



Policy for issuance and conduct of credit cards

Approver	Board of Directors
Policy Owner	Senior Director, Product
Review frequency	Annual

Version History

Version	Date	Reviewer(s)	Designation	Department
1.0	07.05.2025	Mr. Nihit Bandaru	Senior Director - Product	Product

Contents

1	Introduction	2
2	Governance framework	2
3	Customer acquisition	3
4	Underwriting standards	3
5	Types of credit cards	4
6	Card issuance and activation	4
7	Credit limit	5
8	Billing and payment	6
9	Interest rates and other charges	7
10	Closure of credit card	8
11	Reporting to credit information companies	9
12	Customer conduct	10
13	Customer service and grievance redressal	11
14	Data privacy and security	11
15	General guidelines	12
16	Compliance with KYC/AML/CFT norms	13
17	Annexures	14
18	Regulatory References	15

1 Introduction

At slice small finance bank ltd, we are committed to democratizing access to credit by delivering fair and responsible financial solutions, particularly tailored for underserved and financially excluded segments of society. Our credit card issuance policy is founded upon the pillars of financial inclusion, transparency, and integrity, ensuring equitable access to credit facilities for all our customers.

This policy document outlines the guidelines for the issuance and conduct of credit cards by slice small finance bank as we launch our first credit card offerings. The policy has been formulated in accordance with the Reserve Bank of India's Master Direction - Credit Card and Debit Card - Issuance and Conduct Directions, 2022, and subsequent amendments. The policy aims to ensure fair, transparent, and responsible practices in credit card operations while protecting the interests of cardholders.

2 Governance framework

1. **Board oversight:** The Board of Directors shall review and approve this credit card policy and ensure that it is in consonance with the RBI's guidelines. The policy shall be available on the Bank's website.
2. **Periodic review:** The Audit Committee of the Board shall review the credit card operations on a half-yearly basis. The review shall include:
 - Customer service standards
 - Fraud analysis and prevention measures
 - Complaint handling and grievance redressal
 - Card usage analysis, including cards not used for long periods
 - Risk assessment and mitigation strategies
3. **Product changes:** Any future changes to the product construct shall be presented to the Product Approval Committee (PAC) for review and approval before implementation and communication to customers.
 - Summary of these changes will be shared with the audit committee of the board on a biannual basis
 - Changes in following categories will continue to be approved by board:-
 - CIC reporting SOP
 - Card block/deactivate & suspension SOP
 - Grievance redressal timelines
 - Significant changes in underwriting logic or criteria
 - Interest rates outside of approved ceiling

3 Customer acquisition

1. Transparent disclosure & consent:

- A one-page Key Fact Statement shall be provided along with the credit card application, highlighting important aspects such as interest rates, fees, and charges.
- The Most Important Terms and Conditions (MITC) shall be provided to customers at the time of onboarding and whenever a condition is modified.
- The MITC and a copy of the cardholder agreement shall be sent to the registered email address or postal address of the customer
- Written or digital consent with multi-factor authentication shall be obtained from the customer before issuing a credit card.
- The consent for the cards issued or the other products/services offered along with the card shall be explicit and shall not be implied. The Bank may use digital modes with multifactor authentication to obtain explicit customer consent. The Bank shall communicate such alternative digital modes before the launch of credit card to the Department of Regulation, Reserve Bank of India.

2. Prohibition of unsolicited cards:

- The issuance of unsolicited cards/upgradation is strictly prohibited.
- If an unsolicited card is issued/existing card upgraded without explicit consent of the customer, and the recipient is billed for the same, the Bank shall reverse the charges and pay a penalty amounting to twice the value of the reversed charges.
- The Bank shall be responsible for any loss arising from the misuse of unsolicited cards.

3. Rejection communication:

- In case of rejection of a credit card application, the Bank shall convey the specific reasons for rejection.

4 Underwriting standards

1. Credit assessment:

- The Bank shall exercise prudence while issuing credit cards and independently assess the credit risk.
- The assessment shall consider the applicant's income, financial standing, payment history, and credit score.
- Exact details of the underwriting criteria will be mentioned in the product note for each product/variant

2. Credit limit determination:

- The credit limit shall be determined based on the customer's credit history, repayment capacity, and other relevant factors.

