ANNEXURE

I. QUESTIONNAIRE

FORM - A

QUESTIONNAIRE (TO CUSTOMERS OF CREDIT CARD)

Name: (Mr./Ms) ...........................................................

Address: .............................................................................

Occupation: Service / Business / Professional / Housewife / Student / Others

Age (Years): ...........................................................................

Qualification: Below Secondary / Secondary / H. Secondary / Graduate /
Post Graduate / Professional / Doctorate

Income: 50000-59000 □ 60000 - 69000 □ 70000-79000 □
80000-99000 □ 10000 & above □

1. How many Credit Card you are using?
(a) One (b) Two (c) Three (d) More than three

2. Rank the Card as per your preference of Banker.
(1 – Most preferred, 2 – Next, 3 – Third, 4 – 4th, 5 – Last)
(a) Citibank (b) Standard Chartered
(c) HSBC (d) ICICI
(e) SBI (f) BOB
(g) Any Other (pl. Specify) .............................................

3. Which of the following brand you prefer for the Credit Card? (Rank same as above)
(a) Master (b) Visa (c) Dinners
(d) Amex (e) Others

4. What is your Credit Limit?
(a) Below Rs. 15,000 (b) Rs. 15,000 – 25,000
(c) Rs. 25,00 – 50,000 (d) Above 50,000

5. Please specify the purpose where you use your Credit Card mostly as per preference & frequency (please rank as above).
(a) Restaurant & Hotel Bills (b) Shopping
(c) Fuel (d) Remittance
(e) Cash withdrawals (e) Asset Purchase
(f) Any other purpose (f) ( ......................)
6. In relation to the Credit Card(s) which you are using please state your opinion in the following Service aspects in a 5 grade rating scale (1 – Strongly agree, 2 – Agree, 3 – Somewhat agree, 4 – Disagree, 5 – Strongly disagree)

<table>
<thead>
<tr>
<th>Particular</th>
<th>Card No. I</th>
<th>Card No. II</th>
<th>Card No. III</th>
<th>Rank it from 1 – 13 as per your prefer</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Efficient Statement preparation</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>b) Cordial Customer Care</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>c) Enough Credit Limit</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>d) Low Interest Charged</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>e) Adequate Insurance</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>f) Sufficient Bonus Point</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>g) Good Network of ATM</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>h) Special Offers</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>i) Adequate Social Acceptance</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>j) Moderate Membership Fees</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>k) Value of Money</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>l) Adequate Acceptance</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>m) Card Loss protection</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
</tbody>
</table>

7. State your perception on Credit Card in relation to the following items (Mark as above)

<table>
<thead>
<tr>
<th>Particular</th>
<th>Card No. I</th>
<th>Card No. II</th>
<th>Card No. III</th>
<th>Rank it from 1 – 6 as per your prefer</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Usefulness</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>b) Social Status</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>c) Insurance &amp; Security</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>d) Identity Card</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>e) Safety</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
<tr>
<td>f) Lifestyle</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□ □ □ □ □</td>
<td>□</td>
</tr>
</tbody>
</table>
FORM – B  
Questionnaire for the Banks Offering Credit Card

Name of Bank : ………………………………………………………………………………………………………

Address : ……………………………………………………………………………………………………………

Name of Concern Person : …………………………………………………………………………………………

1. What are the different brands of credit Card you are offering?
   (a) Master    (b) Visa     (c) Dinners (d) Any Other (pl. sp.) …………………

2. Is holding an account in your bank necessary for applying for Credit Card
   (a) Yes       (b) No.

3. How different types of Credit Card attracts different earning criteria?
   Please indicate in the following Chart.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Income Type</th>
<th>Earning P A (Salary Earners)</th>
<th>Earning P A (Professionals)</th>
<th>Earning P A (Self Employed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. Is there any criterial for the merchant Establishments which could accept
   Credit Card.
   (a) Yes       (b) No.

