भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2022-23/92
DoR.AUT.REC.No.27/24.01.041/2022-23 April 21, 2022

(Updated as on March 07, 2024)

Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022

In exercise of the powers conferred by Section 35A and Section 56 of the Banking Regulation Act, 1949 and Chapter IIIB of the Reserve Bank of India Act, 1934, the Reserve Bank of India being satisfied that it is necessary and expedient in the public interest so to do, hereby, issues the Directions hereinafter specified. The Frequently Asked Questions relating to these directions are placed as an Appendix to this Master Direction and under the FAQ Section on the website.

CHAPTER – I
PRELIMINARY

1. Short Title and Commencement

(a) These Directions shall be called the Reserve Bank of India (Credit Card and Debit Card – Issuance and Conduct) Directions, 2022.

(b) These Directions shall be effective from **July 01, 2022**.

2. Applicability

(a) The provisions of these Directions relating to credit cards shall apply to every Scheduled Bank (excluding Payments Banks, State Co-operative Banks and District Central Co-operative Banks) and all Non-Banking Financial Companies (NBFCs) operating in India.

(b) The provisions of these Directions relating to debit cards shall apply to every bank operating in India.

(c) These directions cover the general and conduct regulations relating to credit, debit and co-branded cards which shall be read along with prudential, payment and technology &

cyber security related directions applicable to credit, debit and co-branded cards, as issued by the Reserve Bank.

3. Definitions

(a) In these Directions, unless the context otherwise requires, the terms herein shall bear the meanings assigned to them below —

i. **Add-on Credit Card** means 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.

ii. **Annual Percentage Rate** is the annual cost of credit to the cardholder which includes interest rate and all other charges associated with the credit card under different scenarios based on card features.

iii. **Billing Cycle/Billing Period** is the regular length of time between closing dates of two consecutive bills raised by the card-issuer.

iv. **Business Credit Cards** are issued to business entities/individuals for the purpose of business expenses with specified terms and conditions and not for personal use.

v. **Cardholders** – A person to whom a card is issued or one who is authorized to use an issued card.

vi. **Card-issuers** - Banks which issue debit or credit cards and NBFCs which have been permitted by RBI to issue credit cards in India.

vii. **Card Loyalty/Reward Programme/s** are those schemes linked to a credit card or debit card whereby the card-issuer or associated merchant establishments, upon use of the card/s, offer digital coupons, points, discounts, cash backs or other benefits having monetary value that can be used/redeemed for the same transactions or other future transactions after accumulation.

viii. **Charge Card** is a type of credit card where the user has to pay the billed amount in full on due date after the billing cycle, and no rolling over of credit to the next billing cycle is permitted.

ix. **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.

x. **Convenience Fee** is a fixed or pro-rata charge on use of credit/debit cards as one of the alternative forms of payment which is not ordinarily accepted vis-à-vis other forms of payment.

xi. **Corporate Credit Card** is a credit card that is issued to specific employee/s of a corporate employer wherein the liability could rest with the corporate entity or the employee or jointly on both, as per the product design features.

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

xiii. **Credit Limit** is the maximum amount of revolving credit determined and notified to the cardholder to transact in the credit card account.

xiv. **Debit Card** is a physical or virtual payment instrument containing a means of identification, linked to a Saving Bank/Current Account which can be used to withdraw cash, make online payments, do PoS terminal/Quick Response (QR) code transactions, fund transfer, etc. subject to prescribed terms and conditions.

xv. **Form Factor** is the physical or virtual instrument that can be used in place of a card to undertake a payment/banking transaction.

xvi. **Interest-Free Credit Period** is the time period from the date of transaction to the due date of payment, wherein interest free payment can be made, subject to the payment of entire outstanding on or before the payment due date by the cardholder.

xvii. **Minimum Amount Due** is the minimum amount of money, as a part of the total bill amount, that a cardholder has to pay to not be treated as an overdue bill.

xviii. **Most Important Terms and Conditions (MITC)** are the standard set of conditions for the issuance and usage of credit cards, thereby defining the responsibilities and liabilities of the card-issuer and the cardholder.

xix. **Prepaid Card** is a Prepaid Payment Instrument as defined in the Master Direction on Prepaid Payment Instruments.

xx. **Principal Cardholder** means the customer who has been issued credit card by a card-issuer and on whose name the card account has been opened.

xxi. [i]**Total Amount Due** is the total amount (net of credit received during the billing cycle, if any) payable by the cardholder as per the credit card statement generated at the end of a billing cycle.

xxii. **Unsolicited Credit Card** is a credit card issued without a specific written/digital request or an application therefor.

Provided the issuance of a credit card for renewal or replacement shall not be treated as an unsolicited card.

Renewal contemplates the issuance of a new card on account of expiry of an existing card and replacement includes issuance of a new card in place of an existing card in lieu of the change in the underlying account relationship, upgradation due to new technology or systems or re-issuance of cards that have been lost, blocked or suspended temporarily, but does not include the opening of a new account after a previous account was closed.

xxiii. **Upgradation of Credit Card** means enhancement in the benefits and features of credit cards issued, for example, an increase in the credit or cash limit of the card.

(b) All other expressions unless defined herein shall have the same meaning as have been assigned to them under the Banking Regulation Act, 1949 or the Reserve Bank of India Act, 1934 or any statutory modification or re-enactment thereto or as used in commercial parlance, as the case may be.

CHAPTER – II
CONDUCT OF CREDIT CARD BUSINESS

4. Eligibility

(a) Scheduled Commercial Banks (SCBs) other than Regional Rural Banks (RRBs) with net worth of ₹100 crore and above are permitted to undertake credit card business either independently or in tie-up arrangement with other card issuing banks/NBFCs with the approval of their Boards. SCBs (excluding Small Finance Banks and Regional Rural Banks) desirous of setting up separate subsidiaries for undertaking credit card business shall require prior approval of the Reserve Bank.

(b) RRBs are permitted to issue credit cards in collaboration with their sponsor bank or other banks.