- The Bank shall consider all credit facilities enjoyed by the customer from other lenders based on self-declaration or information from Credit Information Companies.
- 3. **EMI conversion transparency:**
 - Complete transparency shall be ensured in the conversion of credit card transactions to Equated Monthly Instalments (EMIs).
 - The principal, interest, and any upfront discount provided by the Bank or the merchant shall be clearly indicated prior to conversion.
 - Zero-interest/no-cost EMI shall not be misrepresented if there is an interest component.
- 4. **Loan compliance:**
 - Loans offered through credit cards shall comply with RBI instructions on loans and advances.
- 5. **Credit limit breach:**
 - The credit limit as sanctioned and advised to the cardholder shall not be breached without explicit consent from the cardholder.

5 Types of credit cards

The Bank will initially offer the following types of credit cards:

1. **Unsecured credit cards:**
 - Regular unsecured cards for customers with established credit history
 - Premium unsecured cards with enhanced benefits for high-income customers
 - Add-on cards for family members of primary cardholders (with liability resting on the primary cardholder)
2. **Secured credit cards:**
 - Cards issued against fixed deposits or lien marked savings account balance maintained with the Bank
 - Designed for customers with limited credit history or those seeking to build credit history
 - Interest earned on the fixed deposit continues as per applicable rates and credit limit assignment will be defined in the product note of secured credit cards

6 Card issuance and activation

1. **Application processing:**
 - Applications shall be processed within a reasonable timeframe, within 7 working days from the receipt of complete documentation.

- The Bank shall verify the information provided by the applicant through appropriate means.
- 2. Card delivery:**
 - Physical cards if applicable shall be delivered through secure channels to the address or contact details provided by the applicant.
 - Proper verification processes shall be in place to ensure delivery to the right person.
 - Virtual card information and UPI details will be readily available on the mobile banking application
- 3. Card activation:**
 - Customer-initiated processes like PIN generation, transaction control modification, IVR, recorded calls to customer care, or SMS shall be considered for activation.
 - If a credit card is not activated for more than 30 days from the date of issuance, the Bank shall seek OTP-based consent from the cardholder for activating the card.
 - If no consent is received, the card shall be closed without any cost to the customer within seven working days.
- 4. Add-on cards:**
 - Add-on cards shall be issued only to persons specifically identified by the principal cardholder.
 - The liability for add-on cards shall rest with the primary cardholder.
- 5. Card renewal/replacement:**
 - Prior to renewal, the Bank shall assess the customer's creditworthiness and payment history.
 - Before dispatching a renewed card, the cardholder shall be provided an option to decline.
 - For replacement cards, explicit consent shall be obtained from the cardholder.
- 6. Form factor:**
 - Bank may issue other form factors in place of/in addition to a plastic debit/credit card such as virtual card, UPI backed credit line, wearables etc after obtaining explicit consent from the customer

7 Credit limit

- 1. Credit limit assignment:**
 - Credit limits shall be assigned based on the customer's income, credit history, repayment capacity and limits enjoyed by the cardholder from other entities.
 - Customers shall be informed about their credit limit at the time of card issuance and the same will be mentioned in MITC as well.
- 2. Credit limit enhancement:**

- Enhancement of credit limits shall be based on the cardholder's spending patterns, payment history, and credit score.
- Explicit consent shall be obtained from the cardholder before enhancing the credit limit.

3. Credit limit reduction:

- The Bank may reduce the credit limit based on risk assessment, payment behaviour, or other relevant factors.
- The cardholder shall be informed about the reduction in credit limit.

4. Over-limit transactions:

- Over-limit transactions shall not be allowed without the explicit consent of the cardholder.
- If permitted, over-limit fees shall be reasonable and clearly communicated to the cardholder.

8 Billing and payment

1. Billing cycle:

- Cardholders shall be provided with the option to modify the billing cycle at least once, choosing any date as the starting or closing day of the cycle.
- Bills/statements shall be sent/dispatched/mailed without delay, allowing at least one fortnight for payment before interest starts getting charged.
- The Bank may consider providing bills and statements of accounts through internet / mobile banking with the explicit consent of the cardholder.

