

Whitepaper on Credit Card

What is a Credit Card ?

A credit card system is a type of retail transaction settlement and credit system, named after the small plastic card issued to users of the system. A credit card is different from a debit card in that the credit card issuer lends the consumer money rather than having the money removed from an account. It is also different from a charge card (though this name is sometimes used by the public to describe credit cards) in that charge cards require that the balance be paid in full each month. In contrast, a credit card allows the consumer to 'revolve' their balance, at the cost of having interest charged. Most credit cards are the same shape and size, as specified by the ISO 7810 standard.



Parties Involved in Credit Card

Card Holder: The owner of the card used to make a purchase, The consumer.

Card Issuing Bank: The financial institution or other organization that issued the credit card to the cardholder. This bank bills the consumer for repayment.

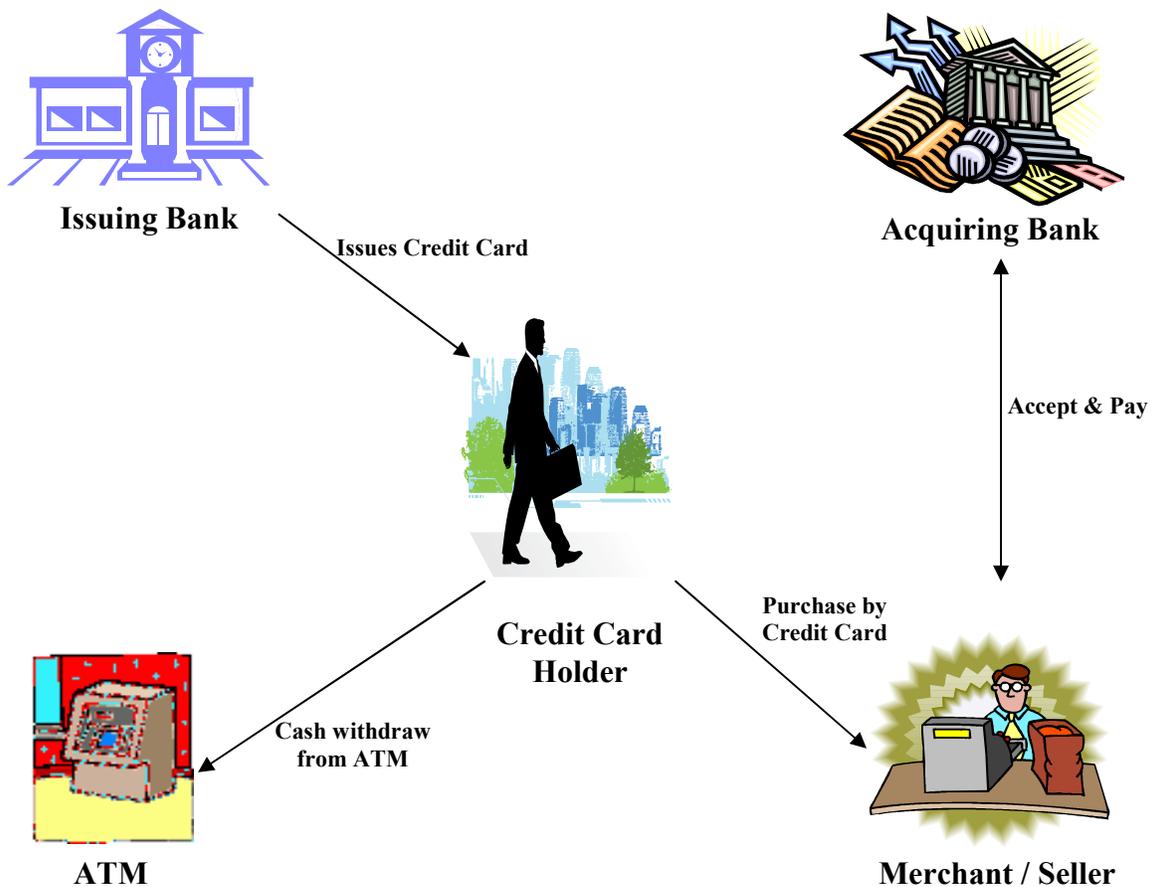
Merchant / Seller: Individual or business accepting credit card payments for products or services sold.

