

**FINO Payments Bank**

Debit Card Issuance and Conduct Policy  
Version 1.0



September 2023

**Document review and approval**

**Revision history**

Version	Prepared By	Department	Date
1.0	Gargi Roy Poddar	Liabilities Product	06.07.2023

**This document has been reviewed by**

Version	Reviewer	Department	Date reviewed
1.0	Meenakshi Sthanu	Liabilities Product	06.07.2023
1.0	Anjani Kumar Mishra	Liabilities Product	06.07.2023
1.0	Ashish Ahuja	Product	06.07.2023

**This document has been recommended & approved by**

Version	Management Committee	Board	Approval Date
1.0	Product & Process Approval Committee (1 <sup>st</sup> September 2023)	Board of Directors	

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## A. Policy usage guide

This section explains the structure of the policy document and the purpose of the same is to enable easy navigation and understanding of the contents of the document by various stakeholders. The Policy is organized in the following sections:

### **Regulatory reference**

This section outlines the list of applicable regulations to the current policy document. The name of regulation issued by various regulators along with the date and reference number will be listed under this section.

The purpose of the same is to enable various stakeholders in identification of applicable regulations for the policy and act as a ready reference for the regulations.

### **Key stakeholders and roles**

Under this section, a list of all the key stakeholders involved in the design, review, approval and implementation of the policy are identified and the major roles to be performed by them are listed. This section enables various stakeholders in understanding their respective roles with regard to the current policy document.

### **Frequently asked questions**

This section lists down the frequently asked questions with respect to the current policy document from the perspective of various stakeholders and gives a reference to the relevant section of the policy to aid in clear understanding of the question.

### **Policy content**

This section contains various aspects of the policy design and implementation as per the applicable regulatory guidelines. This section outlines the action required by various stakeholders of the Bank in ensuring implementation of the policy.

### **Glossary**

This sections contains the definition of key terms used in the policy as per the applicable regulatory guidelines and industry standards.

## B. Regulatory reference

The following key regulations are applicable to the current policy document.

Regulator	Regulation name	Date	Regulation code
RBI	Maser Direction – Credit and Debit Card Issuance and Conduct Directions	21 April, 2022	RBI/2022-23/92 DoR.AUT.REC.No.27/24.01.041/ 2022-23
RBI	Managing Risks and Code of Conduct in outsourcing of financial services by banks	3 Nov, 2006	RBI/2006/167 DBOD.NO.BP. 40/ 21.04.158/ 2006-07
RBI	Security and Risk Mitigation Measures for Card Present and Electronic Payment Transactions – Issuance of EMV Chip and PIN Cards	15 Sep, 2015	RBI/2015-16/163 DPSS.CO.PD.No.448/02.14.003/ 2015-16
RBI	Enhancing Security of Card Transactions	15 Jan, 2020	RBI/2019-20/142 DPSS.CO.PD No.1343/02.14.003/2019-20
RBI	Cash withdrawal using Point of Sale (PoS) terminals	31 Jan, 2020	RBI/2019-20/154 DPSS.CO.PD No.1465/02.14.003/2019-20
RBI	Master Direction on Digital Payment Security Controls	18 February 2021	RBI/2020-21/74 DoS.CO.CSITE.SEC.No.1852/31 .01.015/2020-21

## C. Key stakeholders and roles

### Customer Service Committee of the Board

- To formulate a transparent and comprehensive policy for Debit Card Issuance
- To cover all aspects of operations of Debit Card, charges leviable and other related issues to facilitate the Debit Card issuance and conductance.
- Such a Policy should also be explicit in regard to secrecy and confidentiality of the customers.

### Internal Teams Involved

- Product : Envisaging the process for end- to end Debit Card Process
- Grievance & CSD : To resolve the complaints related to Debit Cards
- Logistics & Procurement : To co-ordinate with the vendor and ensure the Debit Card Delivery to the end customer
- Business Technology Group : To ensure systems are In place for Debit Cards

## D. Policy content

### 1. Objective

The objective of this Policy is to provide a framework, which will enable Fino Payments Bank (FPB) to offer a complete range of debit card solutions to its customers to fulfill their payment needs/services.

### 2. Scope

This policy will cover the role and responsibilities of FPB in issuance of Debit cards as permitted by RBI as per the Guidelines for Licensing of "Payments Banks". This policy also enumerates the rights of customers to know the Key Terms & conditions formulated whilst subscribing for a Debit card.

