



## CREDIT CARD POLICY

## 1) Credit Cards Overview

Credit Card is one of the most utilized financial tools in the world today. These are similar to loans and can be availed with a swipe of the card. Ever since their inception in the 1950s, Credit cards have had a significant impact on the economy. In India Credit Cards started showing phenomenal growth since the millennia.

The governments initiatives for cashless economy and the changes in the spending habits of the public at large, especially among the youth opens great opportunity for the Credit card industry. In India, Banks offer various types of Credit Cards to suite different category of spends - travel, dining, grocery etc. There are co- branded cards like Amazon Pay ICICI Bank Credit Card, SBI BPCL Octane Credit card etc.

As per the available data there are 78 million Credit Cards in India as on June 2022. The Credit cards are used for both physical touch point transaction and Card not Present (CNP – online) transactions. Physical merchant touch points, Groceries, Petrol Stations, Restaurants, Clothing and apparel, Pharmacy and medical, hotels, household appliances and Jewelry etc. accounted for major chunk of Credit card transactions by value. The industry sources indicate change in consumer preference from Debit to Credit cards in these transactions. The top 10 cities in India with highest number of physical touch point transactions using credit card are Bangalore, Mumbai, Hyderabad, Chennai, Pune, Delhi, Kolkata, Ahmedabad, Ernakulam and Coimbatore. We are having presence in all these cities and Bank intend to capitalize on our network and customer base to enhance the credit card business.

## 2) Dhanlaxmi Bank Credit Cards

Dhanlaxmi Bank had commenced its Credit card business in April 2010. Initially sourcing has been predominantly through DSA's and the Cards were being issued with a charge of Rs.3,999.00 for Platinum card and Rs.1,999.00 for Gold credit cards. In 2012, we stopped card issuance fee and card are issued at free of cost to the customer. With effect from April 2022 annual fee of Rs.400+ GST is introduced on credit cards. The annual fee is waived for credit cards with annual spend of Rs.50,000/ and above and also on credit cards issued against the security of Fixed Deposit, to Staff and Ex-Staff, to corporate salary account holders like Amritha Institutions and Travancore Dewaswam Board.

Currently we are issuing credit cards primarily to existing customers based on the Income as per ITR, Salary / Pay slips, Form 16, and against the security of Fixed Deposit

### Products offered

**We are issuing following type of Credit cards.**

- i) Visa Platinum Chip Credit Card

Earlier Bank was issuing Visa Gold Credit cards also but since May 2015 Bank stopped issuance of Visa Gold Credit card. Going forward Bank shall be issuing only Visa Platinum Chip Card.

- ii) RuPay Credit Cards

The bank is proposing to issue RuPay Credit Cards also in future. Variant of RuPay Credit cards would be decided upon commencement of RuPay card issue.

### **3) Customer Segments**

The Bank focus on the following customer segments for its credit card business.

#### **A. Retail Credit Cards**

- i) Resident Indians
- ii) Non-Resident Indians (NRI)
- iii) Salaried persons
- iv) Self Employed persons
- v) Others – Retired Employees, House wives, Students, Businessmen etc.
- vi) Dhanlaxmi Bank Employees

### **4) Sourcing Locations:**

Credit Card applications are to be sourced from all Dhanlaxmi Bank Branch locations.

The applicants should be locally contactable and residences should be accessible for a follow up if required.

The Bank may from time to time explore the feasibility of sourcing through agents/DSAs/FinTech companies. The Credit card department may explore such options by following the internal and regulatory guidelines and extant norms.

### **5) Credit Card Product Features**

#### **a) Reward Points**

Reward points are points which a user can collect following each purchase that he/she make with their credit card. In line with industry practice Bank is offering reward points to Credit card holders for every transaction. The reward point is not applicable to the transactions entitled for cash back offer and for cash withdrawal.

For transactions of every Rs.100.00 and multiples thereof 2 points for Platinum credit card is credited.

The customers are allowed to redeem the points against the gift items. Customer can also use redeem reward points for cash back. Each point is eligible for cash back of Rs.0.05 .