5. If the answer is yes; What is the benchmark?
   Please specify ……………………………………………………………..
6. How many Merchants are accepting your Card?  
   Please Specify as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. At an average what is the commission you are charging from the merchants?  
   a) 1 %   b) 2 %   c) 3%   d) More than 3%   e) .............  

8. Please indicate the number of customer (Card Holders) in last 10 years,  
   according to the following format:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Card</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. Which is the approximate bad debt?  
   a) 1 %   b) 2 %   c) 3%   d) 4 %   e) 5% & above  

10. Which is the percentage of employee engaged in credit card operation?  
    a) 5 %   b) 10 %   c) 20 %   d) Above 20 %
FORM – C
MERCHANT QUESTIONNAIRE

Name of Merchant ........................................................................................................

Address : .........................................................................................................................

Nature of Business : ........................................................................................................

1. What type of Cards you are accepting?
   (a) Visa       (b) Master       (c) Dinners       (d) Amex       (e) Others

2. Which bank is providing you with the service?
   (a) Citibank   (b) HSBC         (c) Standard Chartered (d) SBI
   (e) ICICI Bank (f) HDFC         (g) Any other (pl. specify).........................

3. What is the Membership Fees?
   (a) Below Rs. 1000 (b) Rs. 10000-50000 (c) Above Rs. 50000
   (e) .........................

4. What is the service charges of the Banks?
   (a) 1%     (b) 2% (c) 3%   (d) Above 3% (e) .........................

5. What is the approximate Cash : Credit Card payment in last 10 years by
   your customers?


<table>
<thead>
<tr>
<th>Ratio</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>0:100</td>
<td></td>
</tr>
<tr>
<td>10:90</td>
<td></td>
</tr>
<tr>
<td>20:80</td>
<td></td>
</tr>
<tr>
<td>30:70</td>
<td></td>
</tr>
<tr>
<td>40:60</td>
<td></td>
</tr>
<tr>
<td>50:50</td>
<td></td>
</tr>
<tr>
<td>60:40</td>
<td></td>
</tr>
<tr>
<td>70:30</td>
<td></td>
</tr>
<tr>
<td>80:20</td>
<td></td>
</tr>
<tr>
<td>90:10</td>
<td></td>
</tr>
<tr>
<td>100:0</td>
<td></td>
</tr>
</tbody>
</table>

1992
1993
1994
1995
1996
1997
1998
1999
2000
2001

1. Does acceptance of Credit Card boost up sales?
   (a) Yes (b) No (c) No comments (d) Not sure
II. CREDIT CARD Business Terminology

**Abandon Rate** : A measure of customer service quality based on the percentage of total incoming calls to a customer service center that are abandoned by customers because they were placed on hold too long.

**Access Card** : The card used in an automated teller machine for deposits, cash withdrawals, account transfers, and other related functions.

**Account History** : The payment history of an account over a specified time, including the number of times the account was past due or over the credit limit.

**Account Takeover** : A source of credit card fraud in which criminals pose as true cardholders.

**Acquire** : In interchange, an institution that maintains the merchant relationship and receives all transactions.

**Acquirer's Interchange Discount (AID)** : In interchange, a bank that maintains the merchant relationship and receives all transactions from the merchant.

**Acquiring Bank** : In interchange, a bank that maintains the merchant relationship and receives all transactions from the merchant.

**Adverse Action Notice** : A written notice informing a credit applicant of the reasons for a creditor's decision to deny a request for credit, to reduce an existing credit line, or to otherwise unfavorably change the terms, rate, or amount of a loan or loan request.

**Affinity Group Card** : A credit card designed for use by a collection of individuals with some form of common interest or relationship, such professions, retired persons organizations, etc.

**Agent Bank** : A bank that by agreement, participates in another bank's card program, usually by turning over its applicants for bank cards to the bank administering the program and by acting as a depository for merchants.
Aging : The procedure by which accounts are classified for the purpose of determining delinquency, ranging from a current to a charge off status.

