

ব্যাংকিং প্রবিধি ও নীতি বিভাগ  
বাংলাদেশ ব্যাংক  
প্রধান কার্যালয়  
ঢাকা।

বিআরপিডি সার্কুলার নং-০৭

তারিখঃ ১১ মে, ২০১৭  
-----  
২৮ বৈশাখ, ১৪২৪

ব্যবস্থাপনা পরিচালক/প্রধান নির্বাহী কর্মকর্তা  
বাংলাদেশে কার্যরত সকল তফসিলি ব্যাংক।

প্রিয় মহোদয়,

**Guidelines on Credit Card Operations of Banks পরিপালন প্রসঙ্গে।**

পণ্য ও সেবা ক্রয়ের পর মূল্য পরিশোধে ক্রেডিট কার্ডের ব্যবহার সুবিধাজনক হওয়ায় এর প্রচলন ক্রমাগত বৃদ্ধি পাচ্ছে। ব্যাংকসমূহের ক্রেডিট কার্ড ব্যবসার স্বচ্ছ ও সুষ্ঠু পরিচালনা এবং সম্পূর্ণ ঝুঁকিসমূহ আরও কার্যকর ও ফলপ্রসূভাবে মোকাবেলা করার লক্ষ্যে বাংলাদেশ ব্যাংক এবং কতিপয় তফসিলি ব্যাংক ও সংশ্লিষ্ট স্টেকহোল্ডারদের মতামতের ভিত্তিতে প্রণীত Guidelines on Credit Card Operations of Banks এতদসঙ্গে সংযোজন করা হলো।

ক্রেডিট কার্ড ব্যবসা পরিচালনার ক্ষেত্রে গাইডলাইনটি যথাযথভাবে অনুসরণ/পরিপালন করার জন্য সংশ্লিষ্ট সকলকে নির্দেশনা প্রদান করা হলো।

এ নির্দেশ অবিলম্বে কার্যকর হবে।

আপনাদের বিশ্বস্ত,



(আবু ফরাহ মোঃ নাছের)

মহাব্যবস্থাপক

ফোন : ৯৫৩০২৫২



# GUIDELINES ON CREDIT CARD OPERATIONS OF BANKS

---

## 1. Introduction

The use of “Credit Card” as a payment instrument for purchasing goods and services is increasing day by day. Because of convenience, security, increase in the number of electronic Point Of Sales (POS) outlets and incentives offered by credit card issuers, the usage of credit cards is flourishing.

Considering the requirement of improving the electronic payment systems and the growth of domestic credit card operations, it is necessary to provide a framework of guidelines for the credit card issuing banks for managing the risks of their credit card business and as well as to protect the customers' interest. Following guidelines on credit card operations is issued by Bangladesh Bank (BB) to ensure safe, secure and efficient operations of credit cards as a payment instrument.

## 2. What is a Credit Card

The term “Credit Card” generally means a plastic or a virtual card issued by Card Issuer assigned to a Cardholder, unsecured/secured, loaded with revolving credit facility, that can be used for purchasing 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, normally become payable after a free credit period during which no interest or financial charge is imposed. Interest is charged on the unpaid balance after the payment is due. For cash advances through credit cards, payment become due from transaction date and interest is charged on daily basis.

## 3. Issuing Authority

Credit card in Bangladesh Taka can be issued by any scheduled commercial bank in Bangladesh. But credit card in foreign currency is to be issued by Authorized Dealer (AD) banks only. For issuing credit card, prior approval from BB is not necessary. With the approval of their Board of Directors banks can issue credit cards.

## 4. Stakeholders to a Credit Card

A credit card scheme may involve the following stakeholders:

- a) Cardholders - persons who are authorized to use credit cards for the payment of goods and services, e-commerce and cash advances from ATMs or cash POS.
- b) Card Issuers - banks which are authorized to issue credit cards;
- c) Merchants - entities which agree to accept credit cards for payment of goods and services;



- d) Merchant Acquirers - banks which enter into agreements with merchants to process their credit card transactions; and
- e) Credit Card Associations- The organizations which issue license to the Card Issuers under their trademark, e.g. Visa and Master Card, and provide settlement services for their members (i.e. Card Issuers and Merchant Acquirers).

