



Policy on
Credit Card
Business

Document Version: 1.1

Policy ID:

Contents

Objective.....	2
Types of Credit Card.....	2
A. Type of Cards	2
Issue of Credit Cards:.....	3
Underwriting Standards.....	4
Closure of Credit Card	4
Interest Rate and Other Charges	5
Billing.....	6
Issue of Unsolicited facilities.....	6
Reporting to Credit Information Companies	7
Outsourcing Activities & Customer Conduct.....	7
Co-branding Arrangement.....	8
Governance Framework	9
Outsourcing of activities	9
Compliance with Know Your Customer (KYC) Norms/Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT)/Obligation under the PMLA, 2002	9
Customer Confidentiality	9
Fair Practice Code.....	10
Internal control and monitoring systems.....	10
Reporting of unauthorised transactions by customers to banks	10
Limited Liability of a Customer	10
Zero Liability of a Customer:	10
Limited Liability of a Customer:	10
Reversal Timeline for Zero Liability/ Limited Liability of customer.....	11
Redressal of grievances	12
Regulatory Guidelines:.....	12
Acronym.....	13

Objective

This note seeks to highlight the proposed Credit Card product and outlines the broad features of the product and seeks approval to add the “Credit Card” product to the approved bouquet of Consumer Lending products.

This policy covers aspects for customer protection-Limiting Liability of Customers in Unauthorized Electronic Banking Transactions and credit card operations.

1. Add on Cards wherever permitted by SBM bank.

All of the above can be made available through Co-branding arrangement as may be permitted by regulator from time to time.

Credit Card:

The term “Credit Card” generally is referred to a physical or virtual payment instrument containing a means of identification, issued with a pre-approved credit limit, that can be used to purchase goods and services or draw cash advances, subject to prescribed terms and conditions.

Types of Credit Card

A. Type of Cards

1. Individual Liability: the responsibility of repaying the card dues rests with the Individual. The cards issued under this segment are

- Secured credit card: where the card limit assigned is basis a Fixed Deposit liened to the Issuing Bank
- Retail Unsecured Cards (): where in the individual's repayment ability is assessed basis income, quasi income surrogates such as documented income, lifestyle indicators (airline membership, association memberships such as Chartered Accountants, Doctors etc) and a card limit assigned to these applicants' basis the fore-mentioned information.
- Business Cards to sole proprietors to carry out day to expense related to their business activity. These could be offered as secured or unsecured cards depending on the credit assessment done by SBM bank.
- Credit Card linked CC/OD :-
- Add on Card :- A supplementary credit card to the principal or primary credit card, issued to person/s with predefined relationship with the primary cardholder, within the credit limits and liability of the latter, subject to such terms and conditions as stipulated by the card-issuer.

2. Corporate Liability: the responsibility of repaying the card dues rests with the Corporate. A credit limit is assigned to the corporate and the corporate can in turn assign the limit to its employees. While issuing corporate credit cards, the responsibilities, and liabilities of the corporate and its employees shall be clearly specified. The liability of the corporate/business entity shall form part of its assessed credits. The sum of all cards outstanding will not exceed the total limit assigned to the Corporate. The Limit to the corporate is based on.

- Unsecured Cards: wherein the corporate's financials are obtained, and the limits assigned post underwriting the corporate basis the financials.
- Secured credit card: where the card limit assigned is basis a Fixed Deposit under lien to the Issuing Bank / Bank Guarantee
- Credit Card linked to CC/OD

The liability of the corporate/business entity on account of business cards shall form part of their total assessed credits for compliance to instructions issued by the Reserve Bank on Exposure Norms as well

3. General Credit card Facility: The card under this segment can be issued to Individuals/entities sanctioned working capital facilities for non-farm entrepreneurial activities which are eligible for classification under the priority sector guidelines.
 - Nature of financial accommodation - Any credit facility extended under this segment would include both working capital and term loan requirements of entrepreneurs. General credit Card, preferably, may be issued as a Smart card / Debit card (Biometric smart card compatible for use in the ATMs / Handheld Swipe Machines and capable of storing adequate information on entrepreneur's identity, assets, and credit profile etc.). Wherever the accounts are not digitized, the General Credit Card may be issued as a card/passbook or a credit card cum passbook incorporating the name, address, photograph of the holder, particulars of borrowing limit, validity period etc. for the time being which will serve both as an identity card as well as facilitate recording of the transactions on an ongoing basis.
 - Quantum of credit limit - There will be No ceiling on the loan amount as long as the loan is for the purpose of non-farm entrepreneurial activity and is otherwise eligible for classification as priority sector. The limits should be fixed on the basis of risk assessment on a case-to-case basis.
 - The terms and conditions of the credit facilities extended in the form of GCC shall be as per the Credit Card policy of the SBM Bank.
 - SBM bank to adhere to the instructions on reporting General Credit Card data.

