

HSBC INDIA WEALTH AND PERSONAL BANKING (WPB) – RETAIL CREDIT CARDS

(1) EXECUTIVE SUMMARY

HSBC India WPB offers Credit Cards to interested and eligible customers in their individual capacity. Operations of the Credit Card business are in accordance with prevailing regulatory guidelines as issued by Reserve Bank of India (most recently and importantly, Master Direction – Credit Card and Debit Card Issuance and Conduct Directions, 2022 dated 21 April 2022) and also per HSBC's internal policies and procedures.

Product Variants

As of June 2022, HSBC India WPB offers the following range of Credit Cards to eligible individual customers across the following product variants:

- HSBC Premier Credit Card
- HSBC Platinum Credit Card
- HSBC Cashback Credit Card
- HSBC Smart Value Credit Card (previously referred to as Gold Credit Card)
- HSBC Advance Platinum Credit Card (currently off-sale, managing existing book)
- HSBC MMT Signature Credit Card (currently off-sale, managing existing book)
- HSBC MMT Platinum Credit Card (currently off-sale, managing existing book)
- HSBC Classic Credit Card (currently off-sale, managing existing book)

The above variants are offered to the principal or primary Cardholder (in whose name the card account has been opened) and also to add-on Cardholders who hold a pre-defined relationship with the primary Cardholder. The add-on cards shall be issued only to the persons specifically identified by the principal Cardholder. Add-on cards are issued with the clear understanding that the liability will be that of the principal/primary Cardholder.

As part of the above range of Credit Card products, HSBC WPB offers various instalment options through which Cardholders can either borrow (within the card limit) or convert their balances and transactions into Equated Monthly Instalment (EMI) plans. These are offered in the form of:

- Instant EMI
- Cash on EMI
- Balance Transfer
- Loan on phone
- Balance conversion

The above loans offered through credit cards are in compliance with the instructions on loans and advances issued by the Reserve Bank from time to time.

Addition, withdrawal or modification to any of the above product variants are done in accordance with laid down regulatory guidelines and HSBC's product governance framework. This ensures that optimal governance oversight, compliance and fair business practices are applied to any changes that may impact existing or prospective Cardholders.

HSBC WPB does not offer or upgrade the customers to any of the above products or variants without the explicit consent of the customer.

As of June 2022, HSBC WPB does not offer any Charge Cards or Pre-paid cards to individual (retail) customers.

Customer Segments

HSBC offers Credit Cards to New-To-Bank (NTB) and Existing-To-Bank (ETB) customers. These customer segments may in turn include Card-only (no other product with HSBC), Personal Banking and Premier customers (HSBC staff are also covered across these customer segments).

Acquisition Channels

HSBC has a multi-pronged acquisition channel strategy covering Mobile Sales Force/Telesales (In-bound/out-bound)/Branches/Third Party Sales Channels/ATM/Internet Banking/Public Website/Digital channels.

The functioning of all these channels (whether the Bank's own physical and digital channels, or third party channels) is carried out as per laid down regulations, including outsourcing guidelines.

The channels that HSBC deploys 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 (NCPRI)'. Our representatives contact customers only between 10:00 hrs and 19:00 hrs.

This policy document covers most important aspects of the HSBC's Credit Card business as covered in the Executive Summary section. These are further explained and elaborated in subsequent sections.

(2) ISSUE OF CREDIT CARDS

(a) **CUSTOMER ACQUISITION:** Customers who apply for or have an existing HSBC Credit Card are provided clear, transparent and timely details of all aspects of the product terms and conditions at various stages of their status with the Bank. These are suitably covered as per RBI's Master Direction – Credit Card and Debit Card Issuance and Conduct Directions, 2022 across the following modes of communication:

- Application Form (whether in paper or digital form), including Key Things You Should Know (fact sheet)
- Most Important Terms and Conditions (MITC)
- Services Guide

Across the above customer collateral, details of the following aspects of the Credit Card product are covered in detail:

Fees and charges: As may be applicable from time to time, fees and charges are payable by Cardholders for specific services provided to the Cardholder or for defaults committed by the Cardholder with reference to his/her card account.