2. Billing disputes:

- If a cardholder disputes any bill, the Bank shall provide an explanation and documentary evidence within 30 days from the date of complaint.
- No charges shall be levied on transactions disputed as 'fraud' by the cardholder until the dispute is resolved.

3. Payment options:

- Multiple payment channels shall be offered to cardholders for bill payment.
- The list of authorized payment modes shall be provided on the Bank's website and in billing statements.

4. Credit balance adjustment:

- Any credit amount arising out of refund/failed/reversed transactions or similar transactions before the due date of payment for which payment has not been made by the cardholder, shall be immediately adjusted against the 'payment due' and notified to the cardholder.
- Bank shall seek explicit consent of the cardholder to adjust credit amount beyond a cut-off, one percent of the credit limit or ₹5000, whichever is lower, arising out of

refund/failed/reversed transactions or similar transactions against the credit limit for which payment has already been made by the cardholder. The consent shall be obtained through e-mail or SMS within seven days of the credit transaction. The Bank shall reverse the credit transaction to the cardholder's bank account, if no consent/response is received from the cardholder. Notwithstanding the cut-off, if a cardholder makes a request to the card-issuer for reversal of the credit amount outstanding in the card account into his/her bank account, the card-issuer shall do it within three working days from the receipt of such request.

9 Interest rates and other charges

1. Interest rate determination:

- Interest rates shall be determined in accordance with RBI guidelines on interest rates on advances.
- Interest charged on credit cards shall be justifiable considering the cost incurred and reasonable returns expected.
- The Board shall approve an interest rate ceiling for credit cards, in line with other unsecured loans.
- Bank shall publicise through their website and other means, the interest rates charged to various categories of customers. Bank shall indicate upfront to the credit cardholder, the methodology of calculation of finance charges with illustrative examples, particularly in situations where only a part of the amount outstanding is paid by the customer.

2. Transparency in charges:

- The Bank shall quote Annualized Percentage Rates (APR) for different scenarios such as retail purchases, balance transfers, cash advances, non-payment of minimum amount due, late payment etc.
- The method of calculation of APR shall be provided with clear examples.
- The APR charged and the annual fee shall be shown with equal prominence.
- The late payment charges, including the method of calculation of such charges and the number of days, shall be prominently indicated. The manner in which the outstanding unpaid amount has been arrived at for calculation of interest shall also be specifically shown with prominence in all the billing statements. These aspects shall also be shown in the Welcome Kit in addition to being shown in the billing statements.

3. Minimum amount due:

- The terms and conditions for payment of credit card dues, including the minimum amount due, shall be stipulated so as to ensure there is no negative amortization. An illustration is included in the annexure 2. The unpaid charges/levies/taxes shall not be capitalized for charging/compounding of interest.

- Bank shall inform the cardholders of the implications of paying only 'the minimum amount due'. A legend / warning to the effect that "Making only the minimum payment every month would result in the repayment stretching over months / years with consequential compounded interest payment on your outstanding balance" shall be prominently displayed in all the billing statements to caution the cardholders about the pitfalls in paying only the minimum amount due. The MITC shall specifically explain that the 'interest-free credit period' is suspended if any balance of the previous month's bill is outstanding.

4. Interest calculation:

- Interest shall be levied only on the outstanding amount, adjusted for payments/refunds/reversed transactions.
- The unpaid charges/levies/taxes shall not be capitalized for charging/compounding of interest.

5. Late payment charges:

- Late payment charges shall be reported and levied only when a credit card account remains 'past due' for more than three days.
- Charges shall be applied only on the outstanding amount after the due date, not on the total amount due.
- 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 number of 'days past due' and late payment charges shall, however, be computed from the payment due date mentioned in the credit card statement, as specified under the regulatory instructions on 'Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances' amended from time to time.
- Late payment charges and other related charges shall be levied, only on the outstanding amount after the due date, and not on the total amount due.

6. Changes in charges:

- Changes in charges shall be made with prospective effect, giving at least one month's prior notice.
- If a cardholder wishes to surrender the card due to increased charges, this shall be permitted without extra charges, subject to payment of all dues.

10 Closure of credit card

1. Closure request:

- Any request for closure of a credit card shall be honoured within seven working days, subject to payment of all dues.
- The cardholder shall be immediately notified about the closure through email, SMS, etc.