(c) Financially sound and well managed Scheduled Urban Cooperative Banks (UCBs) with minimum networth of ₹100 crore which are CBS enabled may issue Credit Cards subject to the conditions listed below in addition to the other general conditions applicable to credit cards:

i. UCBs desirous of issuing credit cards shall submit their application to the concerned Regional Office of the Reserve Bank with a copy of Board resolution to that effect. Their application shall be assessed based on the findings of the last inspection by the Reserve Bank and latest developments, if any.

ii. UCBs are permitted to issue credit cards to their regular members and nominal members only, but not to non-members. Further, UCBs are not allowed to issue co-branded credit cards.

iii. The maximum individual limit for a credit card issued to a regular member shall be kept at the permitted individual unsecured limit as prescribed in the circular UBD.BPD.(PCB)Cir.No.21/13.05.000/2010-11 dated November 15, 2010 as amended from time to time. The individual credit card limit together with other unsecured borrowings by an individual shall not exceed the permissible unsecured limit for an individual borrower. The credit card limits for nominal members shall be as prescribed in the circular UBD.No.Plan.PCB.20/09.63.00/96-97 dated October 16, 1996 as amended from time to time.

iv. The total unsecured loans and advances (with surety or without surety or cheque purchases) granted by a UCB to its members together with cumulative approved credit card limits shall not exceed 10 percent of its total assets as per audited balance sheet as on March 31st of the preceding financial year, as prescribed under exposure norms.

(d) Non-Banking Financial Companies registered with the Reserve Bank shall not undertake credit card business without prior approval of the Reserve Bank. Any company including a non-deposit taking company intending to engage in this activity shall require a Certificate of Registration, apart from specific permission to enter into this business, the pre-requisite for which is a minimum net owned fund of ₹100 crore and subject to such terms and conditions as the Reserve Bank may specify in this regard from time to time. Without obtaining prior approval from the Reserve Bank, NBFCs shall not issue debit cards, credit cards, charge cards, or similar products virtually or physically.

5. Governance Framework

(a) Each card-issuer shall have a well-documented Board approved policy for the issuance and conduct of credit cards. The Board approved policy shall be in consonance with various instructions on the subject issued by the Reserve Bank from time to time, as well as the directions contained in this Master Direction. The Board approved policy shall be available on the website of the card-issuer.

(b) Card-issuers shall put in place a mechanism for review 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.

6. Issue of Credit Cards

(a) Customer Acquisition:

i. Card-issuers shall 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, the card-issuer shall convey in writing the specific reason/s which led to the rejection of the application.

ii. The MITC as given in Chapter VII of these directions, 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.

iii. Card-issuers may consider introducing, at the option of the customers, an insurance cover to take care of the liabilities arising out of lost cards, card frauds, etc. In cases where the card-issuers are offering any insurance cover to their cardholders, in tie-up with insurance companies, the card-issuers shall obtain explicit consent in writing or in digital mode from the cardholders along with the details of nominee/s.

iv. The issue of unsolicited cards/upgradation is strictly prohibited. In case, an unsolicited card is issued/existing card upgraded and activated without the explicit consent of the recipient and the latter is billed for the same, the card-issuer shall not only reverse the charges forthwith, but also pay a penalty without demur to the recipient amounting to twice the value of the charges reversed. In addition, the person in whose name the card is issued can also approach the RBI Ombudsman who would determine the amount of compensation payable by the card-issuer to the recipient of the unsolicited card as per the provisions of the Ombudsman Scheme, i.e., for loss of complainant’s time, expenses incurred, harassment and mental anguish suffered by him/her.

v. There have been instances where unsolicited/applied-for cards have been misused before reaching the persons in whose names these have been issued. It is emphasised that any loss arising out of misuse of such unsolicited cards shall be the responsibility of the card-issuer only and the person in whose name the card has been issued shall not be held responsible for the same.

vi. Card-issuers 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 from the date of issuance. If no consent is received for activating the card, card-issuers shall close the credit card account without any cost to the customer within seven working days from date of seeking confirmation from the customer. In case of a renewed or replaced card, the closure of an inactivated card shall be subject to payment of all dues by the cardholder.

vii. No card-issuer shall 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; under no circumstances it shall take more than 30 days from the effective date of these directions.

viii. The consent for the cards issued or the other products/services offered along with the card shall be explicit and shall not be implied. In other words, the written consent of the applicant shall be required before issuing a credit card. Alternatively, card-issuers may use other digital modes with multifactor authentication to obtain explicit customer consent. Such alternative digital modes, if any used by the card-issuer, shall be communicated to the Department of Regulation, Reserve Bank of India.

ix. Card-issuers shall ensure that the telemarketers they engage, comply with directions/regulations on the subject 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)”. The card-issuer’s representatives shall contact the customers only between 10:00 hrs and 19:00 hrs.

x. The decision-making power for issue of credit card to a customer shall remain only with the card-issuer and the role of the Direct Sales Agent (DSA)/Direct Marketing Agent (DMA)/other agents shall remain limited to soliciting/servicing the customer/ account.

(b) Underwriting Standards:

i. Card-issuers shall ensure prudence while issuing credit cards and independently assess the credit risk while issuing cards to persons, taking into account independent financial means of applicants.

ii. As holding several credit cards enhances the total credit available to any consumer, card-issuers 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. This shall be uniformly applied as per the board approved policy of the card-issuer.

iii. Card-issuers shall 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 shall also be separately indicated in the credit card bill/statement. EMI conversion with interest component shall not be camouflaged as zero-interest/no-cost EMI.

iv. Card-issuers shall ensure that loans offered through credit cards are in compliance with the instructions on loans and advances issued by the Reserve Bank from time to time.

v. Card-issuers 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.

7. Types of credit cards

(a) Card-issuers may issue credit cards/charge cards to individuals for personal use together with add-on cards wherever required.

(b) Card-issuers may also issue cards linked to overdraft accounts that are in the nature of personal loans without any end-use restrictions subject to the conditions as stipulated in the overdraft account.

(c) [ii]Card-issuers may issue business credit cards to business entities / individuals for business expenses. The business credit cards may also be issued as charge cards, corporate credit cards or by linking a credit facility such as overdraft / cash credit provided for business purpose as per the terms and conditions stipulated for the facility concerned.

The card-issuers shall put in place effective mechanism to monitor end use of funds. Business credit cards can be issued together with add-on cards wherever required.

(d) 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 as Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.

(e) The add-on cards shall be issued only to the persons specifically identified by the principal cardholder under both personal and business credit card categories. Add-on cards shall be issued with the clear understanding that the liability will be that of the principal cardholder. Similarly, 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.

8. Closure of Credit Card

(a) [iii]Any request for closure of a credit card shall be honoured within seven working days by the credit card-issuer, 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. The card-issuer 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 the card-issuers to complete the process of closure within seven working days shall result in a penalty of ₹500 per calendar day of delay payable to the cardholder, till the closure of the account provided there is no outstanding in the account.

