Bangladesh Bank

Head Office
Motijheel, Dhaka-1000
Bangladesh
website: www.bb.org.bd

Islamic Banking Regulation & Policy Department

IBRPD Circular No. 01

Date: 27 September 2026 / 12 Ashwin 1433

Managing Director/Chief Executives
All Scheduled Banks in Bangladesh

Dear Sir,

Guidelines on Islamic Credit Card Operations of Banks

Islamic banking operations in Bangladesh have been growing steadily, and the demand for Shariah-compliant payment instruments has increased with the expansion of digital payment systems and electronic transactions. In order to facilitate Shariah-compliant card-based payment services and to ensure sound, transparent and efficient operations, it is necessary to establish a comprehensive regulatory framework for Islamic Credit Card operations of banks.

2. In recognition of the need to promote Shariah-compliant payment instruments, strengthen risk management, protect customer rights and ensure operational and Shariah compliance, Bangladesh Bank has formulated the Guidelines on Islamic Credit Card Operations of Banks. This Guidelines shall provide a regulatory framework for banks offering Islamic Credit Card services and shall be complied with in addition to other applicable laws, rules, regulations and instructions issued by Bangladesh Bank from time to time.

3. Banks offering Islamic Credit Card services shall ensure that all products, contracts, transactions, fees, charges, operational processes and related activities are structured and conducted in accordance with the principles and rules of Islamic Shariah and the provisions of this Guidelines. The banks shall also ensure appropriate Shariah governance, risk management, internal control, accounting disclosure and customer protection arrangements in respect of Islamic Credit Card operations.

4. This directive is issued by Bangladesh Bank in exercise of the powers conferred upon it under Section 45 of the Bank Company Act, 1991 (as amended) and shall come into force immediately.

Yours faithfully,

(**Mohammad Anisur Rahman**)
Director (IBRPD)
Phone: 9530335

Guidelines on

Islamic Credit Card Operations of Banks

27 September 2026

Islamic Banking Regulation & Policy Department

Bangladesh Bank

Table of Contents

1.0 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 Sale (POS) outlets and incentives offered by credit card issuers, the usage of credit cards is growing exponentially.

Bangladesh Bank, in pursuance of its mandate to ensure a sound, stable, inclusive, and ethical financial system, and recognizing the growing demand for Shariah compliant retail payment and financing instruments, hereby issues this Policy Guidelines on Islamic Credit Card (ICC).

Islamic finance has grown rapidly in the past few decades, driven by increasing demand for Shariah-compliant financial products. Among these, ICC has emerged to provide consumers with alternatives to conventional credit cards, which are often based on Riba (interest). Now-a-days, ICC based products have been introduced across various countries and financial hubs that cater to Shariah-aware consumers. They are not intended as a source of income derived from customer indebtedness. Issuing banks shall design, price, market, and operate ICC in a manner that does not encourage customers to spend beyond their means or to carry revolving debt, consistent with the avoidance of Hiyal (legal stratagems) and the preservation of wealth (Hifz al-mal) under Maqasid al-Shariah (Purpose of Shariah). Compliance with the technical requirements of a Shariah contract shall not be deemed sufficient where the overall conduct of the product is contrary to these objectives.

1.1 Legal basis. This Guidelines are issued by Bangladesh Bank in exercise of the powers conferred by section 45 of the Bank Company Act, 1991 (as amended), and shall be read together with all other instructions issued by Bangladesh Bank in respect of credit card operations. Where any such instruction is inconsistent with these Guidelines in relation to an ICC, these Guidelines shall prevail.

2.0 Regulatory Philosophy

Bangladesh Bank adopts a principle-based and prudential approach to Islamic finance regulation, emphasizing prohibition of Riba, Maysir and excessive Gharar, avoidance of prohibited Hiyal, promotion of real economic activity, strong Shariah governance, protection of consumers and vulnerable groups and alignment with Maqasid al-Shariah.

3.0 Eligible Issuers

An ICC in Bangladeshi Taka may be issued by any scheduled bank which provides Islamic banking services. An ICC in foreign currency, or a dual currency ICC, may be issued only by such a bank which is also an Authorized Dealer.