- The information regarding the closure of card account shall also be updated with the Credit Information Companies within a period of 30 days.
- 2. Multiple closure channels:**
 - Cardholders shall be provided with multiple channels to submit closure requests, including helpline, dedicated email, IVR, website link, internet banking, mobile app, etc.
 - The Bank shall not insist on closure requests through post or other means that may cause delays.
- 3. Automatic closure:**
 - If a credit card has not been used for over one year, the Bank shall initiate the process to close the card after informing the cardholder.
 - If no reply is received within 30 days, the card account shall be closed, subject to payment of all dues.
- 4. Credit balance refund:**
 - Any credit balance available in the card account after closure shall be transferred to the cardholder's bank account.
 - If the Bank doesn't have the cardholder's bank account details, it shall obtain them to facilitate the transfer.

11 Reporting to credit information companies

- 1. Reporting requirements:**
 - The Bank shall report credit information to Credit Information Companies (CICs) in accordance with the Credit Information Companies (Regulation) Act, 2005.
 - No credit information shall be reported for new credit card accounts prior to activation.
- 2. Default reporting:**
 - Before reporting default status, the Bank shall follow a SOP defined in the product note and inform the cardholder.
 - If the cardholder settles dues after being reported as a defaulter, the Bank shall update the status with the CIC within 30 days from settlement.
 - The information on closure of card account shall be updated with the Credit Information Companies within a period of 30 days.
- 3. Dispute handling:**
 - In cases of pending disputes, disclosure/release of information about defaults shall be made only after the dispute is settled.
 - A transparent procedure for handling disputes shall be followed and included in the MITC.
- 4. Consent disclosure:**

- The Bank shall explicitly inform customers that their credit information is being provided to CICs as per the Credit Information Companies (Regulation) Act, 2005.

5. Regular updates:

- The Bank shall ensure regular and accurate updates of credit information to CICs.
- Any errors in reporting shall be promptly rectified.

12 Customer conduct

- In the matter of recovery of dues, the Bank shall ensure that they, as also their agents, adhere to the extant instructions on Fair Practices Code for lenders.
- In particular, with regard to appointment of third-party agencies for debt collection, the Bank shall ensure that its agents refrain from actions that could damage their integrity and reputation and observe strict customer confidentiality. All communications issued by recovery agents must contain the name, email-id, telephone number and address of the concerned senior officer of the Bank whom the customer can contact. Further, the Bank shall provide the name and contact details of the recovery agent to the cardholder immediately upon assigning the agent to the cardholder.
- Bank/its agents shall not resort to intimidation or harassment of any kind, either verbal or physical, against any person in their debt collection efforts, including acts intended to humiliate publicly or intrude upon the privacy of the credit cardholders' family members, referees and friends, making threatening and anonymous calls or making false and misleading representations.
- Bank shall ensure to comply with the extant guidelines in respect of engagement of recovery agents issued by the Reserve Bank, as amended from time to time.
- When the Bank outsources various credit card related operations, they shall be extremely careful that the appointment of such service providers do not compromise the quality of the customer service and the Bank's ability to manage credit, liquidity and operational risks. In the choice of the service provider, the Bank shall be guided by the need to ensure confidentiality of the customer's records, respect customer privacy and adhere to fair practices in debt collection.
- Bank shall have a system of random checks and mystery shopping to ensure that their agents have been properly briefed and trained as to how to handle customers and are also aware of their responsibilities, particularly with regard to soliciting customers, hours for calling, privacy of customer information, conveying the correct terms and conditions of the product on offer.
- Bank shall ensure that their employees/agents do not indulge in mis-selling of credit cards by providing incomplete or incorrect information to the customers, prior to the issuance of a credit card. The Bank shall also be liable for the acts of their agents. Repetitive complaints received in this regard against any employee/agent shall be taken on record by the Bank and appropriate action shall be initiated against them including blacklisting of such agents. A dedicated helpline and email-id shall be available for the cardholders to raise complaints against any act of mis-selling or harassment by the representative of the Bank.