### 3. Definitions

- a. **Issuer:** The Bank will be the issuer of debit cards to individuals & organizations that are eligible for receipt of the card.
- b. **Cardholder:** The individuals/organizations who receive the debit card for the purpose of withdrawal of cash through ATMs and for purchasing goods and services, including financial services.
- c. **Debit Card:** A physical payment instrument, 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.
- d. **Card Loyalty/Reward Programme/s:** Those schemes linked to a debit card whereby the 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.
- e. **Convenience Fee:** A fixed or pro-rata charge on use of debit cards as one of the alternative forms of payment which is not ordinarily accepted vis-à-vis other forms of payment.

### 4. Governance Framework:

- a. The Bank shall have a well-documented Board approved policy for the issuance and conduct of debit cards. The Board approved policy shall be in consonance with various instructions on the subject issued by the RBI from time to time. The Board approved policy updated from time to time shall be made available on Bank's website.
- b. Bank shall put in place a mechanism for review of its debit card operations on half-yearly basis by the Audit Committee of the Board of Directors. The review shall include, customer service, frauds, complaints and grievance redressal, card usage analysis including cards not used for long durations and the inherent risks therein.

### 5. Issue of Debit Card

- a. Bank shall formulate a comprehensive debit cards issuance policy with the approval of its Board and issue debit cards to its customers in accordance with this policy. Prior approval of the Reserve Bank is not necessary for the bank to issue debit cards to its customers.
- b. Debit cards shall only be issued to customers having Savings Bank/Current Accounts.
- c. Bank will 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.

### 5. General Conditions

- a. Bank 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. The Bank may consider introducing advanced features that may evolve from time to time, with a view to reducing the instances of misuse of lost/stolen cards if any.

Following type of transactions are facilitated by the bank with the mentioned authentication mechanisms:

- ATM : Card+PIN
  - POS : Card +PIN
  - ECOM : Card(Including CVV)+OTP
- d. Bank shall block a lost card immediately on being informed by the cardholder and formalities/procedure, in place. Card Blocking Channels are available as per below mentioned:
- Call Centre/IVR: Hot-listed in Real Time
  - Nearest Branch/Fino Merchant Point: Hot-listed in Real Time
  - Mobile App : Hot-listed in Real Time
- e. The Bank provides multiple channels such as a dedicated helpline, dedicated e-mail-id, Interactive Voice Response and mobile-app for reporting loss/theft of card and unauthorized transaction on 24 x 7 basis and allows the customers 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 statements.
- f. The Bank shall immediately send a confirmation through SMS to the cardholder subsequent to the blocking of a card.
- g. The Bank shall not dispatch a card to a customer unsolicited, except in the case where the card is a replacement/renewal of a card already held by the customer. In case a card is blocked at the request of the customer, replacement card in lieu of the blocked card shall be issued with the explicit consent of the customer. Further, the Bank shall obtain explicit consent of the cardholder prior to the renewal of an existing card.
- h. Any discounts, cash-backs, reward points, loyalty points or any other benefits offered by the Bank 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 Bank. Detailed information regarding these benefits will be displayed on Bank's website.
- i. In case of an insurance cover provided with a card, the Bank will 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

## 6. Terms and conditions for issue of cards to customers

- a. The relationship between the Bank and the cardholder shall be contractual. The Bank 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 in English and Hindi)
- c. The Bank will issue card only on receipt of filled in application form through either offline or online modes.
- d. The Bank will not dispatch any unsolicited cards to the customer except in case of a replacement card where the existing card is nearing expiry or in the event of cards being reported as lost / stolen.
- e. The Bank 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. All charges and fees will be communicated to customers at the time of onboarding through appropriate channels and Bank's website. Prior due notice of change in terms and conditions will be communicated through various channels as defined by RBI / Code of Commitment to Bank's Customer.
- f. The convenience fee, if any charged on specific transactions, shall be indicated to the cardholder in a transparent manner, prior to the transaction.
- g. The terms will clearly specify the time-period for reversal of unsuccessful/failed transactions and the compensation payable for failure to meet the specified timeline.

- h. PIN management advisory will be part of the terms & conditions of debit card product of the Bank.
- i. The process of blocking the card in the event of loss or theft will be provided in the information leaflet as also the details of the call center and online card blocking process will be provided.
- j. The Bank will review operations/issue of debit cards on a half yearly basis. The review may include, inter-alia, card usage analysis including cards not used for long time and steps to be taken to educate customers on the benefit of card usage.
- k. 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.
- l. The terms may be altered by the Bank, 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.
- m. 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.
- n. The terms shall specify that the Bank 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.
- o. The Bank will advise the cardholder to notify the bank immediately after becoming aware:
  - Of the loss or theft or copying of the card or the means which enable it to be used;
  - Of the recording on the cardholder's account of any unauthorized transaction; and
  - Of any error or other irregularity in the maintaining of that account by the bank.
- p. Bank will keep internal records for 8 years after the relationship has ended.