4.0 Definitions and Interpretation

4.1 **Definitions:** For the purpose of these Guidelines:

a) **Actual Direct Cost** means the cost directly attributable to performing the service.

b) **Cardholder** is a person who is authorized to use an issued credit card.

c) **Card Issuers** are Islamic banks that issue credit cards and thereby enter into a contractual relationship with the cardholder.

d) **Charge-Free Credit Period** is the time period from the date of transaction until the payment due date during which no additional charge, profit or compensation shall be levied on the cardholder.

e) **Charity Account** means a segregated account maintained by the ICC issuer, outside its income, to which Late Payment Amounts and Shariah non-compliant income are credited and from which disbursements are made to charitable causes under the direction and supervision of the Shariah Supervisory Committee of the respective Islamic banks.

f) **Credit Card Associations** are organizations which issue license to the card issuers under their trademark, e.g. Visa, Master card, JCB, AMEX and provide settlement services for its members (i.e. Card Issuers and Merchant Acquirers).

g) **Credit Limit** is the maximum aggregate amount that the ICC issuer undertakes to settle on behalf of the cardholder at any one time under the approved Shariah structure, as determined and notified to the cardholder.

h) **Ibra'** means a rebate granted by the ICC issuer on an amount receivable from the cardholder.

i) **Islamic bank** means such a banking company or an Islamic bank branch(es)/windows of a banking company licensed by Bangladesh Bank, which follows the Islamic Shariah in all its principles and modes of operations and avoids receiving and paying of interest at all levels.

j) **Islamic Credit Card** (ICC) is a physical or virtual payment instrument issued on the basis of Shariah-compliant contractual arrangements which enable the cardholder to purchase goods and services or obtain permissible cash facilities, subject to prescribed terms and conditions.

k) **Late Payment Amount** means an amount which the cardholder has, at the time of contracting, undertaken to donate to charity (*iltizam bi al-tabarru'*) in the event of failure to pay an amount due on its due date while being financially able to do so. It is not a charge imposed by the bank, does not form part of the bank's income, and shall be collected and disbursed to charity.

l) **Merchants** are entities which agree to accept credit cards for payment of goods and services.

m) **Merchant Acquirers** are banks that enter into agreements with merchants to process their credit card transactions.

n) **Minimum Amount Due** is the installment of the amount utilized which falls due in a given billing period under the repayment schedule agreed at the time of contracting, together with any installment of a term arrangement.

o) **Non-transactional fee/charges** refer to fees imposed by the card issuer which are not directly related to purchases, cash withdrawals, or any other spending activity, but rather to the ownership, maintenance, or administrative use of the credit card account. These fees include annual fee, CIB fee, SMS fee among others.

p) **Purification** means the identification, segregation and disbursement to charity of income which the ICC issuer has received from a Shariah non-compliant source, without the issuer deriving any benefit from it.

q) **Qard Hasan** means an interest-free benevolent loan that obliges a borrower to repay the lender the principal amount borrowed on maturity. However, the borrower, has the discretion to reward the lender for his loan by paying any amount over and above the principal provided there will be no reference (explicit or implicit) in this regard.

r) **Riba** means, any additional amount stipulated over and above the principal amount as a condition of a Qard, whether stipulated at its inception or upon its extension.

s) **Shariah** means such rules and regulations as have their origin in the holy Qur'an, Sunnah and other secondary sources of Shariah to govern all aspects of human life.

t) **Unsolicited Credit Card** is a credit card issued without a specific written/digital request or an application there for.

u) **Up-gradation of Credit Card** means enhancement in the benefits and features of credit cards issued, for example, an increase in the credit or cash limit of the card.

v) **Ujrah** means a fee, wage, rent, remuneration or commission charged for services rendered. Ujrah provides the Islamic legal basis for fee-based financial services that avoid interest. The circumstances in which an ujrah may carry a profit element, and the cases in which it is capped at Actual Direct Cost with no profit. The fee shall be for a genuine service, clearly disclosed, and shall not be disguised interest. It shall not be a return on the amount lent.

4.2 Interpretation: In these Guidelines, unless the context otherwise requires:

(a) “ICC”, “Islamic Credit Card” and “card” refer to the same instrument, and a reference to a “credit card” in these Guidelines is a reference to an ICC;

(b) “ICC issuer”, “card issuer”, “issuer” and “Bank” each mean a bank eligible under Section 3 which issues an ICC;

(c) “Cardholder” and “customer” each mean a person authorized to use an ICC, and include the principal cardholder, a supplementary cardholder and a corporate cardholder except where the context otherwise provides;

(d) “SSC” means the Shariah Supervisory Committee of the ICC issuer;

(e) “Shariah Advisory Board” means the Shariah Advisory Board of Bangladesh Bank.