- 4000 additional points ones the spending reaches Rs.3.0 lakhs during the year

**b) Welcome Gift**

As a stimulus to promote card usage Bank shall issue 1000 reward points if the spending reaches Rs.10000 or more within 90 days of issuance of the Credit Card.

**c) Rewards on Special Occasion spending**

The Credit Card department may roll out additional reward points during the special occasions like Diwali, Onam, Christmas/New year etc. The scheme shall enable customers to earn additional points for the purchases made using the card during these festival seasons, which may act as an incentive for using credit card for the purchases.

**d) Expiry of Reward points**

Reward points shall expire at every 2 years. The expiry shall happen on 20<sup>th</sup> September of every year.

**e) Cash Back**

Bank is Offering 5% cash back on grocery spends. The cash back is restricted to a maximum of Rs.50/- per billing cycle.

**f) Interest rates**

At present Bank is charging 22.80% P.A [1.90 % p.m.] on Platinum cards. Our interest rate is one of the lowest in the industry.

**g) Add-on cards**

We shall offer add-on cards to spouse, children, siblings and Parents of the primary cardholder. Add on cards shall have credit limit same as that of the primary credit card within the overall limit of the primary card. The primary card holder shall have an option for setting a lower credit limit on the add-on card.

Add on cards help the primary card holder in giving financial freedom to his immediate family members at the same time he/she can keep track on their spending. Add on cards can be issued only to persons above the age of 18. Add on Credit cards shall be eligible for the same reward structure as that of the primary Credit card.

All the dues of the addon cards are billed to the Primary Cardholder and the Primary Cardholder shall be responsible for the payment of the same and any delay in payment would reflect in their CIBIL report.

**h) EMI:**

In line with the industry practice Bank is offering the customer option for conversion of the outstanding balance in the credit card to EMI. Our current interest rate on the EMI is 14% per

annum for tenure below 6 months and 13% for tenure above 6 months. The customer can cancel the EMI in between by paying pre-payment charge 2% of the balance amount outstanding as on date as EMI Cancellation charge. Customer can avail the facility for partial conversion of the outstanding amount into EMI mode. Applicable interest rate shall be 14%. The Bank shall offer tenor from 3 months to 24 months.

**i) Joining Fee and Annual Fee:**

The Bank propose to continue issuing new cards without any joining fee. There shall be annual fee of Rs.400 + applicable GST. The annual fee shall be waived on cards where annual spending exceeded Rs.50,000. There shall not be any annual fee on Credit Cards issued against the security of Fixed Deposit.

**6) Credit Limit and Credit Appraisal**

Minimum credit limit – Rs.10,000/-

Maximum credit limit – Rs.10,00,000/-

The credit limit is fixed subject to the eligibility norms.

**7) Policy Norms for Fresh Retail Credit Cards**

- i) The applicant should be existing customer of the Bank with a vintage of minimum three months (exceptions to be recommended by Regional Head and shall be considered by Head Credit Card, on a case-to-case basis).
- ii) Age criteria: Minimum age 18 years and Maximum age 65 years
- iii) Age criteria for add-on card: Minimum age 18 years.
- iv) Credit card holders where turnover during the 12 months period is more than 200% of the sanctioned limit and with prompt repayment track will be eligible for enhancement for credit limit. This will be subject to satisfactory credit report (CIBIL).

**8) Policy norms for issue of secured credit cards (Backed by FD):**

- a) Minimum FD tenure should be 12 months
- b) Auto renewal mode is compulsory
- c) Maximum age/CIBIL norms are not applicable
- d) Lien marking is compulsory
- e) Original FD receipt should be in safe custody of the Branch until credit card is cancelled and surrendered
- f) Credit limit can be allowed up to 80% of the FD amount
- g) FD to be liquidated to adjust credit card dues, if the card dues are 90+ DPD

### Policy norms for Cross Sell

- a) Credit card can be issued to customers availing credit facilities with our Bank and whose repayment track record is satisfactory.
- b) Car loan/Housing loan borrowers and customers who mortgaged their property to the Bank can be issued credit cards without extending the same mortgage to credit card. However, a letter as per [Annexure III](#) to be collected with a general clause in the request expressing his/her consent for exercising general lien on other assets charged to the bank towards the security of the card dues.
- c) Branch manager has to confirm the mortgage and loan account details
- d) When the customer wants to close the credit facility and release the assets charged to the Bank either the Credit card to be closed or Fresh application may be taken from the customer for credit card under general category and such cases shall be decided based on eligibility.
- e) The income norms are same as that of the Retail Credit cards.