13 Customer service and grievance redressal

1. Grievance redressal mechanism:

- Bank prioritizes customer service and satisfaction, ensuring seamless experiences through a comprehensive grievance redressal framework specifically for credit card customers. Customers can lodge grievances via multiple channels, including mobile banking applications, branches, dedicated email IDs, and toll-free customer care numbers. Each complaint receives an acknowledgment within 48 hours.
- The grievance mechanism is structured into three escalation levels:
 - Level 1 (Customer Service Agents and Branch Officers): Initial complaint handling at branch offices or virtual channels, with resolution timelines dependent on complaint complexity.
 - Level 2 (Zonal Head/Grievance Redressal Officer): Escalation for unresolved complaints at Level 1, ensuring responses within 7 working days.
 - Level 3 (Principal Nodal Officer): Further escalation for unresolved complaints at Level 2, with acknowledgment provided within 14 working days.
- This structured approach ensures transparent, prompt, and efficient resolution of grievances, maintaining customer trust and satisfaction.

2. Call center training:

- Call center staff shall be adequately trained to handle complaints and escalate issues when necessary.
- A system shall be in place for acknowledging customer complaints, such as complaint numbers/docket numbers.

14 Data privacy and security

1. Confidentiality of customer information:

- The Bank shall not reveal customer information obtained during account opening or card issuance without explicit consent.
- The purpose of information use and the organizations with whom information will be shared shall be clearly stated.

2. Information sharing consent:

- If customers consent to sharing information with other agencies, the Bank shall explain the full implications of the disclosure.
- The information sought from customers shall not violate legal provisions relating to transaction secrecy.

3. Outsourcing safeguards:

- The Bank shall ensure adherence to RBI guidelines on outsourcing of IT services and financial services.
- Card data, including transaction data, shall not be shared with outsourcing partners unless essential and with customer consent.
- The storage and ownership of card data shall remain with the Bank.

4. Data protection compliance:

- The Bank shall ensure strict compliance with the extant legal framework on data protection.

15 General guidelines

1. Record maintenance and transaction receipts:

- The Bank shall maintain internal records to enable operations to be traced and errors to be rectified as per the Master Direction on Know Your Customer.
- Cardholders shall be provided with transaction records immediately upon completion in the form of receipts, bank statements, emails, or SMS.

2. Card security and features:

- The Bank shall consider issuing cards with advanced security features to reduce instances of misuse of lost or stolen cards.
- SOP around blocking, deactivating, or suspending cards shall be mentioned in the product note.
- The cardholder shall be immediately informed through electronic means about any blocking, deactivation, suspension, or withdrawal of benefits along with reasons.

3. Lost or stolen card procedures:

- Upon notification of a lost card, the Bank shall block it immediately, with any required formalities to follow with-in 7 working days.
- The Bank shall provide detailed procedures for reporting loss, theft, or unauthorized use of cards or PINs through multiple channels (helpline, SMS, email, IVR, website, mobile app) available 24x7.
- A confirmation shall be sent to the cardholder immediately after blocking a card.
- In case a card is blocked at the cardholder's request, a replacement card shall be issued only with explicit consent.

4. Card rewards and benefits:

- Any discounts, cashbacks, reward points, loyalty points, or other benefits shall be provided transparently, with clear information about their source.
- The accounting process for these benefits shall be verifiable in the Bank's books.
- Detailed information about these benefits shall be displayed on the Bank's website and provided to cardholders.

5. Insurance cover:

- For insurance cover if provided with cards, the Bank shall ensure that relevant nomination details are recorded by the insurance company.

- Information about insurance coverage shall be included in every statement, along with details of the insurance company's name, address, and contact information.
 - Explicit consent in writing or in digital mode from the cardholders will be obtained.
- 6. Contractual relationship and terms:**
- The relationship between the Bank and the cardholder shall be contractual, with clearly expressed terms and conditions in simple language.
 - Terms and conditions shall be available in English and Hindi.
 - No charges shall be levied that were not explicitly indicated to the cardholder at the time of card issuance without obtaining explicit consent.
 - The convenience fee for specific transactions shall be indicated transparently before the transaction.
 - The time period for reversal of unsuccessful/failed transactions and compensation for failure to meet timelines shall be clearly specified.
- 7. Alteration of terms:**
- If terms are altered, 30 days' notice shall be given to cardholders, allowing them to withdraw if they choose.
 - After the 30-day notice period, cardholders who haven't withdrawn shall be deemed to have accepted the new terms.
 - Changes shall be communicated through all available channels.
- 8. Cardholder responsibilities:**
- Cardholders shall be obligated to keep their cards safe and not record PINs in any form accessible to third parties.
 - The Bank shall exercise care when issuing PINs and shall not disclose them to anyone except the cardholder.
- 9. Compliance with other instructions:**
- The credit card operations shall comply with all relevant RBI instructions on cash withdrawal, international cards, security issues and risk mitigation measures, card-to-card fund transfers, merchant discount rates, and failed ATM transactions.
 - The Bank shall adhere to guidelines issued by the Department of Payment and Settlement Systems under the Payment and Settlement Systems Act, 2007, and the Foreign Exchange Department under FEMA, 1999, as amended.