## 7. Compliance with Other instructions

The issue of cards as a payment mechanism shall also be subject to relevant instructions on ATM Withdrawal, POS/ECOM transactions, security issues and risk mitigation measures, 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, as amended from time to time.

## 8. Redressal of grievances

- a. The Bank shall put in place a Grievance Redressal Mechanism 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 Bank are mentioned on the welcome letter and account statements and website. 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 Fino Payments Bank with a clearly visible link on the homepage.
- b. The Bank shall ensure that its 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. The Bank shall ensure reasonable compensation to 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 Bank's fault for the cases which are not been redressed in time. If a complainant does not get satisfactory response from the Bank within a maximum period of one month from the date of lodging the complaint, he/she will have the option to approach the Office of the concerned RBI Ombudsman for redressal of his/her grievance/s.

## 9. Confidentiality of customer information

The Bank 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. The Bank 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 with other agencies, the Bank shall explicitly state and explain clearly 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 Bank shall be solely responsible for the correctness or otherwise of the data provided for the purpose.

10. The Bank shall ensure adherence to the guidelines on “Managing Risks and Code of Conduct in Outsourcing of Financial Services” as amended from time to time. The instructions/guidelines on KYC/AML/CFT applicable to banks, issued by RBI from time to time, will be adhered to in respect of all debit cards issued, including co-branded debit cards.

11. All domestic debit cards issued by the bank are with EMV Chip and Pin based.

## 12. Security of card transaction:

The Bank will provide to all cardholders:

- a. facility to switch on / off and set / modify transaction limits (within the overall card limit, if any, set by the Bank) for all types of transactions – domestic and international, at PoS / ATMs / online transactions / contactless transactions, etc.;
- b. the above facility on a 24x7 basis through multiple channels - mobile application / internet banking / ATMs / Interactive Voice Response (IVR); this may also be offered at branches / offices;
- c. Alerts / information / status, etc., through SMS / e-mail, as and when there is any change in status of the card.
- d. The Bank will provide various modes like Branches, Call Centers, Mobile Banking, etc. through which the debit cards will be either hot listed / blocked or even blocked temporarily. While branches can be accessed during working hours, other modes can be accessed any time-24\*7. The process for blocking the card, dedicated helpline as well as the SMS numbers, shall be adequately publicized and included in the statements. Bank will immediately send a confirmation to the cardholder subsequent to the blocking of a card.

## 13. Cash Withdrawal using Point of Sale (PoS):

The Bank provides cash withdrawal facility through the debit cards issued to its customers at PoS terminals. The designated merchant establishments are hereby advised to clearly indicate / display the availability of this facility along with the charges, if any, payable by the customer.

## 14. Policy Framework

### a. Application form:

The debit card application will form part of the Electronic Account Opening Form (AOF – both electronic and the customer will have the option of subscribing to the card either at the time of account opening or subsequently. The debit card application form will be available at all the branches, BC points. Besides, the customers will also be able to submit personalized debit card issuance request through Mobile Banking application (FinoPay).

### b. Debit Card Variants

- i. The Bank will issue various variants of debit cards based on the segmentation of the customers. Bank will issue domestic debit cards in tie up with various network partners like Rupay, VISA, MasterCard, etc.
- ii. To promote electronic usage of card, Bank will come out with various offers/ discounts/ vouchers / coupons associated with the Debit card variants to encourage Point of Sale (POS) /E-com spends, subject to adherence of regulatory guidelines.
- iii. Bank will offer domestic debit cards to all its CASA customers (Excluding the accounts where Debit card is not allowed).
- iv. Debit card variants will be issued with charges for its issuance and usage as per the segmentation done internally subject to the regulatory threshold or guidelines, if any prescribed by RBI. In terms of regulatory guidelines, Bank does not charge for cards issued to ‘Basic Savings Bank Deposit Account (BSBDA).

**c. Fraud Control Mechanism**

On every transaction made through debit card, SMS alert is sent notifying the customer immediately. Bank will explore options such as email alert in addition to existing SMS notification. Customers will be enabled to temporarily and permanently block the card and alter limits directly using self-service channel i.e. FinoPay application . This apart, customers will be provided the facility to either call up the call center or go to the nearest branch to request for blocking the debit card. Customers will be advised periodically through multiple means not to disclose passwords / PIN / OTP / Debit Card number/ CVV with anyone.