Altered Card : A card on which the original account number has been changed to allow fraudulent use.

Altered Sales Draft : A sales draft in which the money amount was changed to read something other than what the cardholder actually agreed to and signed.

Annual Membership Fee : An annual fee imposed by a card issuer on its cardholders for the privilege of carrying its bank card.

Annual Percentage Rate (APR) : The amount of finance charge applicable to outstanding balances for one year. This is frequently expressed as the periodic (monthly) rate x 12 = the APR.

Approval Ratio : The number of cardholder applications approved, expressed as a percentage of total applications received.

Asset-Liability Management : The management of the funding sources for various loan classes in the bank's total loan portfolio, as well as the mix of liability classes for loan funding and investment purposes.

ATM : automated teller machine.

ATM Card : A plastic card that enables the cardholder to access an ATM.

Attrition : The loss of accounts either involuntarily, because of bad debts death, etc., or voluntarily, at the option of the cardholder.

Authorization : Approval by, or on behalf of, the card issuer to validate a transaction for a merchant or another affiliate bank.

Authorization Request : A request for approval by the merchant to validate a cardholder sales transaction.

Automated Teller Machine : An unmanned electronic device that performs basic teller functions, such as accepting deposits, cash withdrawals, account transfers, loan payments, and account balance inquiries.
**Automatic Stay**: The legal prohibition of a creditor from taking further action to called a debt or repossess collateral after a borrower files for bankruptcy.

**Available Credit**: The difference between the credit limit assigned to a cardholder account and the present balance, including authorizations outstanding (for which the actual transaction has not yet been received through interchange).

**Average Balance**: The average amount outstanding on a cardholder account within a specified period of time. This is calculated by adding all the monthly balances on an account within a specified time period and dividing the total by the number of months within that time period.

**Average Daily Balance**: An amount calculated by dividing the balance outstanding at the close of each day during the billing cycle by the number of days in that cycle.

**Back-End Processing**: Refers to activities that, do not involve customer contact or risk management, for example, authorization and cardholder billing.

**Bank Card**: Any card issued by any bank that accesses a customer’s financial resources, including credit cards, ATM cards, debit cards, smart cards, and check guarantee cards.

**Behavioral Score**: A score that predicts the account behavior most likely to occur according to statuses ranging from a current status to a charge off status.

**Billing Date**: The month, day, and year when a periodic (or monthly) statement is generated. The billing date is made when calculations for appropriate finance charges, minimum payment due, and new balance have been performed.

**Card Issuer**: The financial institution that authorizes issuing a bank card for which the institution or its agent carries the liability.
Card Mailer: A carrier used in mailing a card to the cardholder. The mailer may contain instructions regarding the conditions of card use.

Card Reissue: The process of preparing and distributing bank cards to card-holders whose cards have expired or will soon expire.

Cardholder Agreement: The written understanding stating the terms and conditions of using a card.

Cardholder Bank: The bank that has issued a bank card to an individual. The term is frequently used in interchange arrangements to identify the card-issuing bank.

Cardholder Masterfile: The bank record of all cardholder accounts, inducing all information pertinent to the accounts (name, address, credit limit, payment history, etc.).

Cash Advance: A cash loan obtained by a cardholder through presentation of card at a bank office, at an ATM, or by mail request.

Characteristics: A specific item of information (such as income) on a credit application used the credit-scoring method.

Charge Back: A transaction that is challenged by a cardholder or merchant bank and sent back through interchange to the bank of account (cardholder or merchant) for resolution.

Charge Off: The balance on a bank cardholder account that a bank no longer expects to be repaid and writes off as a bad debt. The process of charging off accounts A charge off is generally recorded by a debit to the reserve for possible credit losses and a credit to the loan balance.

Check Guarantee: A service provided through a plastic card that guarantees payment up in a defined limit, provided that the merchant follows proper steps in accepting the check.

Co-Debtor: A person who signs a note to guarantee a loan made to another person. Also called co-obligor or co-signer.