16 Compliance with KYC/AML/CFT norms

- 1. KYC verification:**
- The Bank shall adhere to the Master Direction on Know Your Customer (KYC), as amended from time to time and their board approved policy.
 - Proper customer identification and verification procedures shall be followed before issuing credit cards.
- 2. Anti-Money Laundering (AML) standards:**
- Appropriate checks and monitoring systems shall be in place to prevent money laundering through credit card transactions.

- Suspicious transactions shall be reported to the Financial Intelligence Unit-India (FIU-IND) as required.
- 3. **Combating Financing of Terrorism (CFT):**
 - The Bank shall implement measures to prevent the use of credit cards for financing terrorism.
 - Staff shall be trained to identify and report suspicious activities that may be linked to terrorism financing.
- 4. **Transaction monitoring:**
 - Systems shall be in place to monitor credit card transactions for unusual patterns that may indicate illegal activities.
 - Risk-based transaction monitoring shall be implemented based on customer profiles.
- 5. **Regulatory reporting:**
 - The Bank shall comply with all regulatory reporting requirements related to KYC/AML/CFT.

Regular training shall be provided to staff on the latest regulations and best practices.

17 Annexures

Annexure 1:- MITC

1. **Fees and charges:**
 - Joining fees for primary and add-on cardholders
 - Annual membership fees
 - Cash advance fees
 - Service charges for transactions
 - Interest-free (grace) period with examples
 - Finance charges for revolving credit and cash advances
 - Overdue interest charges (monthly and annualized)
 - Default charges
 - APR and illustrations
2. **Drawal limits:**
 - Credit limit
 - Available credit limit
 - Cash withdrawal limit
3. **Billing:**
 - Billing statement periodicity and delivery mode
 - Minimum amount payable
 - Payment methods

- Dispute resolution process
- Contact details for customer care
- 4. **Default and circumstances:**
 - Procedure for reporting a cardholder as defaulter
 - Procedure for withdrawal of default reports
 - Recovery procedures for defaults
 - Recovery in case of cardholder's death/incapacitation
 - Available insurance cover and activation details
- 5. **Termination/revocation:**
 - Procedure for card surrender/closure
 - Dedicated channels for closure requests
 - Procedure for closing inactive accounts
- 6. **Loss/theft/misuse:**
 - Reporting procedures
 - Cardholder liability in accordance with RBI guidelines
 - Contact channels for reporting unauthorized transactions
- 7. **Grievance redressal:**
 - Escalation process
 - Resolution timeframes
 - Compensation framework
 - Contact details for the Bank and grievance officers
- 8. **Disclosure:**
 - Types of information shared with/without cardholder approval

Annexure 2:- Minimum amount due illustration (indicative)

The outstanding amount of a credit card account at the end of month **A** is ₹10,000. Interest is calculated at a rate of 3.5% per month. Therefore, if the total outstanding is not paid on or before the due date, it would require payment of interest of ₹350 (3.5% of 10,000) along with tax and other charges of ₹41.3 (indicative figure) totalling to ₹391.3 in addition to the outstanding.

The MAD for the month **A** shall be calculated in a way that it does not result in negative amortization. Accordingly, the MAD shall not be less than ₹391.3 (indicative figure), so as to avoid capitalisation of interest or other charges in the subsequent statement.

18 Regulatory References

1. Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022
 (Updated as on March 07, 2024)

2. FAQs on Master Direction (MD) - Credit Card and Debit Card – Issuance and Conduct Directions, 2022
3. RBI Master Circular on Customer Service in Banks dated July 1, 2015