5.0 Stakeholders to an ICC

An ICC scheme may involve the following stakeholders:

(a) **Cardholders** - persons who are authorized to use credit cards;

(b) **Card Issuers** - which are authorized to issue credit cards;

(c) **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).

(d) **Merchants** - entities which agree to accept credit cards for payment of goods and services;

(e) **Merchant Acquirers** - which enter into agreements with merchants to process their credit card transactions; and

(f) **Payment Network/Switch Operators.**

6.0 Policy Formulation

An ICC issuer shall formulate a policy and develop a strategy for the operation and conduct of its ICC business, having regard to the following:

(a) Bank shall develop comprehensive institutional policy on ICC operations and codes of conduct duly vetted by Shariah Supervisory Committee (SSC), approved by its Board and publish the policy in its official website. ICC issuer shall also disclose its policy to the customers throughout the marketing and branding process.

(b) The terms and conditions relating to the ICC shall be simple, clear and understandable. Any stipulation, covenant, clause or provision which may cause an unreasonable curtailment of rights of the customers shall not be included in the terms and conditions.

(c) Banks shall ensure that no element of their income from ICC increases with the customer's outstanding balance, the period of deferral, or any delay in payment. All fees shall be tied to genuine services rendered and, where the ICC involves lending through Qard Hasan.

(d) Beyond creditworthiness, the bank shall assess the applicant's repayment capacity and set credit limits conservatively in relation to verified income, with the objective of preventing over-indebtedness rather than maximizing exposure.

(e) Applicable terms and conditions shall be clearly communicated and shall be provided to the Cardholder in legible font size, in the preferred language of the Cardholder (Bangla and/or English), at the time of issuing an ICC.

(f) These conditions shall clearly highlight the Cardholder's liabilities and obligations, eligibility conditions, fees, service charges and its method of calculation etc. The terms and conditions shall be displayed in bank's official website.

7.0 Infrastructure and Operations

7.1 Infrastructure for ICC

(a) A bank shall maintain, for its ICC operations, technology and communications infrastructure that is sufficient in capacity and resilience for the volume and nature of the transactions it processes, and that supports continuous authorization, secure settlement, accurate billing and complete audit trails. The bank shall not adopt any technical arrangement which prevents it from applying the controls required by these Guidelines.

(b) A bank shall employ or engage personnel with the skills necessary to operate secure and audit that infrastructure, including system and database administration, information security and fraud investigation, and shall ensure that responsibility for each function is formally allocated.

(c) Banks shall install a credit card software solution that provides essential tools for payment processing, POS transactions, and online sales. These platforms offer features like mobile processing, recurring billing, and analytics to manage business finances.

(d) Banks shall install a Fraud Monitoring System (FRM) to track fraudulent activities and transactions. The Bank, and not the Cardholder, shall be responsible and liable to compensate any financial loss arising from such activities.

(e) A real-time transaction monitoring system shall also be installed.

(f) 24/7 basis customer service shall be provided to receive complaints and respond to Cardholder queries.

7.2 Operations of ICC

After a card is issued, a Credit Limit shall be set for the Cardholder and certain charges become payable, each classified and capped in accordance with Section 11. A charge is not rendered permissible merely by being fixed in amount. Where a service is availed of on credit, the disbursed amount shall be repaid within the period set by the Bank. A Credit Limit in foreign currency shall comply with the Guidelines for Foreign Exchange Transactions (GFET).

In addition:

(a) Assessment for issuing a card shall be conducted in accordance with the credit policy of Bangladesh Bank and existing policy and guidelines of the banks;

(b) Fees and charges shall be within the limits set by Bangladesh Bank and shall follow the circular(s) related to Fees/Charges/Rate of Return issued by Bangladesh Bank. Compliance with those limits does not of itself render a fee permissible; every fee shall additionally satisfy the classification and cost requirements of Section 11. A fee or charge levied on an ICC shall not be benchmarked against, derived from, or expressed as a percentage of any conventional interest rate or return.