## **5. Types of Credit Cards**

Credit card can be broadly categorized into two types:

- a) General purpose cards: These cards can be used for making payment for purchasing any goods and services and are accepted by most of the merchants. Credit Card Associations (VISA, Master Card, JCB, AMEX) and most of the card issuing banks offer general purpose credit cards. These cards are normally categorized by the Issuer as platinum, gold or classic to differentiate the services offered on each card based on the income/repayment eligibility criteria.
- b) Private label cards: These cards are only accepted by specific retailers (e.g. a departmental store).

Card Issuers may also issue Corporate Credit Cards to the employees of their corporate customers. A Supplementary Credit Card is an additional credit card that is issued under original or principal card where payment obligation is on the principal Cardholder. Foreign Currency Card for usage in abroad and Dual Currency Cards with global usage privileges i.e. both in Bangladesh and all over the world will prevail.

## **6. Credit Limit and settlement**

- a) The credit limit for credit cards should be limited up to the entitlement prescribed by Regulation-13 of Prudential Regulations for Consumer Financing (Regulation for Credit Cards) and their type.
- b) Cardholders will be allowed cash withdrawal up to 50% of the card limit as cash advances.
- c) In case of cards issued in foreign currency against balances held in various foreign currency deposit accounts (for example: Resident Foreign Currency Deposit Accounts, Exporters' Retention Quota Account, etc.), the limit should be up-to the extent of balances held in respective accounts. In such cases, payment liability must be settled in foreign currency using balances of the respective accounts only. In special circumstances, where payment liability needs to be settled in taka, prior approval from BB (Foreign Exchange Policy Department) should be taken.
- d) In case of cards issued in foreign currency against various foreign currency entitlements (for example: Travel Quota, etc.) payment liability may be settled in Bangladesh Taka. In such cases the limit may be up to the extent of respective indicative limit (equivalent Bangladesh Taka) allocated to Bangladeshi nationals prescribed in Guidelines for Foreign Exchange Transactions (Vol-1), 2009 and



subsequent Foreign Exchange Circulars/Circular Letters subject to compliance with Regulation-13 of Prudential Regulations for Consumer Financing (Regulation for Credit Cards).

- e) In case of dual currency card, limit in Bangladesh currency and foreign currency should be clearly segregated and mentioned in the sanction letter separately wherein total exposure of the bank i.e. aggregate credit limit will be subject to Regulation-13 of Prudential Regulations for Consumer Financing (Regulation for Credit Cards) and subsequent circulars or circular letters issued from time to time by Bangladesh Bank.
- f) International credit card issued against balance held in ERQ account must ensure the use for bonafide business purpose as per Section-13, Para-29(i) of Guidelines for Foreign Exchange Transactions, 2009 and subsequent circulars or circular letters issued from time to time by Bangladesh Bank.

## **7. Marketing of Credit Cards**

Following guidelines shall be taken into consideration by a Card Issuer to design and undertake the marketing strategies of a credit card:

- a) Credit Card Issuer shall develop comprehensive institutional policy on credit card operations and code of conduct duly approved by its Board of Directors and publish those in their official website. Card issuer shall also disclose those to the customers throughout the marketing process.
- b) The terms and conditions relating to the credit card shall be simple, clear and understandable. Any stipulation, caveat, clause or provision which may cause an unreasonable curtailment of rights of the customers shall not be included in the terms and conditions.
- c) Applicable terms and conditions shall be clearly communicated and shall be provided in legible font size to the customer in the preferred language (Bangla and/or English) of the customer at the time of issuing a credit card.
- d) These conditions must clearly highlight the Cardholder's liabilities and obligations, eligibility conditions, interest/profits, fees, service charges, other charges and their method of calculation, etc. The terms and conditions shall be displayed in the Card Issuer's official website.
- e) Any advertisements/promotional campaign that goes against the prevailing laws shall not be published/carried out by Card Issuers. No offer of prizes, rewards or other similar considerations against any coupon, ticket, number or figure shall be made by Card Issuers.



## **8. Eligibility of Customers**

Credit Card in Taka and/or Foreign Currency shall be issued only to an individual who has following eligibilities-

- a) Who is a citizen or resident of Bangladesh, who is above 18 years of age on the date of the application and has sufficient and independent financial ability to pay card related liabilities caused due to transaction.
- b) Issuance of credit card to non-resident/foreign nationals shall be subject to the provisions of Foreign Exchange Regulation Act, 1947, Guidelines for Foreign Exchange Transactions (Vol-1), 2009 and subsequent related directives issued by Foreign Exchange Policy Department from time to time.
- c) The customer must have a valid ETIN certificate and clean/new CIB report.
- d) Credit Card Issuer shall be solely responsible for fulfillment of all “Know Your Customer (KYC)” requirements and such documents shall be maintained under the safe custody.