Issue of Credit Cards:

(a) Customer Acquisition:

- (i) SBM bank will mandatorily provide a one-page Key Fact Statement along with the credit card application containing the important aspects of the card such as rate of interest, quantum of charges, among others. In case of rejection of a credit card application, SBM bank shall convey in writing to the customer with the specific reason/s which led to the rejection of the application.
- (ii) The MITC as given in Annexure 1, shall be highlighted, and published/sent separately to the customers, at the acceptance stage (welcome kit) and in important 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 copy of the agreement signed between the card-issuer and cardholder shall be sent to the registered email address of the cardholder or postal address as per the choice of the customer or as may be permitted by regulator from time to time.
- (iii) SBM bank may choose to offer insurance cover to take care of the liabilities arising out of lost cards, card frauds, etc. In case any insurance cover is offered in tie-up with insurance companies then the explicit consent in writing or in digital mode from the cardholders along with the details of nominee/s shall be captured.
- (iv) SBM bank will not issue any unsolicited cards or upgrade existing cards without explicit consent from the customer.
- (v) SBM bank shall seek One Time Password (OTP) based consent from the cardholder for activating a credit card, if the same has not been activated by the customer for more than 30 days or as may be prescribed by regulator from time to time from the date of issuance. If no consent is received for activating the card, SBM 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

- the case of a renewed or replaced card, the closure of an inactivated card shall be subject to payment of all dues by the cardholder.
- (vi) SBM bank will 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 relating to such inactivated credit cards already reported to Credit Information Companies shall be withdrawn immediately.
 - (vii) The consent for the cards issued or the other products/services offered along with the card shall be explicit and shall not be implied. Alternatively, SBM bank may use other digital modes with multifactor authentication to obtain explicit customer consent.
 - (viii) SBM bank ensures that the telemarketers engaged for purposes other than customer service, comply with directions/regulations issued by the Telecom Regulatory Authority of India (TRAI) from time to time while adhering to guidelines issued on "Unsolicited Commercial Communications – National Customer Preference Register (NCPR)". SBM bank's representatives shall contact the customers only between 10:00 hrs. and 19:00 hrs.
 - (ix) The decision-making power for issue of credit card to a customer shall remain only with SBM bank and the role of the Direct Sales Agent (DSA)/Direct Marketing Agent (DMA)/other agents shall remain limited to soliciting/servicing the customer/ account.

Underwriting Standards

- (i) SBM bank shall ensure prudence while issuing credit cards and independently assess the credit risk while issuing cards to persons, taking into account the independent financial means of applicants.
- (ii) As holding several credit cards enhances the total credit available to any consumer, SBM bank shall assess the credit limit for a credit card customer taking into consideration all the limits enjoyed by the cardholder from other entities on the basis of self-declaration/credit information obtained from a Credit Information Company, as appropriate.
- (iii) SBM 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 (to make it no cost), prior to the conversion. The same will also be separately indicated in the credit card bill/statement. EMI conversion with interest component will not be camouflaged as zero-interest/no-cost EMI.
- (iv) SBM bank shall ensure that any loans offered through credit cards are in compliance with the instructions on loans and advances issued.
- (v) SBM bank shall ensure that the credit limit as sanctioned and advised to the cardholder is not breached at any point in time without seeking explicit consent from the cardholder.

Closure of Credit Card

- (i) Any request for closure of a credit card shall be honoured within seven working days by SBM 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 e-mail-id, Interactive Voice Response (IVR), prominently visible link on the website, internet banking, mobile-app or any other mode. SBM bank shall not insist on sending a closure request through post or any other means which may result in the delay of receipt of the request. Failure on the part of bank to complete the process of closure within seven working days shall result in penalty of Rs. 500 per day of delay payable to the customer, till the closure of account provided there is no outstanding in the account.

