



HSBC INDIA – GLOBAL PAYMENTS SOLUTIONS (GPS)

Corporate Cards and Business Debit Cards

(1) EXECUTIVE SUMMARY

HSBC Global Payments Solutions offers Corporate charge cards to its wholesale banking customers across different segments for managing travel and other business related expenses. Operational activities related to onboarding and servicing are in accordance with prevailing regulatory guidelines as issued by Reserve Bank of India (most recently & importantly, Master Direction – Credit Card and Debit Card Issuance and Conduct Directions, 2022 dated 21st April, 2022) and also per HSBC's internal policies & procedures.

PRODUCT VARIANTS

Corporate Charge Card (T&E)

Card issued to an individual who routinely incurs travel and other business related expenses on company's behalf basis the authorisation received from the Corporates.

Purchasing Card

Charge card issued under the Corporate's name used for the purpose of procurement of goods and services, Utility bill payments and vendor invoice payments.

CTA Card

Card issued to pay towards air ticket, hotel bookings and other travel related expenses managed centrally by a travel management company on behalf of the corporate.

Virtual Card

An electronic card product with no physical plastic issued to the customer used specifically for card not present transactions to merchants such as a hotel bookings or a merchant for invoice payment.

Business Debit cards

HSBC also offers Business debit cards to its Business and Commercial banking customers to manage their petty cash expenses. The cards can also be used for online and at Point of Sale terminals for making payments. Such cards are linked to only current accounts and not any loan products such as cash credit or overdraft.

(2) ISSUE OF CORPORATE CARD

(a) Customer Acquisition

Corporate cards are issued to the employees of the Corporate within existing credit facility for issuance of cards in line with instructions issued by the Reserve Bank on Exposure Norms as well as Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances.

An agreement is signed by the Corporate's authorised signatories nominated as per the Board Resolution for the setup of cards program along with relevant documentation such as card application form and authorisation letter etc. and cards are issued basis the agreed timelines with the Corporate.

(b) Credit limits

Cards are issued to Corporate or an individual nominated as a Cardholder by the Corporate and the limits assigned are within credit facility extended basis the Facility Acceptance Letter signed by the Corporate. Limits are subject to periodic review and any changes due to exposure and asset classification are communicated to the Corporate.

HSBC shall subject to its internal policy, due diligence, prevailing regulations and credit assessment of the Corporate grant a credit limit to the Corporate for issuance of Cards (Credit Limit). HSBC shall, based on the Credit Limit fixed for the Corporate allocate a Credit Limit for each Card in consultation with the Corporate (Card Limit) and set up an Account in the name of each Cardholder (Card Account). HSBC shall be entitled in its discretion to change the Credit Limit and/or the Card Limit at any time by notifying the Corporate of a higher or lower Credit Limit/Card Limit.

(c) Customer Due Diligence (CDD)

CDD and AML checks would be carried out in line with the regulatory guidelines and Bank's Policy in this regard.

(d) Sole Corporate Liability

- a. The Corporate is solely liable for all Charges incurred on all Cards.
- b. Where the Corporate requests HSBC to do so, HSBC will accept payments from Cardholders acting as the Corporate's agent in settlement of the Charges. Where such payment is not made in clear funds by the due date upon receipt of a demand from HSBC the Corporate will make such payment immediately to HSBC

(e) Fees and Charges

Corporate agrees to the fees and charges as part of the proposal and a standard tariff sheet is also available in the agreement signed by the Corporate.

(f) Billing and Payments

HSBC sends a consolidated statement with aggregate due on all individual cards to the Corporate along with a copy of respective card statements to cardholders via online channel and/or physically.

The Company should inspect, examine and verify the correctness of the statement and to inform HSBC if any discrepancy, irregularity or error in the statement within 30 days from the statement generation date. The statement shall be deemed correct if no objection is received by HSBC, provided always that HSBC shall be entitled at any time and without any liability whatsoever, to rectify any discrepancy, irregularity or error in the statement.

As Corporate cards issued by HSBC are charged cards, there is no minimum payment concept and the complete outstanding as per the statement is payable by the due date.

The Corporate shall make payment of the aggregate amount due on all Card Accounts. Where the Corporate requests HSBC to do so, HSBC will accept payments from Cardholders acting as the Corporate's agent in settlement of dues on individual card accounts.

(g) Customer default and subsequent regulatory reporting

In the event of default (if partial or no payment is received as on due date), HSBC engages with the Corporate for the repayment and applicable overdue reporting happens against the Corporate (and not individual cardholder) in line with the regulatory guidelines for wholesale banking.

(h) Termination

The Corporate may terminate any or all the Card Accounts at any time by giving prior written notice to HSBC. All terms around Corporate or bank initiated closure of the card(s) and consequent terms & conditions are covered in the Corporate agreement.

Any request for closure of a credit card will be honored within seven working days by HSBC, subject to payment of all dues by the Corporate. Subsequent to the closure of credit card, the Corporate will be immediately notified about the closure through email, SMS, etc.

(3) INTEREST RATES AND CHARGES

In line with the Master Direction – Reserve Bank of India (Interest Rate on Advances) Directions, 2016 as amended from time to time, 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 Corporate card product goes through a robust internal governance process set out by HSBC.

Some of the major fees & charges levied on HSBC Corporate Cards are:

Cash Advance Fee – If the cash is withdrawn using the corporate card, one-time charge as mentioned in the tariff guide is levied.

Late payment charge will be applicable if total outstanding as per the statement is not settled by the due date.

Finance Charge (Interest) - Finance charge is charged for extended credit if the complete payment is not received by the due date. Also finance charge is applied for cash advances using Corporate card from the date of withdrawal till the settlement as per the rate mentioned in the tariff sheet.

The primary reasons for levying finance charges are to cover:

- Cost of funds
- Other operational expenses

(4) CUSTOMER CONDUCT & 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 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.

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 and this also has the turn-around time for addressing such complaints. This is spread across:

Level 1 – Call center/Account managers

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

Level 3 – Principal Nodal Officer and other Senior Management executives

Level 4 – Escalation to the Banking Ombudsman

Timelines for grievance redressal and any applicable compensation to the customer would be in line with prevailing guidelines from RBI.

(5) CUSTOMER PROTECTION & 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 Customer from any unauthorised access.

HSBC handles data with strict adherence to confidentiality and data protection guidelines. HSBC collects, processes and shares the data for the purpose of (a) providing services and for any transactions requested or authorised by the Corporate and/ or the Cardholder, (b) meeting compliance obligations, (c) conducting financial crime risk management activity, (d) collecting any amounts due from the Corporate, (e) conducting credit checks and obtaining or providing credit references, (f) enforcing or defending HSBC's, or a member of HSBC Group's rights, (g) for internal operational requirements of HSBC or HSBC Group (including, without limitation, credit, market, operational and technology risk management, system or product development and planning, insurance, audit and administrative purposes), (h) maintaining HSBC's overall

relationship with the Corporate and/or the Cardholder, and/or (i) any other purpose as may be in accordance with HSBC's, or a member of HSBC Group's general policy on the collection, use and disclosure of Confidential Information under local data protection laws as set out in statements, circulars, notices or other terms and conditions made available by HSBC to the Corporate and/or the Cardholder.

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