(b) 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 the card-issuer, subject to payment of all dues by the cardholder. The information regarding the closure of card account shall also accordingly be updated with the Credit Information Company/ies within a period of 30 days.

(c) Subsequent to closure of credit card account, any credit balance available in credit card accounts shall be transferred to the cardholder's bank account. Card-issuers shall obtain the details of the cardholder's bank account, if the same is not available with them.

9. Interest rates and other charges

(a) Card-issuers are directed to be guided by the instructions on interest rate on advances issued by the Reserve Bank as amended from time to time, while determining the interest rate on credit card dues. Interest charged on credit cards shall be justifiable having regard to the cost incurred and the extent of return that could be reasonably expected by the card-issuer. Card-issuers shall also prescribe an interest rate ceiling in line with other unsecured loans, including processing and other charges, in respect of credit cards as part of their Board approved policy. In case card-issuers charge interest rates which vary based on the payment/default history of the cardholder, there shall be transparency in levying such differential interest rates. The interest rates as prescribed in the board approved policy and the rationale for the same shall be auditable. The card-issuers shall publicise through their website and other means, the interest rates charged to various categories of customers. Card-issuers 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.

(b) Further, the card-issuers shall adhere to the following directions relating to interest rates and other charges on credit cards:

i. Card-issuers shall 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 shall be given with clear examples for better comprehension. 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.

ii. 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 Annex. The unpaid charges/levies/taxes shall not be capitalized for charging/compounding of interest.

iii. [iv]Card-issuers 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.

iv. 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.

v. [v]Card-issuers 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.

vi. [vi]Interest shall be levied only on the outstanding amount, adjusted for payments/refunds/reversed transactions.

vii. 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.

viii. There shall not be any hidden charges while issuing credit cards free of charge.

10. Billing

(a) Card-issuers shall 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. In order to obviate frequent

complaints of delayed billing, the card-issuer may consider providing 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) Card-issuers shall ensure that wrong bills are not raised and issued to cardholders. In case, a cardholder protests any bill, the card-issuer shall provide explanation and, wherever applicable, documentary evidence shall be provided to the cardholder within a maximum period of 30 days from the date of complaint.

(c) [vii]Card-issuers shall provide the list of payment modes authorised by them for making payment towards the credit card dues, in their websites and billing statements. Further, card-issuers shall advise cardholders to exercise due caution and refrain from making payments through modes other than those authorised by them.

(d) No charges shall be levied on transactions disputed as 'fraud' by the cardholder until the dispute is resolved.

(e) [viii]Any debit to the credit card account shall be done as per the authentication framework prescribed by the Reserve Bank from time to time, and not through any other mode/instrument.

(f) [ix]Card-issuers do not follow a standard billing cycle for all credit cards issued. In order to provide flexibility in this regard, cardholders shall be provided option to modify the billing cycle of the credit card at least once, as per cardholders' convenience.

(g) 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.

(h) Card-issuers 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 card-issuers 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.

(i) [x]For business credit cards wherein the liability rests fully with the corporate or business entity (principal account holder), timeframe provided for payment of dues and adjustment of refunds may be as agreed between the card-issuer and the principal account holder.

11. 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, the card-issuer shall 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) Card-issuers 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 reduction in the credit limit, the card-issuer shall intimate the same to the cardholder.

12. Reporting to Credit Information Companies

(a) For providing information relating to credit history/repayment record of the cardholder to a Credit Information Company (that has obtained Certificate of Registration from RBI), the card-issuer 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) [xi]Before reporting default status of a credit cardholder to a Credit Information Company (CIC), the card-issuers shall ensure that they adhere to the procedure, approved by their Board, and intimate the cardholder prior to reporting of the status. In the event the cardholder settles his/her dues after having been reported as defaulter, the card-issuer shall update the status with CIC within 30 days from the date of settlement. Card-issuers shall be particularly careful in the case of cards where there are pending disputes. The disclosure/release of information, particularly about the default, shall be made only after the dispute is settled. In all cases, a well laid down procedure shall be transparently followed and be made a part of MITC.

13. Customer Conduct

(a) In the matter of recovery of dues, card-issuers shall ensure that they, as also their agents, adhere to the extant instructions on Fair Practices Code for lenders.

(b) In particular, with regard to appointment of third-party agencies for debt collection, the card-issuers shall ensure that their 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 card-issuer whom the customer can contact. Further, card-issuers shall provide the name and contact details of the recovery agent to the cardholder immediately upon assigning the agent to the cardholder.

(c) Card-issuers/their 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.

(d) Card-issuers 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.

(e) The disclosure of customers' information to the DSAs/DMAs/recovery agents shall 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 the card-issuer. The card-issuer shall ensure that the DSAs/DMAs/recovery agents do not transfer or misuse any customer information during marketing of credit card products.

(f) When card-issuers outsource 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 card-issuers' ability to manage credit, liquidity and operational risks. In the choice of the service provider, the card-issuers 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.

(g) Card-issuers 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.

(h) Card-issuers 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 card-issuers 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 card-issuer 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 card-issuer.

CHAPTER – III
ISSUE OF DEBIT CARD BY BANKS

14. Issue of Debit Card

a) Banks shall formulate a comprehensive debit cards issuance policy with the approval of their Boards and issue debit cards to their customers in accordance with this policy. Prior approval of the Reserve Bank is not necessary for banks desirous of issuing debit cards to their customers.

b) Debit cards shall only be issued to customers having Savings Bank/Current Accounts.

c) [xii]No bank shall issue debit cards to cash credit/loan accounts. However, it will not preclude the banks from linking the overdraft facility provided along with Pradhan Mantri Jan Dhan Yojana accounts or Kisan Credit Card accounts with a debit card.

d) Banks shall not force a customer to avail debit card facility and shall not link issuance of debit card to availment of any other facility from the bank.

15. Review of operations

The banks shall undertake review of their operations/issue of debit cards on half-yearly basis. The review shall include, inter-alia, card usage analysis including cards not used for long durations and the inherent risks therein.

[xiii]CHAPTER – IV
FORM FACTOR

16. Issue of Form Factor

(a) Card-issuers may issue other form factors in place of/in addition to a plastic debit/credit card such as wearables, after obtaining explicit consent from the customer.

(b) Form factors shall be subject to all the specific and general guidelines applicable to the respective cards.

(c) Card-issuers shall provide options for disabling or blocking the form factor in line with the instructions issued by the Reserve Bank from time to time.