- (ii) If a credit card has not been used for a period of more than one year, the process to close the card shall be initiated after intimating the cardholder. If no reply is received from the cardholder within a period of 30 days, the card account shall be closed by SBM 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/s within a period of 30 days.
- (iii) Subsequent to closure of credit card account, any credit balance available in credit card accounts shall be transferred to the cardholder's bank account.

Interest Rate and Other Charges

- (i) Interest charged on credit cards shall be in line with regard to the overall cost incurred and the extent of reasonable expected return. SBM bank shall put an ceiling on interest rate charged and should in line with other unsecured loans, including processing and other charges. In case interest rates which vary based on the payment/default history of the cardholder, SBM bank will ensure transparency in levying such differential interest rates. SBM bank shall publicise through website and other means, the interest rates charged to various categories of customers. Card holder shall be made aware of 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 as part of KFS / MITC.
- (ii) Further SBM bank shall adhere to following guidelines relating to interest rates and other charges on Credit Cards
 - (a) SBM bank to quote Annualized Percentage Rates (APR) on credit cards for different situations such as retail purchases, balance transfer, cash advances, non-payment of minimum amount due, late payment etc., if different. The method of calculation of APR to be given with clear examples for better comprehension. The APR charged, and the annual fee to be shown with equal prominence. The late payment charges, including the method of calculation of such charges and the number of days, to 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 also be shown in the Welcome Kit in addition to being shown in the billing statements.
 - (b) The terms and conditions for payment of credit card dues, including the minimum amount due, to be stipulated so as to ensure there is no negative amortization. The unpaid charges/levies/taxes shall not be capitalized for charging/compounding of interest.
 - (c) SBM bank shall also 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" to be prominently displayed in all the billing statements to caution the cardholders about the pitfalls in paying only the minimum amount due. The MITC to specifically explains that the 'interest-free credit period' is suspended if any balance of the previous month's bill is outstanding. SBM bank will specify in the billing statement the level of unpaid amount of the bill i.e., part payment beyond 'minimum amount due', at which the interest-free credit period benefits would not be available to cardholders. For this purpose, card-issuers shall work out illustrative examples and include the same in the Welcome Kit sent to the cardholders and also place it on their website.
 - (d) SBM bank to 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. Penal interest, late payment charges and other related charges are to be levied only on the outstanding amount after the due date and not on the total amount.

- (e) Changes in charges shall be made only with prospective effect giving prior notice of at least one month. 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.
- (f) There shall not be any hidden charges while issuing credit cards free of charge.

Billing

- (a) SBM bank to ensure that there is no delay in sending/dispatching/emailing bills/statements and the customer has sufficient number of days (at least one fortnight) for making payment before the interest starts getting charged. SBM bank to provide bills and statements of accounts through internet/mobile banking with the explicit consent of the cardholder. Card-issuers shall put in place a mechanism to ensure that the cardholder is in receipt of the billing statement.
- (b) SBM bank ensures that wrong bills are not raised and issued to cardholders. In case, a cardholder protests any bill, SBM bank to provide explanation and, wherever applicable, documentary evidence to be provided to the cardholder within a maximum period of 30 days from the date of complaint.
- (c) No charges to be levied on transactions disputed as 'fraud' by the cardholder until the dispute is resolved.
- (d) Card Holders will be provided a one-time option to modify the billing cycle of the credit card as per their convenience.
- (e) 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, to be immediately adjusted against the 'payment due' and notified to the cardholder.
- (f) SBM bank to 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. SBM 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 SBM bank for reversal of the credit amount outstanding in the card account into his/her bank account then same shall be done within three working days from the receipt of such request.

Any changes/amendment to the charges structure of a credit card and any new or existing program can be added/amended after getting prior approval from the Business Head.

Issue of Unsolicited facilities

- (a) Unsolicited loans or other credit facilities shall not be offered to the credit cardholders without seeking explicit consent. In case an unsolicited credit facility is extended without the written/explicit consent of the cardholder and the latter objects to the same, SBM bank to not only

withdraw the facility, but also be liable to pay such penalty as may be considered appropriate by the RBI Ombudsman, if approached.

- (b) SBM bank shall not unilaterally upgrade credit cards and enhance credit limits. Explicit consent of the cardholder shall invariably be taken whenever there is/are any change/s in terms and conditions. In case of a reduction in the credit limit, SBM bank shall intimate the same to the cardholder.

