Card fraud cases will be reviewed and submitted to Vigilance Dept for Regulatory reporting.

### 4. *EWS framework:*

The rules for monitoring credit card transactions are part of Early Warning Signals. The details on rules for monitoring Credit card transactions are approved by Risk Management Committee (RMC) of the board annually. Amendments on the rules are reviewed by Risk Management Committee on Quarterly basis. The details of suspicious cases are also shared with Credit Risk Management Department (CRMD).

### 5. *Policy implementation and update:*

The detailed policy shall be reviewed annually with inputs from the related departments like the Retail Assets (Cards & Personal Loans) Department, Operations Dept, IT Dept, Integrated Risk Management Dept, Compliance Dept, Service Quality Dept, if any. Transaction Monitoring and Fraud Prevention Department shall be the custodian of the Policy. The on-going rules for Transaction Authorization (rejection or approval) will be framed for both domestic and international usage. The rules will be framed and approved jointly between Business and Transaction Monitoring and Fraud Prevention Department, in the Cards Rules Forum. Being a dynamic requirement, the review will be done on a continuous basis and changes made as deemed required.

## **Part 5: POLICY ON CO-BRANDED CREDIT CARD ARRANGEMENTS**

### 1. *Overview:*

Co-branded credit cards - issued jointly by the Bank and a corporate, merchant, or fintech partner - combine the strengths of both entities to deliver superior value to customers. They are a proven model for expanding the credit card business by enhancing customer reach, engagement, activation, and spending. As the Bank aims to grow through both organic and partnership-driven channels, collaborating with reputable brands becomes essential. This policy outlines the standards and practices the Bank will follow

when engaging co-brand partners, ensuring enhanced customer experience, wider market penetration, and strong process controls for secure card transactions.

## 2. Partner Evaluation:

### 2.1. Co-branding Arrangement

Co-branded partner engaged by the Bank shall be subject to the following terms and conditions:

a) The Business team shall perform due diligence on the prospective co-branding partner inter-alia covering the following:

Past track record of the prospective partner, including and not limited to areas such as:

- i. Market reputation – Including any pending violation with/under SEBI / FEMA /Companies Act.
- ii. Where the prospective partner is subjected to sectoral regulations, approval of the concerned regulator (Example. TRAI for telecom companies, IRDA for insurance companies etc.), compliance with such regulations shall be ensured.
- iii. The ultimate responsibility to ensure confidentiality, safety and security of the Customer Data relies with the Bank. To ensure data protection and confidentiality, in all co-brand arrangements, due diligence of partners shall also cover Information Security preparedness/ Cyber Security Preparedness of the partner.
- iv. The role of the co-branding partner in the sourcing/marketing/distribution of the cards, providing access to the cardholder for the goods/services that are offered etc., shall be subject to the arrangement between Bank and the co-branding partner. The credit risk shall be borne by the Bank.

### 2.2. Assessment of Co-branding partner

The following major criteria shall be considered when partnering with a brand:

(a) Reputation of the Brand in the concerned business space (b) Acceptance of the Brand among general public. (c) Benefit to the Bank by capturing a large and appropriate customer base (d) Processes, practices and expertise of the partner

Co-branding partner's credibility and integrity shall be assessed and approved by the Business department based on business parameters, past track record of the brand, balance sheet etc. Business Department shall consult with Risk and Compliance departments on the following basis:

- a. Operational/reputational risk shall be identified by IRMD and suitable recommendations shall be provided to the concerned business department.
- b. Suitable recommendations in order to align/comply with the regulatory mandates formulated by the regulator related to co-branding tie-ups shall be defined by Compliance Department
- c. Information Systems & cyber security mechanisms of the co-branding partner shall be assessed by Inspection and Audit department.
- d. Operational risk shall be identified before onboarding by conducting Risk assessment/vetting by ORD and periodically thereafter by the Business Department with the help of IRMD through RCSA/IFC exercise.
- e. It shall be ensured that eligibility criteria defined for fintech partners as per Board approved Fintech policy shall be complied if the co-brand partner is a fintech.