(c) Banks may obtain any kind of eligible security against ICC issued in favor of the customers.

(d) The source of funds utilized for an ICC shall be Shariah compliant. Mudarabah deposits shall not used as sources of fund.

(e) An ICC issued to a cardholder in no way can be converted to a conventional card, whereas, a conventional card issued to a cardholder may be converted to an ICC subject to compliance with Shariah and with the following conditions: (i) interest accrued on the conventional card up to the date of conversion shall not be carried into the ICC balance, refinanced, or recovered from the cardholder through any fee, and shall be written off or settled separately; (ii) only clean principal shall migrate to the ICC; (iii) a fresh aqd(contract) shall be executed with the cardholder; and (iv) the conversion mechanism shall be approved by the SSC before it is offered.

(f) An ICC may be issued against a Shariah compliant guarantee. No fee shall be charged for the guarantee itself; only the Actual Direct Cost of documenting and administering it may be recovered, without any profit element.

(g) Using an ICC for goods, services or activities prohibited by Islamic Shariah shall not be allowed, and banks shall take the technical measures available to them to prevent such use. In particular: (i) Merchant Category Code (MCC) restrictions shall be applied at authorization level, under a list of blocked and restricted MCCs approved by the SSC, reviewed at least annually and subject to Shariah audit, any exception requiring formal SSC approval; (ii) each Cardholder shall be able to maintain a list of countries in which the card may or may not be used, and merchant categories requiring a further level of authorization shall be identified; and (iii) where a bank identifies, or is notified of, a merchant category or merchant whose trade is wholly or predominantly Shariah non-compliant and which is not on its blocked list, it shall refer the matter to its SSC, act as the SSC directs and record the decision. Annex-I indicates the kinds of trade which shall ordinarily be blocked; a merchant category is not permissible merely because it does not appear there.

8.0 Shariah Structure of the ICC

8.1 Qard Hasan with Ujrah

(a) Any cash advance or deferred payment obligation under an ICC shall be treated as Qard Hasan.

(b) The bank settles merchant transactions on behalf of the cardholder, treating each settlement as a Qard (interest-free loan) to the cardholder. The cardholder is obligated to repay only the principal amount. The bank's remuneration is derived entirely from fixed ujrah (service fees) charged for specific, identifiable services rendered, such as card issuance, network access, and account maintenance and not from the loan/qard itself.

(c) Issuing banks may charge Ujrah (service fees) strictly for:

- Card issuance
- Network and payment facilitation
- Account maintenance
- Transaction processing
- Such fees must be fixed in amount and must not vary with outstanding balance, time period or delay in payment

(d) Every fee charged shall be a fixed amount determined by the type or variant of ICC and not by the Credit Limit assigned to the Cardholder, and shall not vary with the outstanding balance, the period of deferral or any delay in payment.

(e) A fee shall not be benchmarked to an interest rate, to the Credit Limit or to the outstanding qard amount, and no ibra' granted against a fee shall be calculated by reference to any of them.

8.2 Covered (Cash-Collateralized) Card

A bank may issue an ICC against cover placed by the Cardholder, whether in the form of a deposit, a lien over a deposit or other cover from which the amount settled by the issuer is actually met. This paragraph does not apply to a card issued against a guarantee. Where the amount settled by the issuer is met from that cover, no Qard Hasan arises, and the fees charged to the Cardholder. They are not capped at Actual Direct Cost and may carry a profit element determined by agreement. Such fees shall be fixed by reference to the type or variant of card and not by reference to the Credit Limit, the amount of the cover or any outstanding amount.

In case of covered card the following conditions apply:

(a) The Cardholder shall be given a genuine choice between placing the cover in a current account and placing it in an investment or savings account, and cover placed in an investment account shall earn for the Cardholder on the agreed basis. The card issuance agreement shall state that the issuer is not obliged to reduce any fee, or any installment under an arrangement offered. A fee shall not differ by reason of the account in which the cover is placed.

(b) Where the cover is itself funded by a Qard extended by the issuer, where a qard arises because the issuer settles before the cover is applied, or where the Cardholder is permitted to use the card above the amount of the cover, the fees attributable to that extent fall within Category B and paragraph 11.3 applies to them.