Collateral: Specific property, securities, or whether assets pledged by a borrower as a backup source of loan repayment.
**contingency plan** A plan for maintaining, bank operations in the event of a major disaster.

**Contingent liability** The total amount of credit available to borrowers, but not in use, at any period in time.

**Convenience User** A cardholder who pays the balance in full on each due date.

**Corporate Card** A bankcard issued to companies for use by company employees. The liability for abuse of the card typically rests-with the company and not with the employee. Country club billing A billing system in which copies of transactions are mailed to the cardholder with a monthly statement.

**Credit Card** A plastic card that has features of both a credit card (such as purchases made on credit) and a debit card (such as direct withdrawals from a deposit account).

**Credit Analyst** A person who performs the function of reviewing applications for credit, together with pertinent credit data, and decides to approve or decline individual applications.

**Credit Balance** The amount of credit available to a cardholder after the credits and debits have been posted in a billing cycle.

**Credit Card** A plastic card that allows the cardholder to obtain money goods, or services under a line of credit established by the card issuer.

**Credit Criteria** The standards applied to cardholder applications out previous account records in order to determine approval or declination of the application for a credit card, a line of credit, or an increase in the line of credit.

**Card Delinquent Account** An account on which payment has not been made according to the terms and condition of the cardholder agreement; an account on which payments are past due.

**Credit Limit** The amount of the credit line set by the card issuer for the cardholder's account.
Credit Line: The established maximum dollar amount that may be permissibly borrowed on the credit card at any given time. It is initially set by the bank at the time of card approval.

Credit Loss: The amount lost (charged off) as a result of the failure of the cardholder to repay the amount owed on the account.

Credit Scoring: A method for predicting the creditworthiness of applicants for credit.

Cross-Sell: The use of one product or service as a base for selling additional products and services.

Current Account: A cardholder account that has been paid up to date and on which no amount is past due.

Cutoff Score: Under the credit-scoring method, the minimum score an application must carry to be approved.

Cycle: The grouping of cardholder accounts to provide for a distribution of work load and easier account identification.

Cycle Period: A specified period during which both debit and credit transactions are accumulated for billing.

Data Capture: A data processing term for the collection, formatting, and storage of data in computer memory according to predefined fields, for example, customer name, account number, and dollar amount of purchase. When a terminal reads this information from a plastic card or from entries at a terminal, the information is stored in computer memory for later output as a hard copy printout or as soft copy on a CRT display.

DBA (doing business as): Refers to the specific name and location of the merchant's store where a bank card purchase is made.

Debit: A charge to a customer's bank card account.

Debit Card: A plastic card, issued by a financial institution, that charges the customer's personal account. The card may be proprietary (issued solely by one institution), or it can be a regionally or nationally accepted.
Derogatory Information: Data, received by a lender indicating that an applicant or cardholder has not paid his or her accounts with other Creditors. Descriptive billing: A method of billing in which each monetary transaction posted to an account during a billing period is identified and described on a bill.

Dial-Up Terminal: A merchant authorization device that, like a telephone, dials the authorization center for validation of a transaction.

Direct Expense: Any expense directly attributable to operations, including operating expense, advertising and other marketing expense, cost of funds, loan and fraud losses, and the like.

Discharge: Under the Bankruptcy Code, an action that releases the debtor from any legal obligations to repay debts.

Disclosure: Information required by law to be given to cardholders relative to the terms of the credit extended. Disclosures must appear on cardholder agreements, monthly (periodic) billing statements, or any documents in which finance charge rates are mentioned.

Discount Rate: The fee a merchant bank charges the merchant for giving the merchant deposit credit and handling the merchant’s sales drafts or electronic sales transactions.

Draft Laundering: A form of credit card fraud in which a merchant falsely submits to an acquirer credit card sales that come from an outside source and are not the merchant’s own sales.

Dual Control: A security technique that uses two or more people (or entities) operating together to protect sensitive functions, information, and assets.