## 3. Partner On-Boarding:

A new co-brand partner is onboarded only after full due diligence and internal approvals. Regulated financial entities (Banks/NBFCs) must submit their latest audit, RBI inspection, and security reports, and confirm they have the required regulatory approval for the partnership.

The Bank will review the partner's KYC, AML, and related processes to ensure adequate controls before launching the program. All regulatory norms for co-branded credit cards will be followed. The partner's brand image and its impact on Federal Bank's brand will also be assessed during approval.

## 4. Risk Analysis and Mitigation Measures

Risks involved like reputational and operational risks in the co-branding arrangement shall be fully analysed and adequate risk factors and related mitigation measures shall be suitably included by the owner business Department, with concurrence from IRMD and Compliance departments, at initiation of the relationship and annually thereafter.

## 4.1. Risk Analysis

- Reputational Risk – The co-branding partner’s reputation which can affect the reputation of Bank.
- Operational Risk – Risk factors under Data sharing, Business alliance, Ethics etc.

## 4.2. Mitigation Measures

- Proper assessment of the Co-branding partner’s Business values, Ethics, reach etc. shall be done before entering into the co-branding arrangement.
- Proper execution of non-disclosure or confidentiality agreement with the co-branding partner
- Under a co-branding arrangement, the co-branding entity shall not be permitted to access any details of customer’s accounts that may violate the Bank’s secrecy obligations.

## 5. Agreement

Bank shall execute a master agreement with the co-branding partner for entering into the arrangement. The agreement shall be executed by the Head of Business Department, on behalf of the Bank. The Master agreement shall inter alia include terms and conditions of the arrangement, the specific product lines and areas of operation, along with provisions related to segregation of responsibilities as well as customer interface and protection issues covered in the policy along with other relevant aspects, if any, specific to the arrangement.

## 6. Approval for Co-branding

The sourcing arrangements, segment in which the co-brand partner concentrates, may vary among co-brand partners. Various risk aspects with respect to integrity/ credit worthiness of the promoters of co-branding partner, sourcing practices, credit appraisal norms, data exchange between Bank and co-brand partner, safe custody of documents, monitoring and collections, fraud reporting, support for rectification of audit comments etc., shall be thoroughly assessed with the involvement of related stakeholders and shall be covered in the product approval document (PAD). Bank shall peruse the Board approved policy of the co-brand partner to ensure that the proposed arrangement follows the policy norms. In tune with the terms of arrangement, Business department shall formulate a Standard Operating Procedure (SOP), covering end to end life cycle, specifying roles and responsibilities of each department and this SOP shall be made part of the PAD. The PAD shall also cover arrangements for exposure ceiling and asset quality threshold to prevent breaches, movement of external rating of co-brand partner etc.

Fintech Steering Group shall be the authority to approve co-brand arrangements with Fintechs. MD & CEO shall be the authority to approve co-brand arrangements with other co-brand partners. While approving the arrangement, the Committee shall ensure compliance of broad parameters specified in the policy and shall stipulate an exposure ceiling for cards issued under the respective arrangement. The tolerance level for the stress from the portfolio shall be specified and arrangements for review shall be ensured. The Committee shall also consider the strategic fit of the relationship for the Bank and the expected profitability parameters.

## 7. Customer On-Boarding:

Offer for availing credit card to customers shall be through the channels agreed between the Bank and co-branding partner in tune with the terms and conditions of the arrangement. Bank shall ensure that adequate measures are in place for ensuring data secrecy and customer confidentiality in the on boarding process. The broad contours of the cobranded arrangement without any specific details on revenue sharing between the Bank and the co-branding entity shall be indicated to the card holder and also displayed on the Bank’s website.