CHAPTER – V
CO-BRANDING ARRANGEMENT

17. Issue of Co-branded Cards

(a) Prior approval of the Reserve Bank is not necessary for the issuance of co-branded debit cards/co-branded prepaid cards by banks and co-branded credit cards by card-issuers subject to conditions stipulated under this chapter. However, UCBs shall not issue debit/credit cards in tie-up with other non-bank entities. In addition to the conditions listed herein, the co-branding arrangement for credit cards, debit cards and prepaid cards shall also be subject to the specific conditions applicable to such cards.

(b) [xiv]The co-branded card shall explicitly indicate that the card has been issued under a co-branding arrangement. The co-branding partner shall not advertise/market the co-branded card as its own product. In all marketing/advertising material, the name of the card-issuer shall be clearly shown.

(c) The co-branded card shall prominently bear the branding of the card-issuer.

18. Board approved policy

The co-branding arrangement shall be as per the Board approved policy of the card-issuer. The policy shall specifically address issues pertaining to various risks, including reputation risk associated with such an arrangement and put in place suitable risk mitigation measures. Further, the information relating to revenue sharing between the card-issuer and the co-branding partner entity shall be indicated to the cardholder and also displayed on the website of the card-issuer.

19. Due diligence

Card-issuers shall carry out due diligence in respect of the co-branding partner entity with which they intend to enter into tie-up for issue of such cards to protect themselves against the reputation risk they are exposed to in such an arrangement. Card-issuers shall ensure that in cases where the proposed co-branding partner is a financial entity, it has obtained necessary approvals from its regulator for entering into the co-branding arrangement.

20. Outsourcing of activities

Card-issuers shall also be liable for the acts of the co-branding partner. The card-issuer shall ensure adherence to the guidelines on ‘Managing Risks and Code of Conduct in Outsourcing

of Financial Services by banks', as amended from time to time. Card-issuers shall ensure that cash backs, discounts and other offers advertised by a co-branding partner are delivered to the cardholder on time. Card-issuers shall be liable for any delay or non-delivery of the same to the cardholders.

21. Role of co-branding partner entity

(a) The role of the co-branding partner entity under the tie-up arrangement shall be limited to marketing/distribution of the cards and providing access to the cardholder for the goods/services that are offered.

(b) [xv]The co-branding partner (CBP) shall not have access to information relating to transactions undertaken through the co-branded card. Post issuance of the card, the CBP 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. However, for the purpose of cardholder's convenience, card transaction related data may be drawn directly from the card-issuer's system in an encrypted form and displayed in the CBP's platform with robust security. The information displayed through the CBP's platform shall be visible only to the cardholder and shall neither be accessed nor be stored by the CBP.

22. [xvi]Co-branding with card-issuers

Prior approval shall not be required by the banks (all banks including Payments Banks, State Co-operative Banks and District Central Co-operative Banks) and NBFCs registered with the Reserve Bank (NBFCs – ICC, HFC, Factor, MFI and IFC) to become a co-branding partner of card-issuers. The role of the co-branding partner shall be as per the conditions stipulated under para 21.

CHAPTER – VI
GENERAL GUIDELINES FOR CREDIT AND DEBIT CARDS

23. General Conditions

(a) Card-issuers shall keep internal records to enable operations to be traced and errors to be rectified (taking into account the law of limitation for the time barred cases) as prescribed under 'Master Direction on Know Your Customer', as amended from time to time.

(b) The cardholder shall be provided with a record of the transactions after he/she has completed it, immediately in the form of receipt or another form such as the bank statement/email/SMS.

(c) With a view to reducing the instances of misuse of lost/stolen cards, it is recommended to the card-issuers that they may consider issuing card with advanced features that may evolve from time to time.

(d) [xvii]In case card-issuers, at their discretion, decide to block/deactivate/suspend a debit or credit card, it shall be ensured that a standard operating procedure is followed as approved by their Board. Further, it shall also be ensured that blocking/deactivating/suspending a card or withdrawal of benefits available on any card is immediately intimated to the cardholder along with reasons thereof through electronic means (SMS, email, etc.) and other available modes.

(e) Card-issuers shall block a lost card immediately on being informed by the cardholder and formalities, if any, can follow within a reasonable period clearly defined in the Board approved policy.

(f) Card-issuers shall provide to the cardholder the detailed procedure to report the loss, theft or unauthorised use of card or PIN. They shall provide multiple channels such as a dedicated helpline, dedicated number for SMS, dedicated e-mail-id, Interactive Voice Response, clearly visible link on the website, internet banking and mobile-app or any other mode for reporting an unauthorized transaction on 24 x 7 basis and allow the customer to initiate the blocking of the card. The process for blocking the card, dedicated helpline as well as the SMS numbers, shall be adequately publicized and included in the billing statements.

(g) Card-issuers shall immediately send a confirmation to the cardholder subsequent to the blocking of a card.

(h) [xviii]No card-issuer shall dispatch a card to a customer unsolicited. In case of renewal of an existing card, the cardholder shall be provided an option to decline the same if he/she wants to do so before dispatching the renewed card. Further, in case a card is blocked at the request of the cardholder, replacement card in lieu of the blocked card shall be issued with the explicit consent of the cardholder.

(i) Any discounts, cashbacks, reward points, loyalty points or any other benefits offered by the card-issuer shall be provided in a transparent manner including source of such benefits. The accounting process for the same shall be verifiable in the books of the card-

issuer. Detailed information regarding these benefits shall be displayed on the website of the card-issuer and a copy of the same shall also be provided to the cardholder.

(j) In case of an insurance cover provided with a card, card-issuers shall ensure that the relevant nomination details are recorded by the Insurance Company and the availability of insurance is included, along with other information, in every statement. The information shall also include the details regarding the insurance cover, name/address and telephone number of the Insurance Company which will handle the claims relating to the insurance cover.

24. Terms and conditions for issue of cards to customers

(a) The relationship between the card-issuer and the cardholder shall be contractual. Card-issuers shall make available to the cardholders in writing, a set of contractual terms and conditions governing the issue and use of such cards. These terms shall be expressed clearly and also maintain a fair balance between the interests of the parties concerned.

(b) The terms and conditions for the issue and usage of a card shall be mentioned in clear and simple language (preferably in English, Hindi and the local language) comprehensible to the cardholder.