Dual Dating: The practice of embossing two dates on the face of credit cards with the first date as the effective date and the second as the expiration date. The purpose is to deter the fraudulent use of cards.
Duality: Full or partial participation by any one bank in two competing national bank card systems. Handling MasterCard International and Visa International transactions by an issuer bank is an example of duality.

Effects Test: A test of credit criteria to see if they have the effect of discriminating on the basis of any of the prohibited classifications under the Equal Credit Opportunity Act.

Electronic Funds Transfer System (EFTS): An electronically based system designed to eliminate the paper instruments that are normally associated with the movement of funds, such as a cash withdrawal from an ATM that eliminates the necessity of writing and processing a check.

Emboss: The process of printing identifying data on a bank card in the form of raised characters.

Emergency Card Replacement: A service offered by card issuers whereby a cardholder can have his or her lost or stolen card replaced within 4 to 48 hours throughout the world.

Encoding: The magnetized recording of data on the magnetic stripe on the bank card.

Error Resolution: The process of resolving mistakes made after incorrectly billing customers for transactions. Regulation outlines the requirements for this process.

Exceptions: Transactions that fail to meet the parameters of the system.

Float: The time between the creation of a transaction, such as a credit card purchase, and the ultimate payment by the bank and debiting to the card user's account. For example, when a credit card is used for a $50 purchase, it may take a few days for the purchase to be processed and the $50 is debited to the card user's account, the card user enjoys a float of $50 during this interval.

Floor Limit: The amount of purchase over which the merchant must obtain a transaction authorization by telephone or authorization terminal.
Funds Matching: A financial term used to describe the funding strategy that uses short-term (generally interest-sensitive) deposits to fund short-term (generally interest-sensitive) loans, long-term funds for long-term loans, etc.

Grace Period: The period of time between the statement date and the payment due date in which no interest is charged if the balance due is paid in full.

Gross Income: The total dollar amount of all income sources for a credit card operation.

Hologram: A laser-created image that appears to be three-dimensional. It is imprinted on a bank card as an anticounterfeiting device.

Hot Card: A card used on an account on which excessive purchasing is taking place. This may indicate a lost or stolen card or other unauthorized purchasing.

Imprinter: A device supplied to the merchant to produce an image of the embossed characters of the bank card on all copies of sales drafts and credit slips.

Incoming Charge Back: Incoming interchange transactions from cardholder activity received from the MasterCard International and Visa International networks by the cardholder bank.

Interchange: The domestic and international systems operated by MasterCard International and Visa International for authorization, Settlement, and the passing through of interchange and other fees, as well as other monetary and non-monetary information related to bank card activities.

Interchange Fee: The amount paid by the merchant bank to the cardholder bank on each sales transaction. MasterCard International and Visa international independently establish interchange fees for their networks.
Issuer: A member of an interchange system that issues cards (for example, a bank that belongs to MasterCard International and issues MasterCard cards). Within a transaction interchange network, the institution issues and verifies identification and authentication information on a customer.

Late Charge: A financial penalty against the cardholder for failure to make the minimum payment. Normally imposed 15 days after the payment due date.

Laundered Drafts: The mingling of fraudulent drafts with legitimate drafts in an attempt to hide the fraudulent activity.

Line Of Credit: The amount of credit a lender will extend to a borrower over a specified period of time.

Loading Up: The practice of charging debt on open-end credit just prior to filing for bankruptcy.

Loss Reserve: The amount on the balance sheet set aside to pay for projected credit losses from the cardholder portfolio.

Magnetic Stripe: A stripe of magnetic information affixed to the back of a plastic credit or debit card. The magnetic stripe contains essential customer and account information.

Master File: A computer file composed of records with similar characteristics or containing data of a relatively permanent nature. A cardholder master file would contain such information as names, account numbers, addresses, credit limits, expiration dates, and number of cards issued as minimum data.