## 8. Branding & Marketing:

### 8.1. Branding:

Branding of co-branded cards will follow the Bank’s branding policy, with the Marketing Department deciding the card’s brand specifications. Different card products may be branded to target specific customer segments or improve usage. All branding must align with the Bank’s vision, mission, and values, and must protect the Bank’s reputation. The card must clearly state that it is a co-branded product, and the partner cannot market it as its own. All marketing materials must prominently display the Bank’s name and branding. A mutually agreed format will be created for all materials using the Bank’s trademarks, and any

changes will require Bank approval. Key customer documents (MITC, T&Cs) must be jointly approved by both parties.

## 8.2. Marketing & Promotions:

Based on the arrangement, the Bank or the co-brand partner may decide all marketing and promotional materials and communications, banners, hoardings, advertising, any other materials and choice of marketing techniques regardless of the media in respect of the Co-branded Credit Card. Marketing activities and advertisements, if any for the cards shall be in conformity with Bank's policies. Marketing Department of the Bank shall decide on the quality of communications being done in association with business teams.

## 9. Inventory Management:

A card management process must track all inventory movements, including inward/outward flow, stolen/expired/damaged cards, logistics updates, delivery status, and inventory reporting. Inventory responsibility may rest with the bank or the co-brand partner as per their agreement. If handled by the co-brand partner, they will determine stock requirements based on expected demand and must account for the standard processing and dispatch timelines for new indents. The co-brand partner should regularly review inventory levels, card expiry, and unsold stock.

## 10. Technology Platform:

Based on mutual agreement between the Bank and co-branded partner, the Bank may use its own Technology platform or platform provided by a Technology Service Provider (TSP) in relation to issuance, usage and all services in respect of the Co-branded Credit Card. The Technology platform which will be used for issuance, usage and all services in respect of the Co-branded Credit Card shall be in compliance with Information Systems Security Policy of the Bank. If TSP's platform is used, the Bank shall provide the right to use the API services to the TSP for use in its Technology Platform. The Bank shall procure BIN from such Card Associations as maybe mutually agreed between the Parties in writing which shall be exclusively used for the Co-branded Credit Card program. The co-branding partner shall not have access to information relating to individual customer's 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. The card related data may be displayed through the partner's platform in an encrypted format which is visible only to the cardholder and shall be a direct link to the Bank's system. The Bank shall ensure that the information displayed shall neither be accessed nor be stored by the Partner.

## 11. Underwriting and Credit Risk Norms:

The risk management strategies including underwriting and credit risk norms applicable to the co-brand arrangement shall be approved by the Bank. MD&CEO committee shall be the authority to approve/amend the underwriting norms, if any, for co-brand arrangements including credit risk norms.

## 12. KYC/AML:

The Cobrand Credit card issuance will be KYC/AML complied and the same is covered in the KYC/AML compliance section of the Policy on Credit Card Issuance and Conduct.

## 13. Transaction Authorization and Fraud Prevention:

The transaction authorization and fraud prevention framework, as covered in the Policy on Issuance and Conduct and the Policy on Transaction Authorization, will be applicable for co-brand credit cards. Compliance with these measures shall be ensured prior to the rollout of the co-branded arrangement.

## 14. Customer Service Management:

### 14.1. Customer Relationship Management:

For Cobrand Credits, the Customer relationship Management will be as covered in the Policy on Issuance and Conduct.

### 14.2. Grievance Redressal:

In the case of co-brand partnerships including Fintech partnerships, the Bank's Grievance Redressal Policy as covered in the Policy on Credit Card Issuance and Conduct and Policy on Dispute Management will be applicable. All grievances received by the co-brand partner shall be logged in the Bank's database of grievances, and a reconciliation mechanism, with a minimum frequency of quarterly, shall be implemented

between the co-brand partner and the Bank. The review of complaints on credit cards shall form part of the regular reviews conducted on complaints in the Bank.

### 14.3. Collection & NPA Management:

An effective collection strategy is essential to keep a strong control on the credit card portfolio and thereby ensuring that the credit cost of the organization is low. It is essential to adopt effective collection strategies that promote on – time repayment as well as manage delinquencies better.