(c) Card-issuers shall not levy any charge that was not explicitly indicated to the cardholder at the time of issue of the card and without getting his/her explicit consent. However, this shall not be applicable to charges like service taxes which may subsequently be levied by the Government or any other statutory authority. The details of all the charges associated with cards shall be displayed on the card-issuer's website.

(d) The convenience fee, if any charged on specific transactions, shall be indicated to the cardholder in a transparent manner, prior to the transaction.

(e) The terms shall clearly specify the time-period for reversal of unsuccessful/failed transactions and the compensation payable for failure to meet the specified timeline.

(f) The terms may be altered by the card-issuer, but 30 days' notice of the change shall be given to the cardholder to enable him/her to withdraw if he/she so chooses. After the notice period of 30 days, the cardholder would be deemed to have accepted the terms if he/she had not withdrawn during the specified period. The change in terms shall be notified to the cardholder through all the communication channels available.

(g) The terms shall put the cardholder under an obligation to take all appropriate steps to keep the card safe and not to record the PIN or code, in any form that would be intelligible

or otherwise accessible to any third party if access is gained to such a record, either honestly or dishonestly.

(h) The terms shall specify that the card-issuer shall exercise care when issuing PINs or codes and shall be under an obligation not to disclose the cardholder's PIN or code to anyone, except to the cardholder.

25. Compliance with Other instructions

The issue of cards as a payment mechanism shall also be subject to relevant instructions on cash withdrawal, issue of international card, security issues and risk mitigation measures, card-to-card fund transfers, merchant discount rates structure, failed ATM transactions, etc, issued by the Department of Payment and Settlement Systems, Reserve Bank of India under the Payment and Settlement Systems Act, 2007, and the Foreign Exchange Department, Reserve Bank of India under Foreign Exchange Management Act, 1999, as amended from time to time.

26. Redressal of grievances

(a) Card-issuers shall put in place a Grievance Redressal Mechanism within the card issuing entity and give wide publicity about it through electronic and print media. The name, direct contact number, email-id and postal address of the designated grievance redressal officer of the card-issuer shall be mentioned on the credit card bills and account statements. The designated officer shall ensure that grievances of cardholders are redressed promptly without any delay. Specific timelines may be stipulated in the Board approved policy for issuance of cards, redressal of grievances and compensation framework. The grievance redressal procedure and the Board approved policy shall be displayed on the website of the card-issuer with a clearly visible link on the homepage

(b) Card-issuers shall ensure that their call centre staff are trained adequately to competently handle and escalate, a complaint, if necessary. The Grievance Redressal process shall have a provision for automatic escalation of unresolved complaints from a call center/base level to higher authorities. There shall be a system of acknowledging customers' complaints for follow up, such as complaint number/docket number, even if the complaints are received over phone.

(c) [xix]Card-issuers shall be liable to compensate the complainant for the loss of his/her time, expenses, financial loss as well as for the harassment and mental anguish suffered by him/her for the fault of the card-issuer and where the grievance has not been redressed

in time. If a complainant does not get satisfactory response from the card-issuer within a maximum period of 30 days from the date of lodging the complaint, he/she will have the option to approach the Office of the RBI Ombudsman under Integrated Ombudsman Scheme for redressal of his/her grievance/s.

27. Confidentiality of customer information

(a) [xx]Card-issuers shall not reveal any information relating to customers obtained at the time of opening the account or issuing the card to any other person or organization without obtaining their explicit consent, with regard to the purpose/s for which the information will be used and the organizations with whom the information will be shared. Card-issuers shall ensure strict compliance to the extant legal framework on data protection. Further, in case where the customers give explicit consent for sharing the information provided by them with other agencies, card-issuers shall clearly state and explain to the customer the full meaning/implications of the disclosure clause. The information sought from customers shall not be of such nature which will violate the provisions of law relating to maintenance of secrecy in the transactions. The card-issuers shall be solely responsible for the correctness or otherwise of the data provided for the purpose.

(b) 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 card-issuer's secrecy obligations.

(c) [xxi]Card-issuers, which were granted specific approvals for issuance of co-branded cards in the past, are advised to ensure that the co-branding arrangement is in conformity with the instructions issued under Chapter V above. In case, the co-branding arrangement is between two banks, the card issuing bank shall ensure compliance with the relevant instructions.

28. Outsourcing of various services

[xxii]Card-issuers shall ensure adherence to the Master Direction DoS.CO.CSITEG/SEC.1/31.01.015/2023-24 dated April 10, 2023 on 'Outsourcing of Information Technology Services' and guidelines on Managing Risks and Code of Conduct in Outsourcing of Financial Services, as amended from time to time. Further, the card-issuers shall not share card data (including transaction data) of the cardholders with the outsourcing partners unless sharing of such data is essential to discharge the functions assigned to the latter. In case of sharing of any data as stated above, explicit consent from the cardholder

shall be obtained. It shall also be ensured that the storage and the ownership of card data remains with the card-issuer.

29. 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.

CHAPTER – VII
MISCELLANEOUS

30. Contents of the Most Important Terms and Conditions

Card-issuers shall provide to the cardholder the term-sheet containing the MITC. The document should contain the following details:

(a) Fees and Charges

i. Joining fees for primary cardholder and for add-on cardholder/s
ii. Annual membership fees for primary and add-on cardholder/s
iii. Cash advance fee
iv. Service charges levied for transactions
v. Interest free (grace) period - illustrated with examples
vi. Finance charges for both revolving credit and cash advances
vii. Overdue interest charges - to be given on monthly & annualised basis
viii. Charges in case of default

(b) Drawal Limits

i. Credit limit
ii. Available credit limit
iii. Cash withdrawal limit

(c) Billing

i. Billing statements - periodicity and mode of sending
ii. Minimum amount payable
iii. Method of payment
iv. Billing disputes resolution

v. Complete postal address of card-issuer
vi. Toll free number, email-id and dedicated telephone number for SMS for customer care services, contact details of Grievance Redressal Official

(d) Default and Circumstances
i. Procedure including notice period for reporting a cardholder as defaulter
ii. Procedure for withdrawal of default report and the period within which the default report would be withdrawn after settlement of dues
iii. Recovery procedure in case of default
iv. Recovery of dues in case of death/permanent incapacitance of cardholder
v. Available insurance cover, if any, for cardholder and date of activation of policy including nomination details

(e) Termination/Revocation of Card Membership
i. Procedure for surrender/closure of card by cardholder
ii. Link provided exclusively for the above on the website
iii. Contact details for the cardholder to initiate closure – email-id, dedicated telephone number for SMS, IVRS
iv. Procedure for closure of card account if the card has not been used for more than one year

(f) Loss/Theft/Misuse of Card
i. Procedure to be followed in case of loss/theft/ misuse of card - mode of intimation to card-issuer
ii. Prominently visible web-site link, phone banking, SMS, e-mail, IVR, a dedicated toll-free helpline, reporting to home branch, etc. for reporting unauthorised transactions and initiating blocking of card
iii. Liability of cardholder in case of (i) above in terms of RBI circular ref. DBR.No.Leg.BC.78/09.07.005/2017-18 dated July 6, 2017 on 'Customer Protection – Limiting Liability of Customers in Unauthorised Electronic Banking Transactions' as updated from time to time.