Merchant Accounting: The recording by a bank of the number and money value of all sales drafts and credit slips submitted by each merchant, merchant agreement A written agreement between a merchant and a bank containing their respective rights, duties, and warranties with respect to acceptance of the bank card and matters related to bank card activity.
**Merchant Authorization**: The means of receiving sales validation for the merchant, by telephone or authorization terminal, to guarantee payment to the merchant.

**Merchant Bank**: The bank that has entered into an agreement with a merchant to accept deposits generated by bank card transactions.

**Merchant Charge Back**: A transaction that is challenged by a cardholder bank against a merchant bank and comes to the merchant bank through interchange. Also referred to as incoming charge back.

**Merchant Discount**: The fee an acquirer bank charges the merchant as compensation for processing and accepting the credit risk on credit card sales.

**Merchant File**: A computer record of information on all merchants serviced by a merchant bank.

**Merchant Number**: A series or group of numbers that numerically identifies each merchant to the merchant bank for accounting and billing purposes.

**Merchant Warning Bulletin**: A list of restricted cardholders circulated to all participating merchants.

**Monetary Transaction**: Any transaction posted to an account that has a Rupees / Dollars etc. Value.

**MO/TO Merchants**: Mail-order/telephone-order merchants are those who take orders for goods or services by mail or telephone. Such order-taking is prone to card fraud.

**National Association**: MasterCard International or Visa International, which are licensing and regulatory agencies for bank card activities.

**National Debit Card**: A card that requires compliance with all the operating, regulations of MasterCard International and/or Visa International to be used in interchange.

**Negative File**: A record containing all accounts for which charge privileges have been revoked by the card issuer.
Net Charge Off: The gross money amount charged to bad debt (or loan loss), less recoveries received—during a specified period.

Net Settlement: The net amount settled after the values of cardholder purchases and merchant sales have been determined in interchange.

Nominal Percentage Rate: The disclosed interest rate, expressed as a rate for a 12 month period.

Non-Natural: A term signifying that the accrual of interest on a bank asset, such as an outstanding balance on a credit card, has been discontinued pending some action to return the asset to accrual status.

Non-Monetary Transaction: Any transaction posted to an account that does not have a dollar value affecting the account. Name, address, and status changes are examples of nonmonetary transactions.

Non Sufficient Fund’s (NSF): The designation given to checks that are returned because there was not enough money in the cardholder’s account to cover the check when it was presented to the bank for payment.

Off Line: An operating mode in which terminals (or ATMs) are not connected to a central computer source for an extended or brief period. Responses are governed by the parameters, or guidelines, set within the terminal or supporting device as defined by the card issuer. Information is not accessible in a live environment, meaning that current active files are not able to be viewed as a transaction is conducted.

On-Line: An operating mode in which terminals (or ATMs) are connected to a central computer system and have access to the data base for authorization, inquiry, and file changes. Live files are accessed for each transaction.

Outgoing Charge Back: A transaction that is challenged by a cardholder bank against a merchant bank and sent out to the merchant bank through interchange.
Outgoing Interchange: Transactions deposited with an (acquiring) bank and sent to an issuer (cardholder) bank merchant.

Out Sourcing: Hiring an outside service company to perform one or more tasks of a bank card program.

Over-Limit Account: An account on which the credit limit has been exceeded.

P & L: The profit and loss statement of the bank. Also referred to as an income statement or operating statement.

Payment Coupon: The section of the billing statement containing payment information, which should be returned by the customer with the payment.

Payment Due Date: The date by which payment must reach the bank to keep the account in a current status.

Periodic Rate: An amount of finance charge, expressed as a percentage, which is to be applied to an appropriate balance for a specified period, usually monthly, providing there is a balance that is subject to a finance charge.

Photo Card: A bank card containing a small picture of the cardholder. The photo is used as a security measure to discourage fraudulent use.

PIN (personal identification number): The individual number or code uniquely assignee to customers for identification when their cards are used in ATMs or terminals at the point of sale.