## **9. Issuing Principal Credit Cards**

- a) Credit card shall be issued by a Card Issuer on receipt of duly filled and signed application from a prospective customer, supported with necessary documents.
- b) Card Issuer shall properly assess the credit risk before issuing credit card to any applicant and apply prudent risk management checks as they deem necessary.
- c) Card Issuer shall allow a reasonable limit to a Cardholder based on the credit worthiness after assessing his/her income statements. Card Issuer shall also obtain information available at the Credit Information Bureau (CIB) while assessing the credit worthiness of the customer.
- d) Cardholder who is holding several credit cards, Card Issuer shall take a declaration on the cards the customer possesses and an undertaking about the surety of such declaration.
- e) Card Issuer shall ensure appropriate collateralization of the amount in excess of the “Maximum Unsecured Limit” allowed under credit card to a Cardholder as stipulated in Regulation-13 of Prudential Regulations for Consumer Financing (Regulation for Credit Cards).

## **10. Issuing Supplementary Credit Cards**

- a) A supplementary or add-on card shall not be issued to any person who is below 18 years of age. Exceptions however can be made in case of students aged between 16-18 years who are direct dependent of the principal Cardholder and for educational purposes only. Card Issuer shall be extra cautious and assess the credit risk while issuing supplementary cards to persons with no independent financial means.
- b) Card Issuers shall make it clear to the principal Cardholder that he/she is ultimately liable for all the liabilities incurred by the supplementary Cardholders.



- c) Card Issuers are advised not to issue any supplementary foreign currency or dual currency credit cards.

### **11. Issuing Corporate Credit Cards**

- a) Corporate credit cards can be issued to an employee or officer (being a director, member of the committee of management, chief executive, manager, secretary or other similar officer) of a body corporate.
- b) In case of corporate cards the body corporate shall bear sole liability for any amount charged to the credit card.
- c) While issuing corporate credit cards, the responsibilities and liabilities of the corporate and its employees must be clearly specified.
- d) Card Issuers shall consider the financial status of the corporations that apply for corporate credit cards instead of financial ability of individual cardholders.
- e) Corporate credit cards will not fall under the 'Consumer Financing' category and shall be regulated by existing guidelines/regulations for lending to corporate clients.

### **12. Terms of contract, Interest/profit rates and other charges**

Card Issuer shall have to adhere to the following guidelines relating to the terms and conditions, interest/profit rates and other charges on credit cards:

- a) Card Issuers shall specify a period of validity for the card, not exceeding 5 years from the date of issuance/renewal, taking into consideration the usage purposes and repayment capability of the Cardholder.
- b) Card Issuers shall quote profit/interest rates and service charges (if any) on annual basis; separately for purchasing of goods & services and cash advances, if different.
- c) The interest/profit rate on the outstanding amount of Credit Card shall not exceed 5% of the highest interest rate offered in other Consumer Credits. Interest/ Profit should be charged on the unpaid amount due for payment.
- d) The method of calculation of interest/profit and other charges, number of days, minimum payment due, outstanding unpaid amount, etc. should be clearly explained and properly disclosed to the customers.
- e) Any revision in the schedule of interest/profit rates, charges/fees, or terms and conditions and revision of any incentive, shall be communicated to all active Cardholders in legible writing/electronic means at least thirty (30) days before the effective date of such revision.
- f) Card Issuers shall not levy any charge, that was not explicitly indicated at the time of issuance, without getting Cardholder's prior consent. However, this would not



- be applicable to excise duty, tax or charges levied by the Government or any statutory authority.
- g) Card Issuers shall not unilaterally enhance or upgrade credit card type/limit without getting consent from the Cardholder in writing.
  - h) Cardholders who wishes to surrender a card due to any change in terms, rates or charges to his/her disadvantage shall be permitted to do so without being levied any extra charge for such closure.
  - i) Credit cards are not to be used for any activity or transactions deemed as unlawful or an offence under Bangladesh Law - the terms should state this clearly. If any Cardholder use credit card for such unlawful activity, Card Issuer shall immediately terminate the card facility and inform it in details to BB as soon as possible.

