Example of Process Improvement Initiative for Credit Cards

Y.1: Do not include transactions of current cycle in Minimum Payment calculation

COMMENT

- The **Minimum Payment (MP) calculation** considers the t**otal principal balance at cycle Closing Date**, and then calculates the **corresponding amortisation rate (%)**
- I**nterest and Fees are added t**o the Minimum Payment calculation, which means that 100% of total interest and fees are presented for payment.
- **We propose not to include current POS and ATM transactions in the Minimum Payment calculation**
- This means that purchases and cash transactions from current cycle will be excluded for Minimum Payment calculation purposes. By doing this, there will be an increase in the revolving balance, generating higher interest in the future

! This recommendation is only an example and most likely is not applicable to your Bank

CURRENT SITUATION

Initial Balance	2 000 USD
Current Cycle Purchases	500 USD
Payments	200 USD
End Balance	2 300 USD
Balance for MP Calculation	2 300 USD
% MP	3 %
Payment	**69 USD**

There is a Potential for the Payment Reduction by

15 USD

YMIX PROPOSAL

Initial Balance	2 000 USD
Current Cycle Purchases	500 USD
Payments	200 USD
End Balance	2 300 USD
Balance for MP Calculation	1 800 USD
% MP	3 %
Payment	**54 USD**

In Proposed Situation interest grows over time in snowball effect

New Formula

MP = 3%*Bn-1 + 100%OLn-1 + 100%In + 100%Fn + 100%ODn

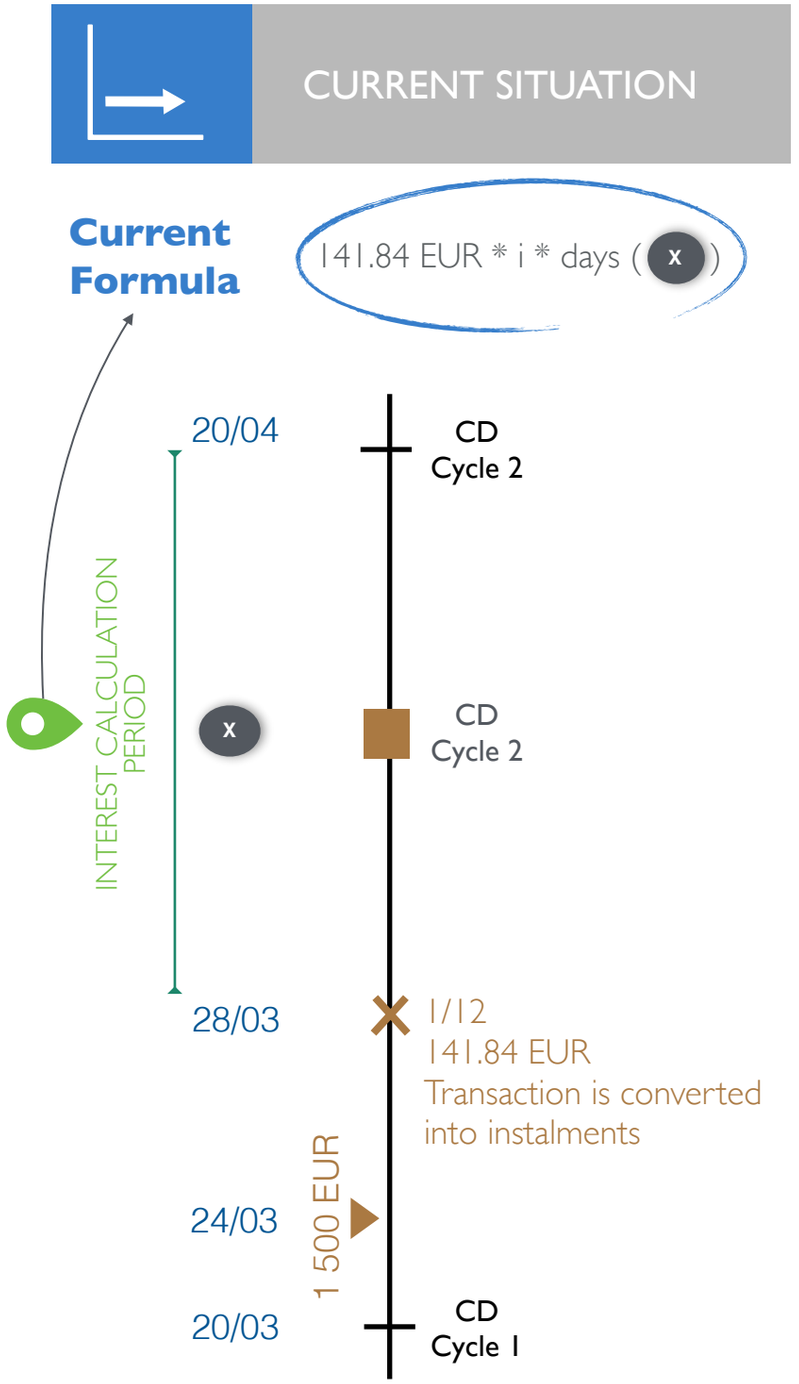
Example of System Error Initiative for Credit Cards

