



## **CSB Bank Policy for Issuance and Conduct of Credit Cards (Including Co-Branded Credit Card)**

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## **(Including Co-Branded Credit Card)**

### **1. Introduction**

The Bank is issuing credit cards to target customer base. The below policy covers the guidelines that structure the amount of credit granted to customers. The policy is prepared as per the Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022 (Updated as on March 07, 2024)

### **2. Co-Branded Credit Cards**

The Bank is currently issuing co-branded credit cards on MasterCard and Rupay network. These credit cards are used by individuals for their personal use.

The Bank has a co-branding arrangement with One Consumer for offering CSB Bank OneCard & with Europa Neo Marketing Pvt Ltd (ENMPL) to offer CSB Bank Edge Credit Card. Under co-branding arrangements Bank is offering various facilities to its existing customers as well as new to Bank customers. In order to run these programs seamlessly, Bank has got into a commercial arrangement with OneCard & ENMPL.

#### **A. CSB Bank One Card**

- The credit card issued on MasterCard network
- Digital-first credit card powered by a mobile app to offer smooth, seamless experience
- To offer lifetime validity and zero joining fee with a 100% digital onboarding process
- Virtual credit card to be delivered in under 3 minutes and metal card to be delivered in 3-5 day

#### **B. CSB Bank Edge Credit Card**

- The credit card is issued on Rupay network
- Provides UPI on Credit Card, scan with UPI, pay with credit card
- No annual and joining fee for first 2 lacs customers
- Rewards on UPI and credit card spends, track your UPI spends on mobile app

#### **Revenue Share Arrangement with Co-Brand Partners:**

Revenue sharing with cobranding entity is usually linked to new card acquisition, card spends, total no of customers in the cobrand program, portfolio quality, portfolio performance of the program etc. The criteria mentioned is indicative and not exhaustive and revenue sharing arrangement may vary across co-brand partners.

### **3. Issuance of Co-Branding Credit Cards**

#### **3.1. Eligibility:**

The eligibility of the card is defined based on a specific Bank's policies. Credit cards are sourced within the sourcing locations defined by the Bank.

#### **3.2. Distribution Channels:**

The Bank offers credit cards through digital medium, branches and through its affiliated entities. Bank may add more acquisition channels from time to time as per business requirement.

Direct sales agents appointed for marketing of credit card offerings must necessarily be guided by the Code of Conduct prescribed by the Bank. Telemarketers engaged in the process of marketing credit cards will be obligated to comply with the relevant guidelines issued by TRAI and other competent authorities from time to time.

#### **3.3. Sourcing of Credit Cards:**

Bank representatives and agencies involved in marketing credit card products take explicit consent from customers at the time of application. This consent may be in writing or through digital means. A key Fact statement covering critical aspects such as interest rates, charges etc. is shared with applicants and is available on the bank's website.

Other services including conversion of transactions to EMIs, add-on cards and credit limit enhancement, offered to customers shall only be executed post consent of the customers.

#### **3.4. Underwriting Policy for Credit Card Issuance:**

The Bank has a defined risk policy for issuance of credit cards which is approved by the Board. The Bank may deploy various checks including reviewing the credit profile of the customer on credit bureaus.

Bank shall assess the credit limit of a customer post validating all the limits assigned/allocated to him by other entities on the basis of credit information obtained from a Credit Information Company. The Bank shall endeavour to complete it due diligence with regards to issuance of a credit card within the stipulated turnaround time. In case the credit card application is rejected, the reason for rejection shall be communicated to the customer.

### **Credit Evaluation Process**

All Credit Card applications are processed through an origination system.

- Credit Bureau & Underwriting Checks
- De-Duplication checks
- Fraud & Hunter checks (Including CFR Checks)
- KYC and liveness Check
- Negative Area Validation
- Sourcing Pincodes checks

Note: All checks will be revalidated post 30 days from original application initiation date

**3.5. Know Your Customer (KYC) Policy:**

The instructions/Directions on KYC/AML/CFT issued by RBI from time to time, shall be strictly adhered to in respect of co-branded cards.

**3.6. Most Important Terms & Conditions (MITC):**

MITC including the schedule of charges and cardholder's agreement is hosted on the website.

Customers are encouraged to access MITC at all the stages through various Credit Card collaterals.

**3.7. Promotion of Usage on Credit Cards:**

The Bank encourages cardholders to initiate usage of their credit card by setting up virtual card and enabling transactions for e-commerce, POS, contactless, international usage etc.

**3.8. Governance Framework**

Bank's Board will approve the Credit Card Issuance Policy. The Credit card issuance policy will be placed on the Banks website.