### **13. Billing Process**

- a) Card Issuer shall provide the Cardholders a statement of accounts in writing or in electronic means at the end of each month (billing period) fully disclosing the transaction details including the calculation of interest/profit & charges (if any), late payment charges (if any), due date and mode of payment etc.
- b) Card Issuer shall dispatch such billing statement to each active Cardholder at the end of each billing period at least fourteen (14) calendar days before the payment due date.
- c) If a Cardholder complains non-receipt of billing statement, a copy of it shall be dispatched to the Cardholder free of charge within five (5) working days from the date of receipt of such complaint.
- d) Card Issuer shall make comprehensive and convenient arrangement for collection of bills through their designated branches, collection booth/centers or other electronic channels.
- e) Card Issuer shall inform the Cardholder about the status of the unrealized cheques within five (5) working days from the receipt of returned (unpaid) cheques. Cardholder shall not be penalized for cheques which was submitted within time but not cleared before due date.
- f) Card Issuer shall ensure that 'due date' does not fall on Friday, Saturday or any other public/bank holidays published by Government/BB at the beginning of each year. Card Issuer shall allow grace period of 1 or 2 days if due date falls on a holiday.
- g) Card Issuer shall ensure that wrong bills are not made and issued to Cardholders. In case a Cardholder protests any bill, the Card Issuer should provide explanations and, if necessary, documentary evidences to the Cardholder within a maximum period of sixty (60) calendar days with a spirit to amicably redress the grievances.





#### **14. Collection/Recovery Mechanism**

- a) At the time of issuance, the Card Issuer should properly communicate to the Customer the procedure of recovery in case of default payments.
- b) Recovery letters should be issued to the last known addresses of the Cardholder which should bear the designation, contact number(s) and office address of the concerned officials.
- c) Any verbal or physical harassment or threats to the Cardholders, their family members, references or friends shall not be resorted in the recovery process. Recovery/Collection officers also should not intrude the privacy of the Cardholder's family members, referees and friends.
- d) Telephone calls and visits for recovery of unpaid dues should be restricted to a convenient time as defined in the published policy of the Card Issuer and communicated to customers at the time of issuance of Credit Card.
- e) A credit card account will be treated as overdue if the minimum amount due, as mentioned in the statement, is not paid fully within the due date. Banks should report such overdue credit card accounts to Credit Information Bureau as stipulated in CIB Circular No. 02 dated 04 May 2011, and as amended from time to time.

#### **15. Protection of Customer Rights**

- a) The Card Issuer shall not reveal any information relating to Cardholders obtained at the time of opening the account or issuing the credit card to any other person or organization without obtaining specific consent of the Cardholder.
- b) The disclosure to third party service providers/recovery agents (if any) shall be kept minimal but just enough to discharge their duties. Personal information that are not required for recovery purposes should not be released by the Card Issuer. Card Issuer shall also ensure that the third party service providers/recovery agents do not transfer or misuse any customer information.
- c) Unsolicited loans or other facilities shall not be offered to the Cardholders based on the credit card.

#### **16. Dispute Resolution**

- a) The Card Issuer shall put in place an appropriate dispute resolution mechanism commensurate with the volume of complaints. The details of such mechanism should be put in public domain through official website.
- b) The name, designation, address and contact number of important officials as well as the dispute resolution officer of the Card Issuer shall be displayed on the website.
- c) There should be a system of acknowledging customer complaints for follow up, such as complaint/docket number, even if the complaints are received on phone.





- d) Card Issuer shall clearly communicate to the Cardholders, whether they would be allowed to use the Credit Card during the investigation period in the event of a dispute.
- e) The Card Issuer shall establish a mechanism to automatically escalate unresolved complaints from a call center to higher authorities.
- f) The Card Issuer shall resolve the disputed transaction of the Cardholder promptly and as per the franchise rules of VISA, Master Card, or any other international card company/association, taking into account the nature of the transaction, distances, time zone, etc.