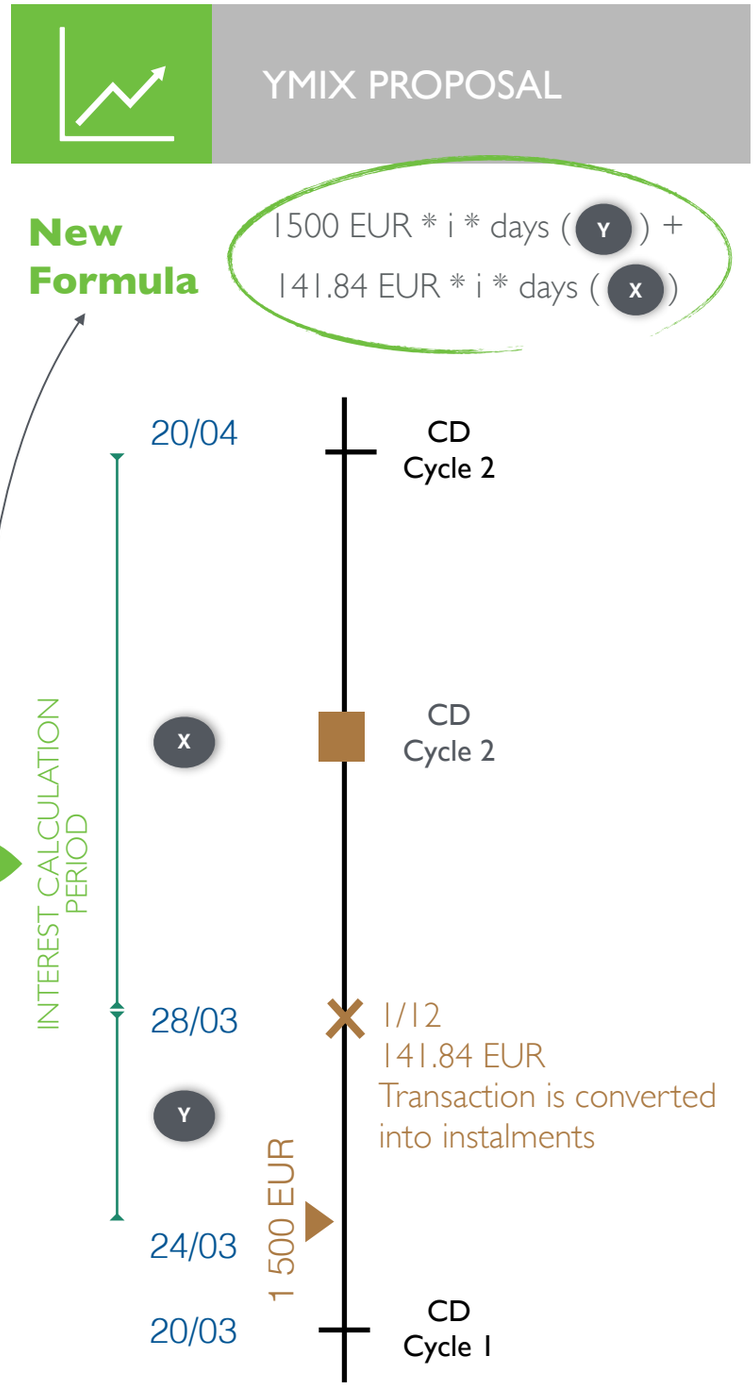
Y.2: When converting transactions into instalments calculate interest on the original transaction

COMMENT

- Before Closing Date, **all transactions can be converted into instalments** by requesting it through internet banking
- Interest on transactions from current cycle are calculated in the next cycle, and it is called transactional interest
- When a transaction is converted into instalments, the original transaction is part of the balance until the conversion has taken place. Nevertheless, **no interest is calculated on the original transaction**
- We propose to **calculate interest** on the original transaction, **from transaction date till the transaction is converted into instalments**

! This recommendation is only an example and most likely is not applicable to your Bank





Example of New Service Initiative for Cards

Y.3: When there is not enough balance in the associated current account offer credit balance

COMMENT

- With the **credit card it is possible to withdraw money on credit or on debit** from the associated current account
- When the **client wants to withdraw money on debit** with the credit card, and there is **not enough balance, the transaction is terminated**
- **We propose to offer the possibility of withdrawing on credit** if there is enough credit limit.
- By doing so the transaction is not interrupted and the client does not have to restart the process to withdraw from credit.
- This recommendation **will increase the chances of withdrawing from credit**, with the corresponding g**ain in cash withdrawals fees**

! This recommendation is only an example and most likely is not applicable to your Bank

CURRENT SITUATION

- When there is not enough funds on the associated current account the transaction is terminated

YMIX PROPOSAL

- At the moment of withdrawal refusal due to insufficient funds the system offers to use the credit card limit, the probability of successful operation increases
- A fee is charged (if applicable), and an additional fee could be charged for providing a service of using the credit card limit