#### **Cards to the existing Asset Customers.**

To increase the credit cards base, credit cards can be issued to our existing asset customers under special scheme.

Turnaround time of 15 days is stipulated for issuance of credit cards. The bank shall strive to issue the cards at the minimum possible time.

Credit Limit against Fixed Deposits up to 80% of the Fixed Deposit amount shall be sanctioned by Head Credit Cards. The sanctioning authority may reduce the eligible limit as per discretion.

Enhancement of credit limit permanent & temporary limits can be sanctioned as per the above delegation matrix. Enhancement of existing credit limit shall be considered after 12 months based on the usage, repayment of card dues and additional income documents.

#### **9) Closure of Credit Card**

The request for closure of Credit card shall be honored within seven working days, subject to payment to all dues by the cardholder. Subsequent to the closure of credit card the card holder shall be immediately notified about the closure through e mail/SMS etc.

#### **10) Collection of Credit Card dues:**

Branch is responsible for collection of over dues / NPAs. Similarly Branches have to follow up and collect the Credit Card dues pertaining to customers of their branch. Bank may engage the service of collection/recovery agents, if found necessary, by following extant norms and regulatory guidelines. The recovery functions shall be in line with the recovery policy of the

Bank. The settlement of NPA cards shall be routed through the recovery department, as per recovery policy of the bank.

### **11) Complimentary Airport Lounge Access**

The Airport Lounge access facility is provided for credit card customers.

### **12) Fraud/attempted fraud on Credit cards**

If any fraud or attempted fraud has come to the notice of branches/offices such cases should be referred immediately to Credit card department. The Credit card department shall conduct preliminary analysis and if fraudulent action is suspected such cases shall be referred to Bank's Vigilance Department.

### **13) Schedule of Charges**

<i>Charges – Head</i>	<i>Platinum CC*</i>
Joining Fee - Primary Card Holder	Nil
Joining Fee - Add On Card Holder	Nil
Annual Fee - Primary Card Holder	Rs.400 /-
Annual Fee - Add On Card Holder	Nil
Cash Advance Fee	Rs. 400 Per Transaction
Service Charges - Railway Booking	POS: Rs.30+2.5% Online: 1.8%
Service Charges - Fuel Transaction	Rs.10 or 2.5%
Service Charges - Foreign Currency Transaction	3.5%
Late Payment Fee	30% of MAD, Min: Rs. 400 Max: Rs. 600
Over limit Fee	2.5% of the amount exceeding limit; Min: Rs. 300
Renewal Fee	Nil
Interest Free Credit Period *Applicable only on retail purchases and if previous months balance outstanding is paid in full by due date.	20 - 50 Days
Finance Charges - Retail purchase	1.90% P.M (Annualized 22.80%)
Finance Charges - Cash Advances	36% Per Annum
Finance Charges - Default *From the date of default.	3.50% P.M (Annualised 42%)
Cheque Return / Standing Instruction Dishonor charges	Rs. 400
Card Replacement Fee	Rs. 300
Reissue of PIN Mailer	Rs. 100
Sales slip retrieval charges	Rs. 300
Duplicate Statement Generation	Rs. 100

EMI Processing Fee	1% of Purchase Amount
EMI Foreclosure Charges	2% of the outstanding EMIs
Outstation Cheque Collection	0.40% of Cheque Amount Min of Rs. 100
Foreign Currency Transaction Fee	3.50%
Goods and Service Tax on All charges *Subject to change by Government	18%
Cash Limit as % of total Limit	15%
Minimum Amount Due (MAD)	5% of Total Amount Due Min: Rs. 200

\* Taxes are applicable on all charges

\* Charges are not applicable for Add- on cards

\* CC – Credit Card; POS – Point of Sale Terminal; TAD – Total Amount Due

**(a) Various Limits:**

- i. Credit Limit: Maximum limit up to which the Cardholder can spend on the Card.
- ii. Available credit limit: Difference between the Credit Limit and the amount spent on Card (including unbilled transactions).
- iii. Cash withdrawal limit: Maximum cash that the Cardholder can withdraw on the Card.