Point-of Sale (POS) System: An electronic system that accepts financial data at or near a retail selling location and transmits that data to a computer or authorization network for reporting activity, authorization, and transaction loaning.

POS Terminal: A device placed in a merchant location that is connected to the bank's system via telephone lines and is designed to authorize, record, and forward data by electronic means for each sale.
Positive Authorization: An authorization procedure in which every account on file in the computer system can be accessed to determine its status before an authorization is granted or declined.

Positive File: A file containing, at a minimum, the current balance for each active cardholder account. A positive file may also include PIN and other cardholder information.

Posting: The process of recording debits and credits to individual cardholder account balances.

Prescribing: A commonly used marketing device in which a consumer reporting agency assists a bank in developing a list of qualified consumers that the bank will use to market products or services by direct mail.

Presentment: A demand made by the holder of a sales draft to the merchant bank asking for acceptance or payment of a credit card purchase.

Prime Rate: The rate a bank charges its best commercial customer to borrow funds.

Primary Account Number (PAN): The embossed and/or encoded number that identifies the card issuer to which a transaction is to be routed and the account to mat it is to be applied unless specific instructions indicate otherwise. The PAN consists of a major industry identifier, issuer identifier, individual account identifier, and check digit.

Private Label Card: A bank card that can be used only in a specific merchant's stores.

Prohibited Basis: A characteristic of a borrower that is protected from discrimination under the Equal Credit Opportunity Act. Prohibited bases include race, color, religion, national origin, sex, marital status, age, receiving public assistance income, or exercising rights under the Consumer Credit Protection Act.

Proprietary Debit Card: A bank card designed for the exclusive benefit of customers of the issuing institution.
**Reaffirmation**: A promise by a debtor to repay a discharged debt.

**Re-Aging**: Bringing an account from a delinquent status to a current status, or keeping a delinquent account in its present stage of delinquency so that it does not advance in the cycle.

**Recourse**: The right to collect from a maker, seller, assignor, or endorser of an instrument or installment credit obligation if the first party liable fails to meet the obligation.

**Recovery Function**: The activity involved in attempting to collect the balance owed after an account has been charged off.

**Reference Number**: The number assigned to each monetary transaction in a cardholder billing system. Each reference number is printed on the monthly statement to aid in the retrieval of the document should the cardholder question it.

**Regional Network**: A network that processes transactions for financial institutions and retailers in a given geographic area. They are not part of the national interchange system.

**Reissue**: The process whereby cardholder accounts, on which bank cards have expired or will expire, are issued new cards.

**Reminder Notice**: The first in a series of notices to a cardholder, remaining him or her of a past due payment.

**Re-Presentment**: A subsequent demand for acceptance of payment made after a chargeback has been disputed.

**Response Time**: The length of time required to complete an electronic transaction; such as a file inquiry or file input.

**Restricted Account**: A cardholder account to which a status code has been posted indicating that the cardholder may not use the account.

**Restricted Card List**: A listing of cardholder accounts, in either alphabetic or numeric sequence, on which transactions are restricted and not to be completed by merchants without authorization, so called an exception file.
**Return On Assets (ROA)**: A measure of profitability, it is the ratio of net earnings (or profit) to total assets.

**Return On Expenses**: A measure of profitability, it is calculated by dividing net earnings before taxes by controllable expenses.

**Return On Sales**: A measure of profitability; it is the ratio of net earnings (or profit) to total sales.

**Return Per Ticket**: A measure of profitability, is calculated by dividing net earnings (or profit) by the number of sales transactions.

**Revolving Line Of Credit**: An account the customer can repeatedly use and pay back without having to reapply every time credit is used.

**Rollover**: The carrying forward of a portion of an outstanding balance on a cardholder account from month to month.

**Runaway Card**: A cardholder account that has exceeded the limit for excessive, purchases, may also have exceeded its credit limit, or continues to indicate other unauthorized use:

**Skip Account**: An account of a cardholder with a balance due whose whereabouts are unknown.

**Skip Payment**: An offer by the issuer to permit the cardholder to omit a monthly minimum payment, although interest on the balance continues to accrue.

