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CREDIT CARD BUSINESS IN INDIA - CHALLENGES**Shaikh Irshad Wajidali**

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Abstract:

Though the credit card industry is still at a nascent stage in India, in the last few years, it has seen tremendous growth. The credit card transactions have seen a double digit compounded annual growth rate in last five years. Not only this, there has been a huge increase in the number of new credit cards issued. Though the sector is budding and profitable, the new technology and other dynamics have been changing the payment industry as a whole. The growing middle class in the country offers a huge potential for companies. The new and innovative technologies are not only changing the consumer behaviour, they are also posing a challenge to the credit card sector. There are some of the technology trends in the payment industry that will have huge effect on the credit card sector.

Key words: Mobile Wallets, Credit Card, Big Data and Internet

Introduction:

The term "credit card" usually/generally refers to a plastic card assigned to a cardholder, usually with a credit limit, that can be used to purchase goods and services on credit or obtain cash advances. Credit cards allow cardholders to pay for purchases made over a period of time, and to carry a balance from one billing cycle to the next. Credit card purchases normally become payable after a free credit period, during which no interest or finance charge is imposed. Interest is charged on the unpaid balance after the payment is due. Cardholders may pay the entire amount due and save on the interest that would otherwise be charged. Alternatively, they have the option of paying any amount, as long as it is higher than the minimum amount due, and carrying forward the balance. Credit card schemes are operational at international level also. Most of the card issuing banks in India offers general purpose credit cards which are normally categorised by banks as Platinum, Gold or Classic to differentiate the services offered on each card and the income eligibility criteria. Banks may also issue corporate credit cards to the employees of their corporate customers.

Fair Practices Code

Each bank must have a well documented policy and a Fair Practices Code in line with the "Code of Bank's Commitment to Customers"(Code) as also the Guidance Note announced by The Banking Codes and Standards of India(BCSBI) in July 2006 and December 2006 respectively for credit card operations.

Redressal of Grievances

- Bank /NBFC should constitute in house Grievance Redressal machinery and genuine grievances of credit card subscribers are redressed promptly without involving delay. Generally, a time limit of 60 (sixty) days is given to the customers for preferring their complaints / grievances.
- Bank/NBFC is required to dispose off the complaint within a period of 30 days of lodgment of the same. The complainant can approach Ombudsman for redressal of his grievances in case he does not receive satisfactory response within the timeframe. Bank/NBFC would be held responsible and liable to pay compensation for the any consequences.
- The name, designation, address and contact number of important executives as well as the Grievance Redressal Officer of the bank/NBFC may be displayed on the website.