Reporting to Credit Information Companies

- (a) SBM Bank ensures that information relating to credit history/repayment record of the cardholder to a Credit Information Company (that has obtained Certificate of Registration from RBI).SBM bank shall explicitly bring to the notice of the customer that such information is being provided in terms of the Credit Information Companies (Regulation) Act, 2005.
- (b) SBM bank before reporting default status of a credit cardholder to a credit information company, SBM bank to ensure issuing of a seven-day notice period to such cardholder about the intention to report him/her as defaulter to the Credit Information Company. In the event the customer settles his/her dues after having been reported as defaulter, SBM bank shall update the status within 30 days from the date of settlement. SBM 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. A well laid down procedure will be transparently followed and be made a part of MITC.

Outsourcing Activities & Customer Conduct

- (a) Regard to appointment of third-party agencies for debt collection, SBM bank to ensure that the agents refrain from actions that could damage the integrity and reputation and observes 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 SBM bank to whom the customer can contact. Further, SBM bank shall provide the name and contact details of the recovery agent to the cardholder immediately upon assigning the agent to the cardholder.
- (b) SBM bank and agents appointed 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 to ensure that all the external parties adhere to the Fair Practice Code for Credit Cards formulated by SBM bank.
- (c) SBM bank to comply with the extant guidelines in respect of engagement of recovery agents issued by the Reserve Bank, as amended from time to time.
- (d) The disclosure of customers' information to the DSAs/DMA/recovery agents also be limited to the extent that will enable them to discharge their duties. Personal information provided by the cardholder but not required for recovery purposes shall not be released by SBM bank. SBM bank to ensure that the DSAs/DMA/recovery agents do not transfer or misuse any customer information during marketing of credit card products. Further, all DSAs/DMA are required to adhere to IBA model code of conduct updated from time to time.
- (e) SBM bank to have a system of random checks and mystery shopping to ensure that the 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.

- (f) SBM bank to ensure that the 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. SBM bank shall also be liable for the acts of the agents. Repetitive complaints received in this regard against any employee/agent shall be taken on record by SBM bank and appropriate action be initiated against them including blacklisting of such agents. A dedicated helpline and email-id to made be available for the cardholders to raise complaints against any act of mis-selling or harassment by the representative of SBM bank.

Co-branding Arrangement

SBM bank may offer Credit Cards as Co-branded cards which is arrangement between the Partner (Airlines, E-commerce merchants, Life Insurance Companies etc) and a Bank.

- I. Introduction to Co Brand Credit Cards: 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. SBM 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. SBM bank will look after Operations, Acquisitions, Card Management, Portfolio Management, Collections and Product Management for the card.
- II. Co-brand Participant: the role of the Co brand Participant 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, SBM Bank would be 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 an 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. 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.
- III. Assessment/Selection of the Co-brand participant: SBM 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.
 - a. The co-branding participant shall be a company incorporated in India and registered under the Companies Act 1956 / Companies Act 2013.
 - b. In case the co-branding partner is a Bank, then the same shall be a bank licensed by RBI.
 - c. Proper due diligence will be carried out in respect of the co-branding participant to protect SBM bank against the risks which bank is exposed to in such an arrangement.
 - d. In case of proposed tie-up with a financial entity, it shall be ensured that the co-brand entity has the approval of its regulator for entering into such arrangement.
 - e. Due diligence for the partner is done on before on boarding any co brand partner as per Fintech Partner Management Policy put in place by Bank.
- IV. Roles and Responsibilities: -SBM 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. SBM 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

- V. Review of Co-brand participants:SBM Bank will conduct a review of the actual performance versus the base case sales targets set out onset of the agreement annually.
- VI. Termination and transition period: On expiry or earlier termination of Co brand Credit Card arrangement, SBM bank shall put in place SOP to manage the existing portfolio and announcement and ensure smooth Transition Period.
- VII. SBM bank shall also be liable for the acts of the co-branding partner and shall ensure that cash backs, discounts and other offers advertised by a co-branding partner are delivered to the cardholder on time. Bank shall be liable for any delay or non-delivery of the same to the cardholders.
- VIII. SBM Bank to disclose information relating to revenue sharing between the card-issuer and the co-branding partner entity to the cardholder and also displayed on the website.