**Skip Tracer**: An individual who is part of the collection function and attempts to find delinquent cardholders who have moved in order to avoid collection attempts and repayment of the balance owed.

**Smart Card**: A plastic card that carries an embedded computer chip with memory and interactive capabilities so that it can be updated.

**Spread**: The difference between a bank's cost of funds and its interest yield; this difference is a source of bank card profitability.

**Stand Alone Processing**: A bank card processing operation that is an independent, self-contained business unit within a bank.
Standards Integration: A process of editing performance and quality standards to ensure that they complement, as opposed to conflict with each other.

Statuses Account: A cardholder account to which a status code has been assigned indicating a condition under which the cardholder may not use the account.

Suspense Account: A special classification for holding transactions until a problem is resolved. Suspense accounts must be funded by the bank on the balance sheet and therefore must bear a funding cost.

Swiped Transaction: A transaction in which the card is drawn through a merchant terminal connected with the bank card authorization center. The information on the magnetic stripe and the amount of the purchase are transmitted through the network to validate the transaction.

Switch: An electronic mechanism that routes transaction data from a POS terminal to the authorizing data processor for approval of the card-issuing institution. The switch can also serve as an authorization center for financial institutions whose accounts are maintained on another computer in the network.

T & E Card: "Travel and Entertainment" card that typically requires payment in full each month. Examples are American Express, Diners Club, and Carte Blanche.

Unsecured Credit: Credit extended without recourse to attach specific assets of the borrower in the event of default.

Usury: A higher rate of interest than is allowed by law. The act of charging a higher rate of interest for the use of funds than is legally allowed by a state.

Voice Response Unit: An automated telephone response system that presents a series of choices to the caller, and the caller responds by pushing buttons on the telephone.
**White Plastic Fraud**: Instances in which dishonest merchants create false drafts on real cardholder account numbers to deposit in merchant banks and withdraw cash.

**Yield**: The annual rate of return on an investment.

**Yield**: In regard to bank cards, refers to the cardholder portfolio.

**Zero Floor Limit**: A limit requiring that all cardholder transactions be authorized.

**Source**: *Bank credit card business – A compilation by Mc Millan, New Delhi, 1998.*
III. CREDIT CARD PROMOTION MATERIALS

Introducing the ABN AMRO Freedom Credit Card

Finally a Credit Card that lets you control your money.

LIVE WITHOUT FEAR!

www.standardchartered.co.in

www.standardchartered.co.in
Show your loved ones that you really care

A special gift is all it takes to tell your near and dear ones how much you care for them. Gift an HSBC additional credit card and enrich the life of someone you love.

What's more, the card is completely free of charge* for the first year! You can gift up to three additional credit cards to your spouse, parents, brothers, sisters or children above 18 years.

Just complete the attached coupon, seal it, and mail it back to us so that it reaches us no later than 30 November 2002.

...go ahead and enrich the life of someone you love!

Yours sincerely,

Roopam Asthana
Manager Card Products Division

*To apply for more than one additional card, please use photocopies of the attached coupon.

*The additional cards issued under this offer will be free for the first year only. Normal fees will be applicable from the second year onwards.
HDFC BANK
International Credit Cards

To apply call:
Bangalore: 3319031
Chandigarh: 378180
Chennai: 8518708
Cochin: 349569
Delhi: 6420484
Hyderabad: 6662755
Kolkata: 4543577
Mumbai: 8569494
Pune: 4030490
or log on to www.hdfcbank.com

Conditions with Cash also available without the offer.

Please fill limited edition 'Festive Season' Application Form to avail this offer.

HDFC BANK
We understand your world

All correspondence should be addressed to:
HDFC Bank Cards Division, P.O. Box 399, Anna Salai P.O., Chennai - 600 002.