**(b) Billing Statements**

- i. Periodicity of Bill – Monthly
- ii. Minimum Amount Due (MAD) – 5% of Total Amount Due subject to minimum of Rs.200/- or any amount Bank may communicate from time to time
- iii. Mode of Bill – Email to all cardholders and Physical copy at the request of the cardholders
- iv. Method of Payment: 1. By depositing cash at any branches of Dhanlaxmi Bank, during working hours 2. By cheque or draft favoring “Dhanlaxmi Bank Credit Card No. XXXX XXXX XXXX XXXX” at any Dhanlaxmi Bank branch; 3. By online payment using Dhanlaxmi Bank account; 4. By giving auto-debit instructions.5. By NEFT/RTGS.
- v. Billing Dispute Resolution: The Cardholder shall intimate any disagreement(s) about the charges mentioned in the Billing Statement to the Bank within 30 days from the Statement Date. Failing which it shall be construed that the billing Statement is in order.
- vi. Contact particulars of 24-hour call centers of card issuer: 044-42413000/18004251747
- vii. Grievances Redressal Escalation: The Nodal Officer, Dhanlaxmi Bank Ltd.; Thrissur

**14) Default & Circumstances**

- i. If the cardholder fails to pay the Minimum Amount Due on or before the due date mentioned in the billing statement, the same shall be treated as default. In case of default, the bank can forward default report to the credit information bureaus or such other agencies, as approved by law. The notice period for reporting a



cardholder as defaulter shall be the duration between the credit card Billing date and the payment due date mentioned in the Billing Statement.

- ii. The Bank submits cardholders' data to CIBIL (Credit Information Bureau (India) Limited) every month. This data includes repayment status of all cardholders - defaulters and non-defaulters, for the previous month. CIBIL uploads the submitted data onto their server.
- iii. Recovery procedure against the defaulting credit cardholder shall be in accordance with the applicable laws after giving sufficient notice for payment of dues & all information regarding the outstanding dues.
- iv. Recovery of dues in case of death/permanent in-capacitance of cardholder shall be in accordance with the applicable laws after giving sufficient notice for payment of dues & all information regarding the outstanding dues, including to the successors/nominees/legal heirs of the Cardholder.
- v. Insurance cover available for cardholder & date of activation of policy - Cardholders are advised to go through the brochure provided in their welcome kit and refer to [www.dhanbank.com](http://www.dhanbank.com).

#### **15) Termination / Revocation of card membership:**

Cardholder may at any time choose to terminate his/her Credit Card Account with or without giving any prior notice. For avoiding misuse, it is advised to cut the Credit Card into four pieces ensuring that the hologram and magnetic stripe is destroyed permanently. Intention to terminate the card membership shall be intimated to: The Dhanlaxmi Bank, Credit Card Division, Punnamm, Thrissur -68002, by mentioning the 16-digit card number. On termination, all outstanding dues shall be payable forthwith and the cardholder shall be liable to pay applicable interest till such time all monies are paid to the Bank.

#### **16) Loss / Theft/ Misuse of Card:**

In case of loss / theft / misuse of card, the same must be reported within 24 hours to The Dhanlaxmi Bank Customer Call Centre. The Bank shall then suspend the Card. The cardholder has to file FIR with the local police station and should produce a copy of the same whenever requested by the Bank. Cardholder shall be held primarily responsible for the security of the Card and for the transactions using the Card. Cardholder shall not be liable for any transaction/s made on the Card post reporting lose / theft / damage of the card to the Bank. However, in case of any dispute relating to the time of reporting such loss/ theft/ damage and/ or transaction / made on the Card post reporting of the loss / theft / damage / misuse, the Bank reserves the right to ascertain such time and or authenticity of the disputed transaction.

#### **17) Disclosure:**

The Bank shall part with all available information about the cardholder, repayment history etc., to credit information bureaus or such other agencies approved by law. The customers' details may also be shared at the time of application with external agencies to verify the credentials of the documents & application submitted by the customer.