(g) Grievance Redressal and Compensation Framework
i. Grievance redressal and escalation process
ii. Timeline for redressal of grievances

iii. Compensation framework for unsuccessful/failed transactions, delay in redressal of grievance, delay in closing of account/blocking of lost or stolen cards, etc.

iv. Contact particulars of card-issuer - 24-hour call centres, email-ids, helpline, other important telephone numbers

(h) Disclosure

Type of information relating to cardholder to be disclosed with and without approval of cardholder

31. Disclosure of the MITC - Items to be disclosed in stages:

(a) During marketing - Item no: 30(a)

(b) At application - Key fact statement containing items from 30(a to c) and any additional information that the customer may desire.

(c) Welcome kit - Item nos: all items from 30(a to h)

(d) On billing - Item nos: 30(a, b and c)

(e) On an ongoing basis, any change of the terms and conditions

(f) Note:

i. The font size of MITC shall be minimum Arial-12

ii. The normal terms and conditions communicated by the card-issuer to the cardholder at different stages shall continue as hitherto.

CHAPTER – VIII

EXEMPTIONS, INTERPRETATIONS AND REPEAL

32. Exemptions

The Reserve Bank of India may, if it considers necessary for avoiding any hardship or for any other just and sufficient reason, grant extension of time to comply with or exempt any Regulated Entities, from all or any of the provisions of these Directions either generally or for any specified period, subject to such conditions as the Reserve Bank of India may impose.

33. Interpretations

For the purpose of giving effect to the provisions of these Directions, the Reserve Bank of India may, if it considers necessary, issue necessary clarifications in respect of any matter

covered herein and the interpretation of any provision of these Directions given by the Reserve Bank of India shall be final and binding on all the parties concerned.

[xxiii]34. Repeal

(a) With the issue of these directions, the instructions/guidelines contained in the following circulars, issued by the Reserve Bank stand repealed.

No	Circular No.	Date	Subject
1.	DOR.FSD.BC.No.67/24.01.041/2019-20	April 23, 2020	Electronic Cards for Overdraft Accounts
2.	DCBR.BPD.(PCB/RCB).Cir.No.1/16.20.000/2015-16	July 16, 2015	Guidelines on issue of ATM-cum-debit cards
3.	DBR.No.FSD.BC.18/24.01.009/2015-16	July 1, 2015	Master Circular on Credit Card, Debit Card and Rupee Denominated Co-branded Pre-paid Card Operations of Banks and Credit Card issuing NBFCs
4.	DCBR.CO.BPD.(SCB).No.1/13.05.000/2014-15	April 30, 2015	First Bi-monthly Monetary Policy Statement 2015-16 – Issue of Credit Cards by Scheduled Urban Cooperative Banks
5.	DBOD.No.FSD.BC.30/24.01.001/2013-14	July 15, 2013	Unsolicited Commercial Communications – National Customer Preference Register (NCPR)
6.	DBOD.No.FSD.BC.67/24.01.019/2012-13	December 12, 2012	Issuance of Rupee denominated Co-branded Pre-paid Cards
7.	DBOD.No.FSD.BC.66/24.01.019/2012-13	December 12, 2012	Guidelines for issue of Debit Cards by Banks
8.	DBOD.FSD.BC.No.25/24.01.011/2010-11	July 9, 2010	Credit Card Operations of Banks
9.	DBOD.No.FSD.BC.45/24.01.011/2008-09	September 17, 2008	Unsolicited Commercial Communications - National Do Not Call (NDNC) Registry
10.	DBOD.FSD.BC.23/24.01.01/2008-09	July 23, 2008	Credit Card Operations of Banks

11.	DBOD.FSD.BC.35/24.01.011/2007-08	October 19, 2007	Unsolicited Commercial Communications –National Do Not Call Registry
12.	UBD (PCB) Cir No.6 /09.18.300/2007-08	July 13, 2007	Guidelines for issue of ATM-cum-Debit Cards by UCBs
13.	DBOD.FSD.BC.19/24.01.011/2007-08	July 3, 2007	Unsolicited Commercial Communications – National Do Not Call Registry
14.	DBOD.FSD.BC.No. 49/24.01.011/2005-06	November 21, 2005	Credit Card Operations by banks
15.	RPCD.CO.RF.BC.No.2/07.06.00/2005-06	September 17, 2005	Approval for Co-branded Domestic Credit Card Business
16.	DBOD.No.FSC.BC.120/24.01.011/2000- 01	May 12, 2001	Credit Card Business of Banks
17.	DBOD.No.FSC.BC.41/24.01.011/2000-01	October 30, 2000	Issue of Credit/Debit Cards by Banks
18.	DBOD.No.FSC.BC.50/24.01.011/1997-98	June 2, 1998	Entry of Banks into Domestic Credit Card Business
19.	DBOD.No.FSC.BC.152/24.01.01/1997-98	December 9, 1997	Domestic Credit Card Business of Banks
20.	DBOD.No.FSC.BC.47/C.469-1990-91	November 7, 1990	Entry of Banks into Domestic Credit Card Business
21.	DBOD.No.BP(FSC).BC.144/C.4691988-89	June 30, 1989	Entry of Banks into Domestic Credit Card Business

(b) List of paragraphs repealed with the issuance of this Master Direction:

No	**Paragraph of the Circular/Master Direction**	**Date**	**Subject**
1.	Paragraph 60 and Annex XVII of the Master Direction – Reserve Bank of India (Non-Banking Financial Company– Scale Based Regulation) Directions, 2023	October 19, 2023	Issue of Co-branded Credit Cards

(c) All approvals/acknowledgements given under the above circulars shall be deemed as given under these directions.

(d) All the repealed circulars are deemed to have been in force during the relevant periods, prior to the coming into effect of these directions.