(c) A bank shall identify, in its fee policy and in the Product Disclosure Sheet, which fees on the card are Category A and which are Category B. The split shall be identifiable in the bank's core banking system and verifiable on Shariah audit.

8.3 Other Structures

Any other structure may be adopted subject to the prior approval of the respective bank's SSC and of Shariah Advisory Board of Bangladesh Bank. A bank shall obtain the prior approval of Bangladesh Bank before changing the Shariah concept underlying an ICC already issued.

9.0 Types of ICC

Credit card can be broadly categorized into three types: A bank shall state, for each type and variant it offers.

(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 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) Co-branded credit cards

i. Co-branded credit cards are a collaborative product offered by card issuers in partnership with merchants, retailers, airlines, e-commerce platforms, service providers etc.

ii. These cards offer additional benefits, such as reward programs and discounts, while maintaining regulatory compliance.

iii. Even though it's linked to a specific brand, it works like a regular credit card and can be used anywhere the card network (Visa, MasterCard etc.) is accepted.

iv. A co-branding partner shall be approved by the SSC before the arrangement is entered into, and its business shall be reassessed at least annually, the SSC being empowered to require the arrangement to be suspended or terminated.

v. A reward awarded by draw is permitted only where the Cardholder incurs no charge, direct or indirect, for participation; no fee on the card is increased during the draw period; participation is not confined to cards linked to current accounts; the goods or services whose purchase qualifies for entry are Shariah compliant and would be purchased irrespective of the prize; and the programme is approved by the SSC. Every other reward programme shall be based on pre-disclosed criteria approved by the SSC.

(c) **Special/Private label cards:** These cards are issued by banks and 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 may also be issued for use both in Bangladesh and abroad.

In addition to that considering the quality and number of services and features, brand etc., ICC offered by a bank may have different variants, like Signature, Platinum, Gold, Silver etc.A variant shall not be defined by reference to the Credit Limit, the outstanding amount, or any parameter based on time or money. Fees and charges are governed by Section 11 and may differ between variants only to the extent of the services, benefits and privileges bundled with each variant.

10.0 Credit Limit, Cash Withdrawal and Settlement

(a) The credit limit for credit cards should be limited up to the entitlement prescribed by Prudential Regulations for Consumer Financing (Regulation for Credit Cards) and their type.

(b) The amount utilized shall be scheduled into installments payable on fixed dates without any increase over the principal, save for the price of an asset sold to the Cardholder at the point of purchase under a structure confirmed by section 8.0. A Cardholder who pays the Minimum Amount Due by the due date is not overdue. A partial payment does not discharge the installment due, and the unpaid balance remains due without any increase. The Product Disclosure Sheet shall state how the Minimum Amount Due is computed and how partial payment, early settlement, subsequent utilization and restoration of the Credit Limit are treated; none of these shall give rise to any amount accruing to the issuer over the principal.

(c) A bank may permit cash withdrawal on ICC holders, in which case the aggregate cash withdrawal limit shall be 50% of the credit limit. A Cardholder shall not obtain cash from a merchant against an amount charged to the card exceeding the cash given, and a bank shall monitor for transaction patterns indicating that practice.

(d) Where a card is issued in foreign currency against a foreign currency entitlement (for example, Travel Quota): (i) the limit may be up to the indicative limit, in equivalent Bangladesh Taka, allocated to Bangladeshi nationals under GFET and subsequent Foreign Exchange Circulars, subject to the Prudential Guidelines on Consumer Financing and the Guidelines on Credit Card Operations of Banks; (ii) the liability may be settled in Bangladesh Taka, in which case each amount converted is a currency exchange and shall be settled in full at the spot rate on the date of conversion, any unconverted balance continuing as a liability in the original currency; alternatively the issuer may convert the liability into Bangladesh Taka at the spot rate on the date of the transaction, after which the Taka liability is settled as such; and (iii) any conversion charge borne by the Cardholder shall be classified under Section 11 and, where it is Category B, shall not exceed the Actual Direct Cost of the conversion, with no percentage spread where the issuer performs the conversion.

(e) In case of dual currency card, limit in Bangladesh currency and foreign currency shall be clearly segregated and stated separately in the sanction letter. The proportion of the limit allocated to foreign currency may be determined by the bank within the applicable foreign exchange regulations, the Cardholder's passport endorsement, the Cardholder's need and repayment capacity, and the bank's approved risk management policy.