Bank shall place for review the credit card operations on half yearly basis to the Audit Committee of the Board (ACB). The review will include card usage and issuance analysis, portfolio review, customer service, frauds, complaints and grievance redressal, card not used for long durations, etc. Bank will have in place a suitable monitoring mechanism to randomly check the genuineness of merchant transactions.

**4. Add on Cards:**

The primary cardholders may choose to extend their credit facility to members of their family by means of an add-on-card.

**5 Interest Rates and Other Charges:**

- Interest rates and other applicable charges are informed to the Cardholder at the time of on-boarding.
- It must be noted that the revolving credit facility provides customers the convenience of borrowing against the credit line to meet their important spending needs as and when they require without having to under-go fresh underwriting each time.
- Currently the Bank charges interest rates between 3.5% per month and 3.75% per month.
- The interest on outstanding is applicable if the cardholder does not pay the previous bill amount in full on or before the due date. The charges are explained through a suitable example in the MITC.
- Customers also enjoy the convenience of converting their purchases into EMIs on their credit cards.
- The interest rates applied are considering multiple factors including cost of funds, risk costs, exposure management, operations costs and reasonable returns.
- Bank will ensure complete transparency in the conversion of credit card transactions to Equated Monthly Instalments (EMIs) by clearly indicating the principal, interest and upfront discount provided by the merchant/card-issuer prior to the conversion. The same will be separately indicated in the credit card bill/statement. EMI conversion with interest component shall not be camouflaged as zero-interest/no-cost EMI

- Interest Rate ceiling for the Revolving Credit will vary based on the product features and cost incurred by the Bank. Business strategy spread is calculated based on return required from Interest bearing Credit Card balances to cover non-interest-bearing portions cost.
- The interest rate may vary based on the bank's decision and can be changed at its discretion, with any adjustments being communicated to the customer. The same can be viewed on the MITC which is uploaded on the bank's website.

## **6 Billing:**

- Billing statement will be generated every month and can be modified as per cardholder's convenience. The app also has an option to view the statement in PDF format, which can then be downloaded from the phone. The billing intimation will be sent to the registered E mail ID as well. It will contain a break-up of all purchases, repayments, fees, interest charges, refunds and taxes.
- Cardholders are duly intimated about the Minimum Amount Due, Total amount due and payment due date 15 days in advance through various channels providing the cardholders sufficient time to make the payment as defined by the regulators.
- In case the cardholder raises a complaint / seeks any clarification in the statement the Bank shall provide explanation and, wherever applicable, documentary evidence shall be provided to the cardholder. No charges shall be levied on transactions disputed as 'fraud' by the cardholder until the dispute is investigated by the Bank within the stipulated timeframe.

## **7 Card Blocking:**

On reporting card loss/theft by customer Immediate action will be taken on receiving the first request from the cardholder via call/email/chat. Simultaneously, education to the cardholder is available on how to block the card via app itself.

## **8 Grievance Redressal:**

Cardholders have been provided with various channels like mobile application, Bank's website, customer care helpline to resolve their service related requirements.

The Grievance will be acknowledged via registered email with a unique grievance reference number. Resolution/response of/to the grievance will be offered in 7 working days and the same will be intimated via registered email.

Escalation Matrix for complaint handling:

- (a) Level 1 – Customer Support (call/mail/chat)
- (b) Level 2 – Internal Escalation Team
- (c) Level 3 – Principal Nodal Officer

If the issue remains unresolved beyond [30 days] even after reaching out to the above channels, or if the response is unsatisfactory, cardholders may write to the Banking Ombudsman for an independent review.

## **9 Dispute Management:**

Any dispute relating to the time of reporting and/or Transaction/s made on the account or any other matter in relation to the said account, the Bank shall reserve the right to ascertain the time and/ or the authenticity of the disputed Transaction and your liability in case of unauthorised transactions in your card account due to third party fraud or where you have not contributed for the fraud will be driven as per the guidelines given in RBI Circular on “Customer protection- Limited liability of customers in unauthorised Electronic Banking transactions” Any changes in the regulations as amended from time to time will be applicable and binding at that point of time.

## **10 Closure of Credit Card:**

### **10.1 Voluntary closure of Credit Card:**

Cardholder can place a request for Card closure on channels like Contact Centre or through digital channels. On receipt of request, a block is placed on the card and all the necessary efforts are made to retain the customer.

Post which, the card is closed within stipulated time, subject to payment of all dues by the cardholder and Cardholder is informed about the closure

### **10.2 Credit Card closure due to non-usage:**

If a credit card has not been used for a specific period as defined by the Master Circular, the process to close the card is initiated after intimating the cardholder. If no reply is received within a stipulated time, the card account is closed, subject to payment of all dues.

