BANK OF CEYLON
Bankers to the Nation

Credit Cards Recovery Policy

2.1 Purpose

The purpose of this document is to introduce the policy on Credit Card Recovery to build up customer confidence and long-term relationships by establishing fair practices with regard to credit card recovery, reactivation of blocked credit cards and credit card settlement.

2.2 The Contents of the Policy

This policy spells out the Credit Card Recovery Process which contains

- Collection /Recovery Mechanism
- Recovery of overdue advances/default payments
- Reactivation of Credit Card
- Credit Card Settlement Plans
- Outsourcing of recovery functions

This should be reviewed as required to accommodate the changes in the Credit Card Recovery process.

2.3 Collection /Recovery Mechanism

2.3.1 The Card Centre Recovery Unit shall ensure that the collection of any dues against Credit Card transactions is conducted prudently. Card Centre Recovery Unit shall not engage in any activity against the public interest in handling collections and shall exercise its rights using the principles of honesty and good faith.

2.3.2 Card Centre Recovery Unit shall ensure that recovery letters are issued to the last known address of the Customer and such letters should bear the designation, contact number(s) and office address of the concerned official.

2.3.3 Card Centre Recovery Unit shall ensure that the recovery process shall not resort to any verbal or physical harassment or threats to the Customers, their family members, referees or friends.

2.3.4 Card Centre Recovery Unit shall respond to the queries arising from the recovery letters within a reasonable time.

2.4 Recovery of overdue advances/ default payments

The credit card recovery Unit is primarily responsible for recovering overdue advances/ default payments by following the normal credit card recovery process and support of the branch network is obtained in case of special instances. Further services from outside recovery agencies are also obtained for the better recovery of credit card NPA portfolios.

The bank follows the credit card recovery process outlined below.

a) Monthly SMSs are sent informing Due Amount & Due Date
b) Recovery of dues from savings or a current account on the due date or any later date Manually or using Automated system
c) Contacting customers over the phone or by sending reminder emails or letters
d) If the above actions were not successful, facilities are referred to the relevant branch for recovery actions
e) Referring to the Mediation Board
f) Initiate legal actions by sending Letters of Demand
g) Filing cases at courts

2.5 Reactivation of Credit Cards

2.5.1 Background

Card accounts are normally blocked either by the system itself or manually by Card Centre officials due to various reasons as listed in paragraph 4.2.
When the card account is overdue for 30 days, the System will automatically block the account until the card account is regularized with minimum due payment.
If the card is overdue for more than 90 days card will be permanently blocked by the system.
At the request of customers, blocked cards could be reactivated after a proper evaluation

2.5.2 Blocking of Cards (Manually)

Card accounts are manually blocked due to the following reasons.

a) Death of the customer.
b) Serious illness.

c) Migration or permanent residence overseas. (Except fully secured with balance in foreign currency account)
d) Card not serviced due to loss of income.
e) Receipt of adverse information on creditworthiness.
f) Loss of the card.
g) Counterfeit of the card.
h) Fraudulent application.
i) Fraudulent/counterfeit transactions.
j) unexpected calamity faced by the customer.
k) Imprisonment of the customer.
l) Skip by the customer.
m) Default willfully.
n) Disputed transactions.
o) Card surrendered by the customer.
p) Non-use of the card (Fees only accounts).

2.5.3 Reactivation of Blocked Cards

A blocked card can be reactivated by the authorized officers at the card Centre under the following instances on receipt of a written request from the customer with necessary documents subject to approval from the relevant delegated authority.

a) Customer has returned to the island and did not have any outstanding at the time of leaving.
b) The customer has recovered from his illness and can service the card.
c) Customer's income level has improved.
d) Disputed transactions issue resolved.
e) Customer has overcome his difficulties caused due to natural disasters.
f) Failed to service the card due to the death of a family member.
g) Customer wishes to use the card (fees only accounts).

2.6 Credit Cards Settlement Plans

This is a facility offered by the Card Centre to cardholders whose debts remain unpaid for a long period, as a risk mitigation tool and a way of minimizing bank losses while reducing the customer's debt burden.

2.6.1 Types of Settlement Plans

2.6.1.1 Single settlement.

In a single settlement, the outstanding on the card is discounted and offered to the borrower for payment in one single payment.

2.6.1.2 Multiple Settlements.

The total outstanding is split into instalments and the outstanding on the card may be discounted and collected from the customer over an extended period (03,06,09,12,24 months instalment plans).

2.7 Outsourcing of recovery functions

2.7.1 Card Centre may outsource recovery functions to third-party service providers. The following categories of NPA can be considered for outsourcing.

- NPA advances (120 days in overdue)
- Written-off advances.

2.7.2 Card Centre shall clearly define the responsibilities and liabilities of the outsourced service providers.

2.7.3 Card Centre shall ensure the maintenance of confidentiality and secrecy of the customer information by outsourced service providers.

2.7.4 Card Centre shall ensure that the outsourced service providers adhere to the guidelines given in Section 3 above about collection/recovery mechanisms.

2.7.5 Card Centre shall ensure that employees of outsourced service providers are properly educated and trained on their responsibilities such as soliciting customers, convenient hours for calling, and conveying the correct terms and conditions applicable to Credit Card operations.

2.7.6 Card Centre shall have an exit mechanism for outsourced activities if it is observed that an outsourced service provider is unable to continue the service.