(f) A bank shall ensure that an international credit card issued against a balance held in an ERQ account is used only for bonafide business purposes, in accordance with the MCC, GFET and subsequent circulars or circular letters issued from time to time by Bangladesh Bank.

(g) Where cash cover or a deposit is taken as security against an ICC, the Cardholder shall be given a genuine choice between a current account and an investment or savings account, and cover placed in an investment account shall earn for the Cardholder on the agreed basis. A bank shall not withhold the profit otherwise payable on a Cardholder's deposit by reason of the ICC extended to him, and shall not require the cover to be placed in a current account.

(h) Where a transaction in a currency other than the card currency is converted by a party other than the issuer, the charge for that conversion falls within Category A and is not capped, provided that: (i) the offer to settle in the card currency is made by the merchant, and not by the issuer; (ii) the converting party is independent of the issuer, and the issuer receives no part of the conversion margin; (iii) before the transaction is authorized the Cardholder is shown the amount in both currencies, the rate applied and the margin over the reference rate, and may decline the offer and settle in the transaction currency; and (iv) the arrangement is disclosed in the Product Disclosure Sheet.

11.0 Fees and Charges

This Section governs every fee and charge levied by an ICC issuer on a Cardholder. No fee or charge shall be levied under any other provision of these Guidelines except as permitted by, and subject to the limits in, this Section.

11.1 Classification of Fees and Charges

Before any fee or charge is introduced or revised, the bank, upon approval of the SSC, shall classify it into one of three categories that are mentioned below:

11.2 Category A: Fees Not Linked to Lending

(a) A fee which is not linked to the Qard Hasan extended to the Cardholder is not capped at Actual Direct Cost and may include a profit element determined by agreement, subject to any ceiling imposed elsewhere in these Guidelines.

(b) Category A comprises: (i) the issuer's share of the merchant discount, interchange and switching fee, which is borne by the merchant; (ii) fees received from holders of other institutions' cards using machines the bank owns; (iii) commission on arranging Takaful cover, taken with the Cardholder's consent.

11.3 Category B: Fees Linked to Lending

(a) Where the ICC involves Qard Hasan by the issuer, a fee for any of the following services may be charged only up to the Actual Direct Cost of that service, with no profit recorded: (i) card issuance, renewal and replacement; (ii) account maintenance; (iii) cash advance; (iv) raising the Credit Limit; (v) scheduling the amount utilized into installments; (vi) currency conversion performed by the issuer; (vii) charges imposed by a Credit Card Association on a transaction; (viii) recovery of amounts paid to external collection agents or lawyers in respect of a defaulting Cardholder.

(b) Category B fee shall be a fixed amount determined by the type or variant of card held. It shall not be determined by, or vary with, the Credit Limit, the outstanding balance, the period of deferral or any delay in payment. An ujrah shall not be used as a substitute for a return on the amount lent.

11.4 Category C: Not Chargeable in Any Form

The following shall not be levied on, recovered from, or recognized as income received from a Cardholder: (a) any amount that varies with, or recurs by reason of, the outstanding balance, the Credit Limit, the period of deferral or any delay in payment; (b) any recovery of a cost excluded from Actual Direct Cost. (c) any part of the merchant discount, interchange or switching fee, on an ICC that involves lending; (d) any increase in fees in exchange for cash back, for a benefit contingent on the Cardholder's usage, or for a benefit with no stated ceiling; and (e) any amount retained by the issuer out of a Late Payment Amount.

11.5 Actual Direct Cost

(a) Actual Direct Cost is the cost directly attributable to performing the service for which the fee is charged. It comprises: (i) the amount actually paid by the issuer to a third party for the service, including sponsor and network fees, card production and delivery cost, third-party ATM fees and amounts paid to collection agents or lawyers; and (ii) the direct personnel cost of the service.

(b) Direct personnel cost is the remuneration of the staff of the issuer's card operations function who personally perform the service, for the time actually spent on it as recorded in the bank's own records, at the actual remuneration cost of the member of staff concerned with no uplift. Where a member of staff serves more than one function or more than one fee head, only the recorded proportion attributable to the service may be taken. Time spent on supervision, management, training or marketing, and time not spent on performing the service, shall not be recovered.