### 15. Operations & Reconciliation:

The Bank may engage the services of Technology Service partner for reconciliation. Since the Bank is responsible for reconciliation, the Bank shall oversee the reconciliation activities.

### 16. Exit from Partnerships:

The Bank may close any continuing partnership at any point of time, considering the profitability, branding, future vision or any other exigencies. In case of a co-branding partnership, during the closure, the Bank shall take adequate measures to migrate existing customers on co-branded card scheme onto any other related existing/new card and issue the new cards for the customers of those categories, whilst providing necessary information and clarification to the customers. The Bank shall ensure to migrate account related info viz. reward points, outstanding balances etc. on the new card. The Bank's exit procedure from such partnerships shall follow a well laid out & documented process.

### 17. Roles & Responsibilities:

Below are the prescribed items to be covered by Bank in the cobranded credit card arrangement, which shall be customized on requirement.

- Product Features
- Product Set up
- KYC and document collection and verification
- Card Issuance to Customers
- Collateral design approval (Card/Kit)
- Card Intent
- Plastic management and dispatch
- Regulatory Reports
- Mobile Application development
- Contact Centre set up and operations
- Platform for Technology Support
- Grievance Redressal/Banking Ombudsman query
- Transaction Management/Switch
- Reconciliations
- Settlements
- Dispute Management
- P&L Management
- Collection Management

The role of the co-branding partner 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 Bank shall also be liable for the acts of the co-branding partner. The Bank shall ensure adherence to the RBI guidelines on outsourcing, as amended from time to time. The Bank shall ensure that cash backs, discounts and other offers advertised by a co-branding partner are delivered to the cardholder on time. The Bank shall be liable for any delay or non-delivery of the same to the cardholders.

### 18. Review of relationship:

A review of the relationship shall be conducted at least quarterly. The review shall, inter alia, cover quality of the portfolio, the profitability thereof, the grievances received and resolution thereof, actions taken to reduce customer complaints, if any, and any other aspect required for an overall evaluation of the partnership. The review results shall be tabled to Fintech Steering Committee for Fintech cobrand partnerships and the Credit Risk Management Committee (CRMC) for other partnerships.

## Annexure

### 1. Annexure – 2 – Procedure followed by the Bank for intimating the customers via various communication channels prior to overdue/DPD reporting to CICs:

Procedure followed by the Bank for intimating the customers via various communication channels prior to overdue/DPD reporting to CICs, shall be as follows:

#	Action Item	Responsibility	Frequency
1	MIS/TSP generates the Credit Card Customer data as on 15 <sup>th</sup> and last date of every month for reporting as overdue/ DPD to Credit Information Companies (CICs).	MIS/TSP	Twice in a month
2	CAD does random sample checks for data fields like “Amount overdue” and “DPD” and advises MIS to proceed further with intimations to customers and further CIC reporting.	CAD	Twice in a month
3	MIS sends customer intimation as on “T-2” basis, where “T” is the date of data submission to CICs by Bank.	MIS	Twice in a month
4	Data relating to 15 <sup>th</sup> is submitted to CIC on or before 22 <sup>nd</sup> of same month and the data as on “last date of a month” is submitted to CIC on or before 7 <sup>th</sup> of subsequent month.	MIS	Twice in a month
5	After reporting the customer as defaulter, in case the customer settles his/her dues, Bank ensures that the status is updated in the next CIC reporting done by the Bank. This is ensured as a part of the CIC reporting process.	MIS/CAD	As per the fortnightly process of reporting
6	For the cards where there are pending disputes, the disclosure/ release of information to the CICs for default, is made only after the dispute is settled.	MIS/CAD	As required for dispute cases
7	A temporary shadow credit is passed to the card account for disputed card transactions, and the amount is not billed until the dispute is resolved. This is implemented on the card management system.	Business team via system control	As required for dispute cases

### 2. Annexure – 3 – Standard operating procedure for discretionary blocking / deactivating / suspending credit card:

#### 1. Purpose

This Standard Operating Procedure (SOP) provides an overview of the circumstances and high-level processes under which the Bank may block, suspend, deactivate, or close a credit card. These guidelines follow regulatory requirements and internal risk-management policies.