Tariff structure is subject to change from time to time at the discretion of HSBC. Such changes will be made with prospective effect, giving notice of at least one month.

Important - Illustrative examples of how some of the above fees and charges, especially finance charges and late payment fee are clearly spelt out in the customer documentation to ensure fair and transparent communication.

Credit Limits: The credit limit and cash withdrawal limit are communicated to cardholders in the monthly card statement. The available credit limit is provided as part of the monthly statement. Credit limit is the maximum amount, which can be outstanding against the credit card account at any given time. All details around how these limits are set and governed, including impact on cardholders are provided in the application form.

Billing and Payments: This section transparently conveys the Bank's payment hierarchy for application of payments received from the customer against various components of the total outstanding balance in descending order of interest rates. This is to ensure fair treatment of customers so that debts (or outstanding balances, fees and charges) at the highest rate are retired first. Bills/statements are dispatched to cardholders in a timely manner across various channels including email and mobile/netbanking. The statements clearly depict all amounts due, including minimum and total amount due. Details of this are shown in the Service Guide which is referred to in subsequent sections of this document.

Customer Default: In the event of default (if the Minimum Amount Due is not paid by the payment due date or breach of any clause of the Cardholder agreement), HSBC engages with the cardholder through a debt management strategy that is consistent with fair practices of laid down internal and regulatory guidelines.

Termination: All terms around customer or bank-initiated closure of the card and consequent terms and conditions, including roles and responsibilities of both parties are conveyed to cardholders. In case of sustained inactivity on the card, the Bank will close or block the card by giving due notice. Follow on actions such as notification to the credit bureau (in case of card closure) and refund of any credit balance to the cardholder shall be duly undertaken.

Any request for closure of a credit card will be honoured within seven working days by HSBC, subject to payment of all dues by the cardholder. Subsequent to the closure of credit card, the cardholder will be immediately notified about the closure through email, SMS, etc. Failure on the part of HSBC to complete the process of closure within seven working days will result in a penalty of ₹500 per day of delay payable to the customer, till the closure of the account provided there is no outstanding in the account.

Loss/Theft/Misuse of the Card: The Cardholder is expected to notify the Bank immediately on any of these developments so that suitable actions are taken to protect the interests of the customer and the Bank, in accordance with laid down chargeback and dispute resolution procedures (including those set up by the card networks such as Visa, MasterCard, Rupay, etc.).

HSBC will block a lost card immediately on being informed by the Cardholder and formalities, if any, will follow within seven working days from the date of blocking the card.

Customers are encouraged to read through the above that are explained in detail in HSBC's Credit Card Application Form and Most Important Terms and Conditions.

Apart from the above, there are further details in the Services Guide that is displayed on the Bank's public website and also provided to cardholders as part of the welcome pack. The Services Guide has extensive and clearly communicated information across the following aspects of the Credit Card product for the benefit of the Cardholder:

- Key things the customer should know about the Credit Card – as described earlier in this note.
- How to use the HSBC Credit Card, including card activation, contactless payments, PIN & OTP (for offline and online transactions), international usage, etc.
- How to avoid misuse of the Credit Card.
- Credit Cardholder Privileges which cover extended credit facility, rewards programme, lost card liability, instalment programmes, ATM access, foreign exchange entitlement (in accordance with FEMA guidelines), internet/phone banking, add-on card facilities, etc.
- Monthly Statement – which covers how cardholders should read and interpret various sections of the statement. This includes examples for easy understanding.
- Settlement of outstanding of overseas transactions.
- Payment Options – various modes to pay the dues back to the Bank.
- Tariff Sheet.
- Finance Charge Illustration.
- Late Payment Charge Illustration.
- Payment Hierarchy.
- Summary of key features and terms.
- Detailed Terms and Conditions of HSBC Credit Card – Cardholders are clearly informed that before they use the HSBC Credit Card, they should read these terms and conditions carefully. By using the credit card, they accept the terms and conditions set out in this section and will be bound by them. 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 suitable communication channels available.
- Banking Codes and Standards Board of India – This is a Code of Customer Rights, which sets minimum standards of banking practices we will follow as a member of BCSBI while dealing with individual customers. It provides protection to customers and explains how a member bank is required to deal with customers in its day-to-day operations.