(c) Actual Direct Cost excludes: the cost of funds, opportunity cost and cost of capital; premises, utilities, furniture, fixtures and transport; general and administrative expenses; the remuneration of management, of any officer above the card operations function and of staff engaged in marketing, business development or sales; and any allocation of head office or corporate overhead.

(d) A cost shared between ICC operations and other business of the bank, or between cards, shall be allocated proportionately and fairly on a documented basis. Where it is not established that an element qualifies as Actual Direct Cost, it shall not be recovered; where an established element is doubtful in amount, the lower estimate shall be taken. Whether an element qualifies is a question of Shariah and is not determined by its classification in the bank's accounting records.

(e) No profit, margin, uplift, handling percentage or apportionment premium shall be added to, or recorded on, any amount recovered as Actual Direct Cost. Recurrence of a service does not enlarge what may be recovered for it.

11.6 Computation, Approval and Reporting of Actual Direct Cost

(a) Each bank shall document its methodology for computing Actual Direct Cost by fee head, identifying the components of the cost, any third party paid, the personnel whose time is taken into account and the basis of apportionment. The methodology shall be approved by the SSC before any charge is levied on it, reviewed at least annually, and made available to Bangladesh Bank on request.

(b) A bank may compute Actual Direct Cost for a fee head on a standard cost basis, provided the standard is derived from the Actual Direct Cost actually incurred in the preceding period and is approved by the SSC and reviewed at least annually. At each financial year end, any excess of the amounts collected from Cardholders over the Actual Direct Cost actually incurred for that head shall be refunded to the Cardholders concerned or, where refund is impracticable, credited to the Charity Account.

(c) Each bank shall record, by fee head, the amounts collected from Cardholders and the Actual Direct Cost incurred in the same period, distinguishing third-party payments from personnel cost, and shall report them, with the outcome of the year-end true-up, in the return under paragraph 21(i).

(d) Bangladesh Bank shall, within the transitional period under paragraph 1.3, prescribe a standard methodology for determining Actual Direct Cost, including the treatment of personnel cost, shared cost, standard cost and third-party payments, to be applied uniformly by all banks, and may prescribe for any fee head the maximum amount recoverable and the maximum proportion of it that may consist of personnel cost. Until that methodology is prescribed, each bank shall apply the methodology approved by its own SSC.

11.7 Fee Heads

(a) Issuance, renewal and replacement. A card is issued for a fixed period, may be renewed, and may be replaced during that period. The Actual Direct Cost of each issuance, renewal or replacement comprises verification and authentication, manufacture of the card at the amount paid to the manufacturer, printing and personalization, network and information security, and any other cost of that activity.

(b) Account maintenance. A fixed fee determined by the variant of card held may be charged for each period in which the card is active, at a frequency set by the issuer, provided that the aggregate charged in any twelve months does not exceed the annual Actual Direct Cost of the following: brand license and network connectivity fees paid to the card scheme or switch, POS and ATM terminal charges paid to third parties, transaction processing, acceptance development fees levied by the card scheme, and any other service within this head. The fee shall not be charged, increased or repeated by reason of a balance being carried or a payment being partial, and shall cease on closure of the account.

(c) Cash advance. A fixed amount per transaction, capped at Actual Direct Cost, which shall not vary with the amount withdrawn or the period taken to repay it. Withdrawals shall not be split, and the frequency of withdrawal shall not be set, so as to multiply the fee beyond the Actual Direct Cost of the withdrawals actually made. A charge imposed by a Credit Card Association may be recovered at the amount paid to it or, where paragraph 11.6(b) permits, at the approved standard cost.

(d) Other services. A bank may introduce a fee for an additional service provided that it is classified under paragraph 11.1 and approved by the SSC before introduction, is disclosed in advance under paragraph 11.9, and, where the ICC involves lending, does not exceed the Actual Direct Cost of the service. No fee of a kind prohibited by paragraph 11.4 may be introduced.

11.8 Merchant Discount, Interchange and Switching Fee

For every card transaction at POS terminals or e-commerce transactions, the commission on the goods or services may be a percentage of the transaction value divided among the issuer, the acquirer and the switch, and the card service provider may receive an agreed percentage for switching and processing. No part of the merchant discount, interchange or switching fee shall be recovered directly or indirectly from the Cardholder on an ICC that involves lending.