### **17. Internal control, monitoring and compliance**

- a) To minimize the financial and any other associated risks, Card Issuer shall have prudent and sound management, administrative, accounting and control procedures. Card Issuer shall review effectiveness of those arrangements and procedures periodically and should be updated accordingly.
- b) Card Issuer shall have a comprehensive, rigorous and well documented operational and technical procedures to ensure reasonable operational reliability, integrity of network and timeliness of transactions. Card Issuer shall have an adequate number of properly trained and competent personnel to operate the systems smoothly.
- c) Card Issuer shall also have an effective, well-documented and regularly tested business contingency plan to be used in the event of unforeseen interruption.
- d) Card Issuer shall have proper due diligence and oversight process for managing the outsourced activities, especially if such outsourcing may affect the credit card operations.
- e) Card Issuer shall conduct regular assessments, at least once a year, of the compliance with the Regulations, Guidelines and Code of Conduct. Internal auditors, internal compliance officer or appointed independent assessor may perform these functions.
- f) Card Issuer shall maintain proper data base and data recovery system pertinent to credit card operations for overall management, monitoring and control purpose.

### **18. Fraud Control**

- a) Card Issuer shall set up internal control systems to combat frauds and take proactive fraud control and enforcement measures. Card Issuer shall actively participate in fraud prevention committees/task forces which formulate laws, regulations & strategies to prevent frauds.
- b) After each successful credit card transaction, Card Issuer shall notify (SMS/Email alert) the individual transacted amount to the Cardholder.



- c) Card Issuers shall block a lost card immediately on being informed by the Cardholder. Card Issuer shall be liable for all transactions which are not authorized by the Cardholders if it has been properly noticed that the card has been lost/stolen.
- d) Card Issuer may consider introducing, at the option of the customers, an insurance cover to take care of the liabilities arising out of lost/stolen cards.
- e) The enlisting of merchants shall be done after proper due diligence and evaluation. Card issuer shall educate the merchants about the use of POS machine, genuineness and security features of credit card, signature verification and their rights and responsibilities under the agreement.
- f) Employees those are specialized in fraud monitoring and investigation are to be placed in risk management department.

### **19. Security of Credit Cards**

- a) A PIN code or biometric safety measure should be ensured in point of sales outlets (POS) for card security. Two Factor Authentication (2FA) for all domestic face to face POS transactions, 3D Secure Application for e-commerce transactions, SMS and Email alert for credit card transaction must be ensured.
- b) Card Issuer shall implement EMV chip technology that will help increase security, reduce fraud and enable the use of future value added applications.
- c) Card Issuer shall ensure that all applications used for card banking solutions are Payment Card Industry Data Security Standard (PCIDSS) compliant. They should ensure that all card related data processing, storage, transmission and operational activities are carried out in compliance with PCIDSS requirements.
- d) Card Issuer shall have a central monitoring system that ensures 24x7 security. If any unusual activity happens in credit card related transaction system, the monitoring team will notify related stakeholders and take necessary measures.
- e) To control malicious and suspicious traffic, effective firewalls should be implemented in core and all perimeter zones. Updated anti-virus software solutions should be put in place for protecting worms, malware threats.
- f) All activities within the card life cycle process i.e. card production, PIN generation, card activation, card deactivation and customer communications should be handled properly and separately.
- g) Security log, Exception log and Transaction log of cards shall be preserved properly for troubleshooting and security purposes and these should be reviewed periodically.
- h) The ICT policy of the card issuing bank should be updated regularly keeping pace with trending technologies, new risk management tools and most recent BB ICT Guidelines. The employees should be made aware of such ICT policy and trained on Security & Technology Operations.



## 20. Other Legal & Regulatory issues

- a) Card Issuer shall ensure that contractual relationships with all relevant parties (both domestic and cross-border) are valid and enforceable in lawful court.
  - b) Card Issuer shall timely perform the classification & provisioning on overdue credit card loans in accordance with the applicable rules & regulations issued by BB from time to time.
  - c) As a means of payment, credit card operations are also be subject to relevant circulars/guidelines issued by Payment Systems Department (PSD) from time to time. Card Issuer shall ensure compliance with such PSD instructions.
  - d) Card Issuer shall ensure that the instructions contained in BRPD Circular No. 02 dated 19 January 2015 are complied with when outsourcing any credit card activities permitted under that circular.
  - e) The instructions/guidelines on KYC/AML/CFT issued by Bangladesh Financial Intelligence Unit from time to time must be adhered to in respect of all parties and transactions related to credit card operations.
-