- The Code does not replace or supersede regulatory or supervisory instructions of the Reserve Bank of India (RBI) and we will comply with such instructions/ directions issued by RBI from time to time.
- Your Voice Matters – This section provides our customers with details to raise any grievances or provide feedback to the Bank.

Further details of all the above are available under the relevant various sections/artefacts displayed on the Bank's public website.

Examples of these are:

services-guide.pdf

application-platinum-smartvalue-primaryapplicants.pdf

- (b) **RISK AND UNDERWRITING STANDARDS:** HSBC is a fair practice lender and follows robust lending guidelines to assess credit worthiness of customers to protect the financial system – across the borrower, lender and banking ecosystem as a whole. This is done through a well-laid out set of credit and underwriting policies that are aligned with the Bank's strategy, customer segmentation and risk appetite. This also covers other associated aspects of this framework such as our debt management processes (collections and recovery of unpaid dues) and reporting of such accounts to credit information companies (credit bureaus). The decision to grant credit card facilities and to subsequently alter the terms of the facility (upgrade/downgrade, change of limits, withdrawal of facilities, extended credit facility, etc.) are based on the repayment track record of the cardholder which is assessed through a combination of information/documents supplied by the customer, their credentials on the credit bureau and any other underwriting assessment which could be based on subjective or scorecard based models.

The decision for issue of credit card to a customer remains only with the Bank and the role of third party sales agents is limited to soliciting/servicing the customer/account.

These policies are reviewed from time to time with adequate management oversight and are governed by laid down regulatory guidelines.

(3) INTEREST RATES AND CHARGES

In line with the Master Direction – Reserve Bank of India (Interest Rate on Advances) Directions, 2016 banks are required to layout appropriate internal principles and procedures to ensure that usurious interest, including processing charges and other charges, are not levied by Banks. Additionally, in accordance with internal Group guidelines, any changes to pricing of loan/card products goes through a robust internal governance process set out by HSBC.

Some of the major fees and charges levied on HSBC Credit Cards are:

Annual and Joining Membership Fees – These fees may be applicable on the primary and add-on credit card(s). These fees may vary depending on the offer under which the HSBC Credit Card has been availed of by the Cardholder.

Cash Advance Fee – The Cardholder has access to cash, round the clock, at HSBC/VISA ATMs in India and overseas. A transaction fee as a % of the transaction amount is levied.

Late payment charge will be applicable if minimum payment due is not paid by the payment due date.

Over-limit charges are applicable in the event of total outstanding exceeding the credit limit assigned.

Finance charges – Cardholders can avail of the 'extended credit facility' by paying the Minimum Payment Due (MPD) indicated in the monthly credit card statement. The MPD is calculated as 5% of the total payment due of the statement plus greater of Past Due amount or Over limit amount (if any). Interest is charged on the extended credit as per terms and conditions.

Finance Charge – Finance charge is charged only to those customers who do not pay their outstanding in full by the due date and revolve on their credit card outstanding. Finance charge is levied on customers only after the free credit period (up to 48 days) has elapsed. Finance charges on cash advances are levied immediately to offset the loss of

interchange income (earned on every purchase transaction) and to offset the high risk nature of the transaction.

The primary reasons for levying finance charges are to cover:

- Cost of funds
- Loan impairment charges
- Other operational expenses

The finance charge varies for different card types and typically ranges from 1.99% p.m. to 3.5% p.m.

As a feature of the Smart Value Credit Card, WPB has also introduced dynamic risk based pricing. The finance charge levied on the card is dynamic and can vary between 1.99%* per month (23.88%* per annum) – 3.49% per month (41.88%* per annum) computed from the date of transaction.

*Rate of interest is subject to the Bank's periodic review and is decided based on the customer's performance on existing HSBC products and information related to other lending products, received from the credit bureau.