Annex

Illustration on calculation of Minimum Amount Due (MAD)

The outstanding amount of a credit card account at the end of month **A** is ₹10,000. Interest is calculated at a rate of 2% per month. Therefore, if the total outstanding is not paid on or before the due date, it would require payment of interest of ₹200 (2% of 10,000) along with tax and other charges of ₹50 (indicative figure) totalling to ₹250 in addition to the outstanding.

2. 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 ₹250 (indicative figure), so as to avoid capitalisation of interest or other charges in the subsequent statement.

Appendix

Frequently Asked Questions (FAQs)

Master Direction (MD) - Credit Card and Debit Card – Issuance and Conduct Directions, 2022

Query 1. What should a customer do if a credit card is issued without his/her consent (unsolicited card)?

Response: Card issuers are prohibited from issuing unsolicited credit cards and are required to seek prior and explicit consent from the customer before issuing a card. However, if the customer receives an unsolicited card, he/she should refrain from activating or providing consent for activation of card through OTP or any other means. If no consent is received for activating the card, the card-issuer is required to close the credit card account without any cost to the customer within seven working days from the date of seeking confirmation from the customer and shall also intimate the customer that the credit card account has been closed. Subsequent to receiving the intimation from the card-issuer that the card account has been closed, the customer shall destroy the card. Further, the customer may file a complaint with the card-issuer against the issuance of unsolicited card and escalate it to the RBI Ombudsman as per Integrated Ombudsman Scheme (please refer to the response of query 17 below).

Query 2. Can a card be issued to other loan accounts such as overdraft facility, cash credit facility, working capital loan, etc.?

Response: Yes, paragraphs 7(b) and 7(c) of the MD have enabled issuance of various types of credit cards which can be customized to access the limits available in different loan accounts, duly aligned to the terms and conditions stipulated for the concerned loan account. *For example, a customer availing an overdraft facility from a bank can be issued a type of credit card to access the funds available under the facility. The terms of usage of this credit card (interest charged, repayment schedule, penalty, cash withdrawal limit etc.,) shall correspond to the terms and conditions applicable to the overdraft facility.*

Further, para 7(c) provides adequate flexibility to the card-issuers to design Business Credit Cards as envisaged in their Credit Card policy. However, it may be noted that banks cannot issue debit cards to cash credit/loan accounts.

Query 3. What can be considered as activation of credit card?

Response: Customer-initiated process indicating intent to use a credit card such as PIN generation, modification of transaction control, Interactive Voice Response, recorded call to the customer care centre and SMS may be considered as activation. However, if the card is not activated by the cardholder for more than 30 days from the date of issuance, card-issuers shall seek One Time Password (OTP) based consent in line with para 6(a)(vi) of the MD.

Query 4. In reference to para 8(b) of the MD, can a credit card be considered as 'used' even if no financial transactions have been undertaken?

Response: In addition to financial transactions, any process initiated by the cardholder such as generation of statement, change of PIN, change in transaction controls, etc., shall be considered for treating a card as 'used'. However, any calls made to the customer care centre, for reasons other than those cited above, shall not be considered towards usage of a card.

Query 5. Whether consent for activation and closure of a business credit card can be obtained from the corporate/business entity instead of the cardholder?

Response: For business credit cards, wherein the cards have been issued based on the application by a corporate or business entity, card-issuers shall seek explicit consent as required under paragraph 6(a)(vi)/send intimation as required under paragraph 8(b) respectively from/to the principal account holder (viz. corporate or business entity) unless specified otherwise in the agreement. Similarly, with regard to retail credit cards too, it is clarified that the requisite consent shall be sought from the principal cardholder and not from the add-on cardholders.

However, for blocking of such credit cards, either the actual cardholder or the principal cardholder can initiate the request.

Query 6. In case a cardholder makes partial payment, can a card-issuer charge interest/levy late payment charges on the total amount due?

Response: In case a cardholder does not clear the total amount due within the payment due date, interest free credit period will be lost, and interest may be levied from the date of transaction on the outstanding amount (adjusted for payments/refunds/reversed transactions as and when credited) and not on the total amount due. Further, late payment fee and other charges relating to delay in payment shall be levied only on the outstanding amount (adjusted

for payments/refunds/reversed transactions as and when credited) after the payment due date and not on the total amount due.

Query 7. Whether a credit card-issuer can levy interest on the unpaid taxes/levies/charges?

Response: No, card-issuers shall not capitalize i.e., levy interest or any other charges, on the unpaid taxes/levies/charges. As the provision contained under para 9(b)(ii) of the MD became effective from October 01, 2022, card-issuers shall not capitalize unpaid taxes/levies/charges that have been billed from October 01, 2022.

Query 8. In reference to Para 10(g) and 10(h) of the MD, what are the transactions that are eligible (i) to be adjusted towards the outstanding dues and (ii) credited to the bank account of the cardholder?

Response: For a typical credit card with billing cycle from October 1, 2023 to October 30, 2023, let's assume the bill is generated on October 30, 2023 and the due date of payment is November 19, 2023. The different scenarios for adjustment of credit are detailed below:

Scenario 1 – Credit of refund/failed/reversed transaction within the same billing cycle	
○ Purchase transaction date – October 15, 2023 ○ Refund on October 19, 2023 - For cancellation of purchase dated October 15, 2023	As bill is yet to be generated in the given case, the refund amount received on October 19, 2023, shall be adjusted with other debits, prior to calculation of the Total Amount Due.
Scenario 2 – Credit of refund/failed/reversed transaction post generation of bill but before making payment of the dues	
○ Purchase transaction date - October 29, 2023 ○ Refund on November 04, 2023 - For cancellation of purchase dated October 29, 2023	The bill is generated on October 30, 2023, however, the payment towards the dues has not been made till the date of refund. Therefore, the refund amount received on November 04, 2023, shall be adjusted towards the Total Amount Due (TAD) and accordingly the cardholder will be required to pay only the remaining outstanding (Remaining outstanding = TAD – Refund amount).