## **11 Reporting to Credit Information Companies (CIC):**

Bank shall be guided by the Master circular issued by RBI on April 21, 2022 (RBI/2024-25/60 DoR.FIN.REC.No.32/20.16.056/2024-25) with regards to reporting of newly issued cards as well as delinquent accounts to the Credit Information Company.

In case the Cardholder fails to pay dues before the payment due date, the same will be reported to the Credit Information Company as per the prevailing RBI guidelines.

## **12 Co-Branding Credit Card Arrangements:**

Co-branded Card is a card that is issued jointly by a card-issuer and a co-branding entity bearing the names of both the partnering entities.

The Bank shall engage in Co-branding arrangements with various entities to enable growth of its customer base and to offer an enhanced customer value proposition including access to the loyalty program of the co-branding entity. Bank will look after Operations, Acquisitions, Card Management, Portfolio Management, Collections and Product Management for the card.

### **12.1 Role of a Co-Branding Partner Entity:**

The role of the Co brand entity under the tie-up arrangement will be limited to marketing/distribution of the cards or providing access to the cardholder for the goods/services that are offered by the co-brand partner.

The 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.

In the event of the co-brand card program offering benefits and privileges available solely on the co-brand entity's platforms then information needed to set-up such a loyalty arrangement shall be provided to the co-brand entity only after cardholder consent. In no event, shall the co-branding partner have access to information relating to transactions undertaken through the co-branded card.

### **12.2 Selection of a Co-Branding Partner Entity:**

Bank will be responsible for ensuring customers are serviced as per the service quality standards. Hence, due importance will be given in selection of right co-brand participant. Selection of Co-brand participants should consist of the following mandatory checks.

- The co-branding participant shall be a company incorporated in India and registered under the Companies Act 1956 / Companies Act 2013.
- In case the co-branding partner is a Bank, then the same shall be a bank licensed by RBI.
- Proper due diligence will be carried out in respect of the co-branding participant to protect the Bank against the risks which Bank is exposed to in such an arrangement.
- In case of proposed tie up with a financial entity, it shall be ensured that that the co-brand entity has the approval of its regulator for entering into such arrangement. Due diligence for the partner is done on before on boarding any co-brand partner.

### **12.3 Roles and Responsibilities:**

The Bank will be entitled to administer and operate the Co-Branded Cards as per its internal practices and policies and the Co-Branded Card Terms. The Bank will be entitled to suspend or cancel any particular Co-Branded Card(s), in its discretion in compliance with its internal practices and policies and the Co-Branded Card Terms.

### **12.4 Review of Co-Branding Partner Entity:**

The Bank will conduct a half-yearly review of the business with the co-branding partner entity to monitor business deliverables and quality of customer service.

### **12.5 Risk and Risk Mitigants:**

The Bank is responsible to identify the various risks associated with co-branding partnership arrangement and shall follow risk mitigants with respect to Reputation Risk, Strategic Risk, Compliance Risk, Operational Risk etc.

## **13. Default:**

If Cardholder does not pay at least the Minimum Amount Due, Cardholder(s) will be reminded in each subsequent statement to pay their dues.

In the event of default, follow-ups may be done by telephone, E-mail, SMS /or engaging third parties to remind follow up and collect dues.

The Bank engages with the third-party service providers for collection / recovery agents' services and also onboard DSA's / DMA's for servicing the customers

Bank and its agencies shall ensure that they adhere to the Bank's policy and ensure confidentiality of their customer's records and respect customer's privacy.

Bank will ensure that the third-party service providers are on-boarded as per the outsourcing policy of the Bank

Recovery agents would be on-boarded in line with the extant RBI guidelines

In the matter of recovery of dues, Bank will ensure that they, as also their agents, adhere to the extant instructions on Fair Practices Code for lender

#### **14 Outsourcing of various Services**

Bank shall ensure adherence to the RBI Circular (RBI/2014-15/497) on "Managing Risks and Code of Conduct in Outsourcing of Financial Services" as amended from time to time.

#### **15 Bank's Policies & Code of Conduct**

The Bank's policies are required to be adhered to by its vendors, partners, agents for fair practices, code of conduct, grievance redressal etc. which is hosted on CSB Bank's website.

<https://www.csb.co.in/bank-policies>

#### **16 Insurance**

Bank may get into insurance tie-up with the third-party providers. Explicit consent will be obtained from the cardholders for offering such insurance cover to them including inherent insurance coverage offered on credit card.

Consent from the customer can be written or digital.