Other interest, fees and charges – Interest is also levied on balances on the credit card that have been converted into instalments (EMIs) by the customer. The following EMI facilities are granted:

- Instant EMI
- Cash on EMI
- Balance Transfer
- Loan on phone
- Balance conversion

These balances are within the line of credit sanctioned to the cardholder. Interest rates applicable range from 10.99% to 24% p.a. and may change from time to time. Details of applicable interest rates, fees and charges and applicable taxes are clearly communicated to customers across various documents and material.

Fees and charges are levied depending on the nature of service offered to the customer such as, extended credit facility and delayed/unsuccessful payment. Due to the nature of the product, service charges are levied to cover the high systems, processing and administrative expenses incurred by the Bank.

All the above fees and charges are reviewed periodically at the Bank's governance forum including the Interest Rate on Advances – Spread Policy approved by the Asset Liability Committee. These fees and charges form part of the tariff sheet that is embedded in the MITC, application form and services guide.

(4) CUSTOMER CONDUCT AND GRIEVANCE REDRESSAL

The grievance redressal policy of the Bank for handling customer complaints (including the ones laid down in the Master Direction – Credit Card and Debit Card Issuance and Conduct Directions, 2022) is available on the home page on the website (PWS) and is approved by the Board. This is reviewed annually during which Executive Committee members are invited to review and approve the Grievance Policy Mechanism for the Bank.

The Bank's Grievance Redressal policy follows the following principles:

1. Customers are treated fairly at all times.
2. Complaints raised by customers are dealt with courtesy and in a timely manner.
3. Customers are informed of avenues to escalate their complaints within the organization, and their rights if they are not satisfied with the resolution of their complaints.
4. Complaints are treated efficiently and fairly.
5. The Bank employees work in good faith and without prejudice, towards the interests of the customers.

An escalation framework is in place for customers to raise their complaints and issues (including matters on mis-selling of cards, collections practices, etc.) and this also has the turn-around time for addressing such complaints.

This is spread across:

Level 1 – website, PhoneBanking, branches etc.

Level 2 – Nodal Officers for each region and/or Code Compliance Officers

Level 3 – Principal Nodal Officer and other Senior Management executives

Escalation to the Banking Ombudsman

(5) CUSTOMER PROTECTION AND CONFIDENTIALITY

As a bank, HSBC is used to thinking about security. The growth of the internet, cards ecosystem and newer payment platforms has offered greater flexibility to customers, but it also brings new risks that must be guarded against. At HSBC, we use industry standard security technology and practices, focusing on three key areas – privacy, technology and identification – to safeguard your account from any unauthorised access. The Bank has taken suitable measures to address these risks – through a combination of checks at our end and also through heightened customer education.

These are covered as part of the HSBC Safeguard programme and also other ongoing initiatives that are prominently displayed on our website under the sections:

Security Centre | Help and Support – HSBC IN

Online Security and secure usage tips | Help – HSBC IN

We also make it easy for our Cardholders to raise disputes or report misuse of the card through PhoneBanking or through online modes – Online dispute form ([hsbc.com](https://www.hsbc.com))

Also, we do not reveal any information relating to customers obtained at the time of opening the account or issuing the card to any other person or organisation without obtaining their explicit consent, with regard to the purpose(s) for which the information will be used and the organisations with whom the information will be shared. We 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, we explicitly state and explain clearly to the customer the full meaning/implications of the disclosure clause. The information sought from customers is of such nature which not will violate the provisions of law relating to maintenance of secrecy in the transactions. This is clearly laid down in the application form under sections labelled as Declaration, Disclosures and Customer Consent.

This Board approved policy is in accordance with the RBI Master Direction – Credit Card and Debit Card – Issuance and Conduct Directions, 2022 RBI/2022-23/92 DoR.AUT.REC.No.27/24.01.041/2022-23 April 21, 2022, details of which can be seen on: [92MDCREDITDEBITCARD423AFFB5E7945149C95CDD2F71E9158.PDF](https://www.rbi.org.in) (rbi.org.in)

For additional ease of reference to our customers (Cardholders), HSBC has also hosted an FAQ (Frequently Asked Questions) section on the public website – FAQs for Credit Cards | Help and Support - HSBC IN. This section is refreshed periodically and will be revised to also reflect ongoing changes on account of internal guidelines or regulatory changes.