#### 2. Scope

This SOP applies to all credit cards issued by the Bank, including organic and partner-program (fintech) cards.

#### 3. Scenarios in which a Card May Be Blocked or Closed

##### 3.1 Customer-Initiated Closure

- A cardholder may request closure at any time through official customer service channels.
- The card will be closed once all outstanding dues are cleared.
- Any credit balance will be refunded to the customer’s registered bank account.

##### 3.2 Dormant Cards (No Usage for Over 12 Months)

If a credit card has not been used for 365 days:

1. The Bank will send SMS/Email reminders encouraging the customer to use the card.
2. The Bank may attempt to contact the customer through calls.
3. If the customer does not respond within 30 days, the card account will be closed automatically.
4. Any joining/renewal fees charged will be reversed.
5. For secured cards, any lien on the fixed deposit will be released after closure.

##### 3.3 Inactive Cards (Not Activated Within 30 Days of Issuance)

When a newly issued card remains inactive for more than 30 days:

1. The Bank will request OTP-based consent from the customer for activation.
2. If no consent is received, the Bank will close the card within seven working days at no cost.

- 3. No fees or penalties apply for closure of inactive cards.

### 3.4 Overdue / Delinquent Accounts

If card payments remain unpaid:

- At 30+ days past due, the card may be temporarily blocked until dues are cleared.
- For unsecured cards:  
At 90 days past due, the card may be permanently blocked, while repayment remains permitted.
- For secured cards: At 30 days past due, the related fixed deposit may be liquidated to recover outstanding dues.
- Additional recovery actions may be taken in cases of extended non-payment.

### 3.5 Fraudulent or Suspicious Activity

A card may be blocked if:

- Fraudulent or suspicious transactions are detected by the Bank, or
- A customer reports unauthorized transactions.

In such cases:

- The card may be immediately blocked to prevent misuse.
- Customers will be informed via SMS/Email.
- Fresh card issuance may occur after verification and investigation.

### 3.7 Bulk Cancellation

In certain scenarios through certain sanity or fraud checks, the Bank may decide to close multiple cards at once. In such cases, the Bank shares the list of affected cards with the Technology Service Provider (TSP), who processes the bulk closure. Any items that cannot be processed are reported back to the Bank for review and action. Customers will be informed through SMS or Email wherever applicable. This activity is undertaken only for legitimate operational, regulatory, or risk-related reasons.

### 3.6 Cards Issued Due to Technical Errors

In rare cases where a credit card is issued because of a technical irregularity:

- The Bank will review and confirm the error.
- The card will be closed immediately after approval.
- Customers will be notified through SMS/Email.
- No charges will be applied to the customer.

## 4. Key Timelines

Scenario	Timeline	Action
No usage for 12 months	365 days	Reminder → Attempts to contact → Closure within 30 days if no response
Inactivation after issuance	30+ days	Consent request → Closure within 7 days if no response
Payment overdue	30+ days	Temporary block
Severe delinquency (unsecured cards)	90+ days	Permanent block
Secured card overdue	30+ days	FD liquidation
Bulk cancellation	Anytime	Immediate block
Suspicious/fraudulent activity	Anytime	Immediate block

## 5. General Notes for Customers

- Blocking or closure does not eliminate outstanding dues; payments must continue until the balance is cleared.
- A closed card will be updated with credit bureaus in accordance with regulatory requirements.
- If your card is blocked due to fraud concerns, repayment remains allowed, and you may request a replacement card.
- For credit balances, the Bank will arrange refunds as per standard procedures.

The detailed SOP regarding discretionary Credit Card Blocking/Deactivating/Closure/Suspending will be approved by the Business Controller.