Acquiring Bank: The financial institution accepting payment for the products or services on behalf of the merchant

How Credit Card Works ?

Credit cards are issued after an account has been approved by the credit provider, after which cardholders can use it to make purchases at merchants accepting that card. Often a general bank issues the credit, but sometimes a captive bank created to issue a particular brand of credit card.

When a purchase is made, the credit card user agrees to pay the card issuer. The cardholder indicates his/her consent to pay, by signing a receipt with a record of the card details and indicating the amount to be paid or by entering a Personal identification number (PIN). Also, many merchants now accept verbal authorizations via telephone and electronic authorization using the Internet, known as a 'Card/Cardholder Not Present' (CNP) transaction.



What is the process of Making Credit Card ?

- Forms filled up with required documentation
- Forms get checked at the regional office & cross checking of documentation and complete the checklists.
- Complete file (forms & documents) Transferred to head office.
- Verification call made to the customer, and cross checks the details provided by him.
- If required, executive sent to the customer side for verifications.
- Verification reports then send to the head office.
- If approved, the file sent to credit specialist for finalizing the credit limit.
- After credit limit is decided, the file send to the underwriting department where data entry is made for punching the information in core banking system.
- After making the entry in the core system, the details sent to the credit card printing department.
- After credit card gets printed the address verification is done for the client and mail to the client.



Problem Areas / Business Challenges

Time: Sanctioning of Credit card can take anywhere between 20-25 days depending upon the number of discrepancies.

Efficient use of Resources: Maintaining a lean workforce and cutting down costs for physical infrastructure in setting up new branches.

Control: It is difficult to collate the information and standardize processes across multiple locations.

Monitoring: It is difficult to monitor the status of transaction because the files / documents can be lying on any of the officers' desk.

Lower Customer Responsiveness: The front desk people are unable to answer to the client queries regarding when the credit card will get sanctioned, what is the problem etc.

Pyramid's Solution

Pyramid Proposes Business Process Management Solution for automating the complete process of credit card through Document Management and Workflow Management solution:

Process Initiation: Front desk operator registers the case, scan the documents and attach along with the transaction.

Image Authorization: The scanned images are crosschecked with the original documents and authorized.

Specialist Check: The specialists / experts could be in the same office or in an office located thousands of miles away will check these documents. If any information is found incomplete than the same will be mentioned by raising an exception to the required department without any loss of time.

Checklist and Additional Data: A user-defined checklist can be maintained for each and every type of Credit Card Along with check listing, any additional data that needs to be entered for processing can be entered by the data entry operator and send for **Data Authorization**.

Data Authorization: An authorized officer verifies the associated data, to ensure that no faux pas has been committed and no points have been overlooked.

Exception Handling: If Documents are not complete, Further Documentation required, Amount does not match with invoice, Drawn on a wrong party, Not endorsed correctly etc; all such exception cases can be raised to the concerned person/group of users for action. Such transactions flow into the work queue of the designated individuals and unless they resolve them, the transaction can neither move to next stage or get completed.

Transaction Complete: This facilitates the Experts to make a rational decision on the basis of the information available Decision can be to issue the Credit Card or reject it.

Audit Trail: This facility helps the top management to monitor each and every action performed by the subordinates on the transactions and identify the bottlenecks (if any) in the system.

Benefits / ROI

- ✓ Automation of the business processes results in reduced cycle time to process requests.
- ✓ Reduced response time to customer queries as instant status report is available at any given point of time
- ✓ Efficient monitoring of the processes and tracking of the documents and instruments at each stage makes the system foolproof.
- ✓ Identification of bottlenecks lets the management to take pro-active measures in case of deviations or emergencies, thereby minimizing the delays and losses.
- ✓ Generation of reports depicting user performance, process performance and daily work status etc.