Governance Framework

SBM bank shall put in place a mechanism for gr of their credit card operations on half-yearly basis by the Audit Committee of the Board of Directors. The review shall include, inter-alia, customer service, frauds, complaints and grievance redressal, card usage analysis including cards not used for long durations and the inherent risks therein. The same will be done by Business team in conjunction with Operations department.

Outsourcing of activities

SBM bank has to ensure adherence to the guidelines on “Managing Risks and Code of Conduct in outsourcing of financial services by banks” as contained in the circular DBOD.No.BP.40/21.04.158/2006-07 dated November 3, 2006, as amended from time to time.

All the outsourcing activity to be complied with SBM Bank outsourcingpolicy.

Compliance with Know Your Customer (KYC) Norms/Anti-Money Laundering (AML) Standards/Combating of Financing of Terrorism (CFT)/Obligation under the PMLA, 2002

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

Customer Confidentiality

SBM Bank should not reveal any information relating to customers obtained at the time of opening the account or issuing the credit card to any other person or organization without obtaining their specific consent, as regards the purpose/s for which the information will be used and the organizations with whom the informagtion will be shared. The application form for credit card must explicitly provide for consent the same. Further, in case where the customers give his consent for SBM bank sharing the information with other agencies, banks should explicitly state and explain clearly to the customer the full meaning/implications of the disclosure clause. The information being sought from customers should not be of such nature as will violate the provisions of the laws relating to secrecy in the transactions. SBM Bank would be solely responsible for the correctness or otherwise of the data provided for the purpose.

Fair Practice Code

The Fair Practice Code is a voluntary Code, recommended by Indian Banks' Association for adoption by Credit Card issuing member banks/institutions or their associates. It covers marketing ethics, confidentiality of accounts, code of conduct of collection of dues, grievance redressal etc. which is hosted on the SBM bank's website.

Internal control and monitoring systems.

The Operations team should review the credit card operations including reports of defaulters to a Credit Information Company which has obtained Certificate of Registration from RBI and of which SBM bank is a member and credit card related complaints on a monthly basis and take measures to improve the services and ensure the orderly growth in the credit card operations.

Reporting of unauthorised transactions by customers to banks

Customer must be asked to mandatorily register for SMS alerts and wherever available register for e-mail alerts, for electronic banking transactions. The SMS alerts shall mandatorily be sent to the customers, while email alerts may be sent, wherever registered. The customers must be advised to notify their bank of any unauthorised electronic banking transaction at the earliest after the occurrence of such transaction, and informed that the longer the time taken to notify SBM bank, the higher will be the risk of loss to SBM bank/ customer. To facilitate this, banks has enabled customers with 24x7 access through multiple channels like mobile and internet banking, website, toll free helpline for reporting unauthorised transactions that have taken place and/ or loss or theft of card, etc. Further, a direct link for lodging the complaints, with specific option to report unauthorised electronic transactions has been provided by banks on home page of the website.

Limited Liability of a Customer

Zero Liability of a Customer:

A customer's entitlement to zero liability shall arise where the unauthorised transaction occurs in the following events:

- (i) Contributory fraud/ negligence/ deficiency on the part of the bank (irrespective of whether or not the transaction is reported by the customer).
- (ii) Third party breach where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, and the customer notifies the bank within three working days of receiving the communication from the bank regarding the unauthorised transaction.

Limited Liability of a Customer:

A customer shall be liable for the loss occurring due to unauthorised transactions in the following cases:

- (i) In cases where the loss is due to negligence by a customer, such as where he has shared the payment credentials, the customer will bear the entire loss until he reports the unauthorised transaction to the bank. Any loss occurring after the reporting of the unauthorised transaction shall be borne by the bank.
- (ii) In cases where the responsibility for the unauthorised electronic banking transaction lies neither with the bank nor with the customer, but lies elsewhere in the system and when there is a delay (of four to seven working days after receiving the communication from the bank) on the part of the customer in notifying the bank of such a transaction, the per transaction liability of the customer shall be limited to the transaction value or the amount mentioned in Table 1, whichever is lower.

Table 1:

Maximum Liability of a Customer

Type of Account	Maximum liability (₹)
Credit cards with limit up to Rs.5 lakh	10,000
Credit cards with limit above Rs.5 lakh	25,000

Further, if the delay in reporting is beyond seven working days, the customer liability shall be determined as per the bank's Board approved policy. Banks shall provide the details of their policy in regard to customers' liability formulated in pursuance of these directions at the time of opening the accounts. Banks shall also display their approved policy in public domain for wider dissemination. The existing customers must also be individually informed about the bank's policy.