**d. Customer Protection**

Lost Card Liability - This will cover transactions at merchant outlets and online portals on lost/ stolen cards as per the limit up to 30days pre-reporting and 7 days post-reporting. Coverage on Lost Card Liability will be payable only on PIN based transactions. The Claim process will include the following:

- i. Police Acknowledgement of any kind / First Information Report
- ii. Letter to bank branch giving details of the issue

**e. Limiting Liability of customers in Unauthorized Electronic Banking Transactions**

The Bank will have suitable processes and robust systems to ensure safety and security of electronic banking transactions and timely detection / mitigation of fraudulent transactions. The liability of a customer in various situations is indicated below:

- i. A customer will have zero liability if;
  - The fraud / negligence or deficiency is on the part of the bank (irrespective of transaction being reported by the customer or not)
  - A third party breach where neither the bank nor the customer is responsible for the deficiency but lies in the system and the customer notifies the bank of the anomaly in the transaction within 3 days after receipt of the transaction alert from the bank.
- ii. If the customer notifies the Bank of anomaly in the transaction within 4 to 7 days after receipt of transaction alert from the Bank, the liability of the customer will be limited for a third party breach where the neither the bank nor the customer is responsible for the deficiency but lies in the system. The liability will be as indicated in the table below:

<b>Table 1</b>	
<b>Maximum Liability of a Customer</b>	
<b>Type of Account</b>	<b>Maximumliability (₹)</b>
BSBD Accounts	5,000
<ul style="list-style-type: none"> <li>• All other SB accounts</li> <li>• Pre-paid Payment Instruments and Gift Cards</li> <li>• Current Accounts of MSMEs</li> <li>•Current Accounts of Individuals with annual averagebalance (during 365 days preceding the incidence of fraud)/ limit up to Rs.25 lakh</li> </ul>	10,000
All other Current Accounts	25,000

Further, if the delay in reporting is beyond seven working days, the customer liability shall be the transaction value or Rs.20,000/- whoever is lower.

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

<b>Table 2</b>	
<b>Summary of Customer's Liability</b>	
<b>Time taken to report the fraudulent transaction from the date of receiving the communication</b>	<b>Customer's liability (₹)</b>
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	The transaction value or Rs.20,000 whichever is lower

- iii. 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.
- iv. The customer will be completely liable to bear the entire loss in cases where the loss is due to the negligence of the customer wherein he has shared the password / PIN, until the unauthorized transaction is reported to the bank.
- v. The customer will be fully liable where the date of reporting is beyond 7 days from the date of the transaction. However, the Bank, may with the approval of senior management, waive off the liability of the customer partly or fully. While considering the waiver, the Bank will take into account the overall relationship value, personal exigencies of the customer and any other reasonable grounds leading to delay in reporting.

**Settlement of customer liability:**

- i. The bank will shadow credit the amount involved in the unauthorized 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).
- ii. The Bank may also decide to waive off any customer liability partly or fully in case of unauthorized electronic banking transactions including cases of customer negligence with approval at a senior level as may be defined by the management, on a case-to-case basis.

**f. Transaction Limits**

The transaction limits will be complied with, according to guidelines issued by RBI from time to time. The following terms & conditions will be clearly communicated to the customer:

- i. All charges & fees that will be associated with the instrument.
- ii. Expiry period, terms, and conditions on expiration of instrument.
- iii. Procedure to be followed in the event of loss / theft of cards.
- iv. Customer service contact numbers, email IDs, website, etc. will be prominently mentioned.
- v. Various offers applicable from time to time

**g. Unsolicited commercial communication**

The Bank will adhere to guidelines issued on “Unsolicited Commercial Communications– National Customer Preference Register (NCPR)” and comply with directions/ regulations issued by the Telecom Regulatory Authority of India (TRAI) from time to time while engaging telemarketers.

**E. Frequency of review**

Liabilities Product Team is the owner of this policy document and shall review the policy on an annual basis for organizational appropriateness, taking into consideration the state of the business /technology environment and compliance with legal and regulatory requirements. Any regulatory changes to this policy document shall be made effective based on circulation of the internal guidelines with information to the PAC, to be ratified by the Board at the time of next review of the Policy. Major changes in Bank’s approach, if any, will mandatorily necessitate a review of the policy.