Scenario 3 – Credit of refund/failed/reversed transaction for which payment has already been made	
○ Purchase transaction date - October 30, 2023 ○ Payment towards dues – November 06, 2023 ○ Refund on November 07, 2023 - For cancellation of purchase dated October 30, 2023	As the cardholder has already cleared the dues, card-issuers shall seek explicit consent of the cardholder to adjust the refund amount in line with the provision stipulated at Para 10(h) of the MD. ➢ **Case I -** If the cardholder gives explicit consent, then refund amount shall be adjusted. ➢ **Case II -** If the cardholder does not provide the consent or no response is received for adjustment of the refund, then the refund amount will be credited to the bank account of the cardholder in line with para 10(h). Further, if the cardholder makes a request for crediting the refund (transaction for which payment has already been made), the same shall be credited back to the bank account of the cardholder irrespective of the cut off defined under Para10(h).

Note: The card-issuers may put in place a suitable mechanism to prevent evergreening of the credit facility.

Query 9. Can a cardholder modify the billing cycle of a credit card to any date? If yes, what options are available to the cardholder to carry out the modification?

Response: The cardholder shall be provided option to choose any date as the starting or closing day of the billing cycle at least once. Further, card-issuers may provide the option to modify the billing cycle through multiple channels such as helpline, dedicated e-mail-id, Interactive Voice Response (IVR), internet banking, mobile-application and any other modes.

Query 10. Can a card-issuer allow a credit card to be used beyond the sanctioned credit limit and charge overlimit fees?

Response: Usage of a credit card beyond the sanctioned credit limit (i.e., overlimit) requires prior explicit consent of the cardholder, as a fraud minimisation mechanism. Further, a cardholder shall be given an option to enable or disable the option of overlimit through transaction control mechanism available on card-issuer's platforms such as internet, mobile banking, or any other suitable medium. Unless explicit consent has been obtained from the cardholder for the overlimit facility, no overlimit can either be provided or overlimit charges be levied.

Query 11. Whether interest, taxes or any other charges can be considered for computing a cardholder's credit limit usage for the purpose of levying overlimit charges?

Response: Interest or any charges/fees on the credit card shall not be factored in for the purpose of computing a cardholder's credit limit usage and levying overlimit charges.

Query 12. Whether the liability towards credit card dues lies only with the principal cardholder?

Response: Yes, the liability for dues shall rest solely with the principal cardholder and not with the add-on cardholders. However, settlement of dues towards international credit card shall also be governed as per FEMA regulations. Further, the responsibility for making payments in case of business credit cards shall be governed by the terms and conditions agreed upon.

Query 13. Are card-issuers required to provide an insurance cover on debit and credit cards?

Response: The Reserve Bank has not prescribed any requirement for insurance cover on debit or credit cards. However, in case a card-issuer or a card payment network provides an insurance cover, complimentary or chargeable (with the consent of the cardholder), the card-issuer shall ensure that the relevant nomination details are recorded by the Insurance Company and the availability of insurance is included, along with other information, in every statement. The information shall also include the details regarding the insurance cover, name/address and telephone number of the Insurance Company which will handle the claims relating to the insurance cover. In case of group insurance policy, the contact details of the concerned officials of the card-issuer shall be provided in the statements.

Query 14. Whether a card-issuer can partner with more than one co-branding partner for a card?

Response: Yes.

Query 15. Whether a co-branding partner acting as a business correspondent (BC), or a technology service provider can be permitted to have access to the transaction data of the cardholder?

Response: A co-branding partner (CBP) acting as a BC or technology service provider for the card-issuer shall abide by the rules as prescribed in the instructions issued by RBI for such activities. However, a CBP shall not have access to card transaction data irrespective of any other service offered by them to the card-issuer. For the purpose of customer convenience, card transaction related data may be drawn directly from the card-issuer's system in an encrypted form and displayed in the CBP's platform with robust security. The information displayed through the CBP's platform shall be visible only to the cardholder and shall neither be accessed nor be stored by the CBP.

Query 16. Whether deactivation/blocking of a credit card amounts to closure of the card account?

Response: No. De-activation/Blocking of a credit card temporarily curtails the ability of a cardholder to make any transaction in a credit card account while still maintaining the credit/account relationship with the card-issuer.

Closure of a credit card on the other hand amounts to termination of the account-based relationship between the cardholder and the card-issuer. The request for closure has to be honoured within seven working days as stipulated in Para 8 of the MD. However, in case payment towards dues is outstanding, the card-issuer shall provide details regarding such outstanding dues to the cardholder upon receipt of the closure request without waiting for completion of the billing cycle and accordingly advise him/her to make payment in order to complete the closure process. In such cases, the prescribed timeline of seven working days shall be calculated after excluding the number of days taken by the cardholder to clear the outstanding dues. The card-issuer shall also report to CICs suitably about the closure of the card account.

Query 17. What is the procedure for filing a complaint against a card issuer?

Response: For redressal of his/her grievance, the customer must first approach the concerned card-issuer. If the card-issuer does not respond within a period of 30 days after

filing of the complaint or rejects the complaint wholly/partly or if the customer is not satisfied with the response/resolution given by the card-issuer, the customer can lodge his/her complaint with the Ombudsman, Reserve Bank through any of the following methods:

i. Online at https://cms.rbi.org.in.

ii. Physical complaint (letter/post) in the form as specified in Annexure 'A' of the Reserve Bank - Integrated Ombudsman Scheme, 2021 to "Centralised Receipt and Processing Centre, 4th Floor, Reserve Bank of India, Sector -17, Central Vista, Chandigarh - 160017".

[i] Amended vide Circular dated March 07, 2024
[ii] Amended vide Circular dated March 07, 2024
[iii] Amended vide Circular dated March 07, 2024
[iv] Amended vide Circular dated March 07, 2024
[v] Amended vide Circular dated March 07, 2024
[vi] Amended vide Circular dated March 07, 2024
[vii] Amended vide Circular dated March 07, 2024
[viii] Amended vide Circular dated March 07, 2024
[ix] Amended vide Circular dated March 07, 2024
[x] Amended vide Circular dated March 07, 2024
[xi] Amended vide Circular dated March 07, 2024
[xii] Amended vide Circular dated March 07, 2024
[xiii] Amended vide Circular dated March 07, 2024
[xiv] Amended vide Circular dated March 07, 2024
[xv] Amended vide Circular dated March 07, 2024
[xvi] Amended vide Circular dated March 07, 2024
[xvii] Amended vide Circular dated March 07, 2024
[xviii] Amended vide Circular dated March 07, 2024
[xix] Amended vide Circular dated March 07, 2024
[xx] Amended vide Circular dated March 07, 2024
[xxi] Amended vide Circular dated March 07, 2024
[xxii] Amended vide Circular dated March 07, 2024
[xxiii] Amended vide Circular dated March 07, 2024