Overall liability of the customer in third party breaches, where the deficiency lies neither with the bank nor with the customer but lies elsewhere in the system, is summarised in the Table 2:

Time taken to report the fraudulent transaction from the date of receiving the communication	Maximum liability (₹)
Within 3 working days	Zero liability
Within 4 to 7 working days	The transaction value or the amount mentioned in Table 1, whichever is lower
Beyond 7 working days	As per bank's policy

The number of working days mentioned in Table 2 shall be counted as per the working schedule of the home branch of the customer excluding the date of receiving the communication.

Reversal Timeline for Zero Liability/ Limited Liability of customer

On being notified by the customer, SBM bank shall credit (shadow reversal) the amount involved in the unauthorised electronic transaction to the customer's account within 10 working days from the date of such notification by the customer (without waiting for settlement of insurance claim, if any). Banks may also at their discretion decide to waive off any customer liability in case of unauthorised electronic banking transactions even in cases of customer negligence. The credit shall be value dated to be as of the date of the unauthorised transaction.

Further, SBM bank shall ensure that:

- (i) a complaint is resolved and liability of the customer, if any, established within such time, as may be specified in the bank's Board approved policy, but not exceeding 90 days from the date of receipt of the complaint, and the customer is compensated as per provisions of paragraphs 6 to 9 above;
- (ii) where it is unable to resolve the complaint or determine the customer liability, if any, within 90 days, the compensation to be paid to the customer; and

(iii) in case of debit card/ bank account, the customer does not suffer loss of interest

To further align with the harmonization of TAT and customer compensation on failed transaction, Bank shall ensure that

1. Automated Teller Machines (ATMs) including Micro- ATMs: Customer's account debited but cash not dispensed- Pro-active reversal (R) of failed transaction within a maximum of T + 5 days.
Compensation- ₹ 100/- per day of delay beyond T + 5 days, to the credit of the account holder.
2. Card Transaction: Point of Sale (PoS) (Card Present) including Cash at PoS, Account debited but confirmation not received at merchant location i.e., charge-slip not generated- Auto-reversal within T + 5 days.
Compensation- ₹ 100/- per day of delay beyond T + 5 days.
3. Card Transaction: Card Not Present (CNP) (e-commerce), Account debited but confirmation not received at merchant's system- Auto-reversal within T + 5 days.
Compensation- ₹ 100/- per day of delay beyond T + 5 days

Redressal of grievances

SBM Bank should constitute Grievance Redressal machinery within SBM bank and give wide publicity about it through electronic and print media. The name and contact number of designated grievance redressal officer of SBM bank should be mentioned on the credit card bills. The designated officer should ensure that genuine grievances of credit card subscribers are redressed promptly without involving delay. SBM Bank should ensure that their call centre staff is trained adequately to competently handle all customer complaints. Generally, a time limit of 60 (sixty) days may be given to the customers for referring their complaints/grievances. SBM Bank should also have a mechanism to escalate automatically unresolved complaints from a call center to higher authorities and the details of such mechanism should be put in public domain through their website.

Regulatory Guidelines:

Master Circular No. DBOD.No.FSD.BC.4 / 24.01.011/ 2013-14 dated July 1, 2015

Master Circular No. RBI/2015-16/31 DBR.No.FSD.BC.18/24.01.009/2015-16 dated July 1, 2015

Master Circular No. RBI/2017-18/15 DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 6, 2017

Master Direction – RBI/2022-23/92DoR.AUT.REC. No.27/24.01.041/2022-23 on Credit Card and Debit Card – Issuance and conduct Directions, 2022 dated April 21, 2022.

Notification on General Credit Card (GCC) Facility – Review (Ref No. RBI/2023-24/19 FIDD.MSME & NFS.BC.No.06/ 06.02.31/ 2023-24) dated April 25, 2023

Notification on Harmonisation of Turn around time (TAT) and customer compensation for failed transactions using authorised payment systems (Ref No. RBI/2019-20/67 DPSS.CO.PD No. 629/02.01.014/2019-20) dated September 20, 2019.

Acronym

SBMBI	SBM Bank (India) Ltd.
MITC	Most Important Terms & Condition
KFS	Key Fact Statement