11.9 Disclosure, Waiver and Cardholder Protection

(a) The method of calculation of all fees and charges, the Charge-Free Credit Period, the Minimum Amount Due and the outstanding unpaid amount shall be clearly explained and disclosed to Cardholders. No rate of profit shall be expressed or applied on an outstanding balance or otherwise on an ICC; a fixed fee permitted under this Section is not a rate, and the ceiling on credit card profit rates prescribed by Bangladesh Bank has no application to it.

(b) A non-transactional fee shall not be levied before the card is activated; no profit or other amount shall accrue on it; a Cardholder shall not be adversely classified for its non-payment; and where no transactional liability exists on the card, no Late Payment Amount or other consequence shall be applied for its non-payment or late payment.

(c) Any revision of the Schedule of Charges, of the terms and conditions, or of any incentive shall be communicated to all active Cardholders in legible writing or electronic means at least thirty (30) days before its effective date.
(d) The amount of every fee or charge, and any change to it, shall be reflected in the Schedule of Charges published by the bank, which shall state against each fee head the category assigned that it is capped at Actual Direct Cost and carries no profit element.
(e) No charge that was not explicitly indicated at the time of issuance shall be levied without the Cardholder's prior consent. This does not apply to excise duty, tax or charges levied by the Government or any statutory authority.
(f) A bank may grant a discount (Ihsan or Hiba) or waiver against any fee or charge at its own discretion or on the Cardholder's request, but not as of right. Where a waiver is given by reference to the Cardholder's use of the card, its basis shall be stated in the card issuance agreement and it shall be subject to a ceiling on qualifying spend approved by the SSC, and it shall not be structured, advertised or applied so as to encourage spending beyond the Cardholder's means or the carrying of revolving debt. Every discount or waiver shall be reflected in account entries.
(g) Government tax or VAT on fees and charges applies where applicable.
(h) Before the contract is entered into, the bank shall provide each applicant with a Product Disclosure Sheet setting out the underlying Shariah structure of the ICC, all fees and charges and the basis on which each is computed, the Minimum Amount Due, the Charge-Free Credit Period, the treatment of late payment and the Cardholder's obligations. The applicant shall acknowledge receipt, and the acknowledgment shall not prejudice any right of redress.
(i) An applicant shall have a cooling-off period of not less than five (5) complete business days from receipt of the card, within which the contract may be cancelled without cost or penalty, save for Actual Direct Cost irrecoverably incurred and disclosed at the time of contracting. Activation or first use of the card ends the period. Liability for any amount utilized, and for any fee already incurred on it, survives cancellation, and the right to cancel applies only to the unutilized facility.

12.0 Offers and Benefits

The following Shariah compliant value-added services and facilities may be offered to card holders, subject to the condition that: (i) all offers are free of any riba, gharar, or maysir element; and (ii) the bank informs cardholders which benefits made available by the card networks its SSC has cleared as Shariah compliant:

- e-Statement via email or hardcopy
- SMS Alert to check card status
- Supplementary card(s) with or without all facilities of the primary card
- Setting spending limit

- Card Cheque and ATM facility for cash withdrawal, subject to Section 10
- Loyalty rewards
- Multi currency transaction
- Takaful (Islamic insurance) facility
- Access to lounge at the airports, home and abroad
- Special offer during Ramadan and other Islamic events
- Merchant discount on lifestyle, food, fashion, travel and miscellaneous consumer segments.
- Priority Pass Membership
- Complimentary health check-ups
- Perking up privileges at hotels, restaurants, shopping etc.
- Waiver or reduction of the renewal fee according to the Cardholder’s use of the card.

13.0 Issuing ICC

13.1 Principal Card

(a) ICC shall be issued by a Bank on receipt of duly filled and signed application from a prospective customer, supported by necessary documents.

(b) Bank shall properly assess the credit risk before issuing ICC to an applicant and apply prudent risk management checks as they deem necessary.

(c) Bank shall allow a reasonable limit to a Cardholder based on the credit worthiness after assessing his/her income statements. Bank shall also obtain information available at the Credit Information Bureau (CIB) while assessing the credit worthiness of the customer.

(d) Where a Cardholder holds multiple credit cards (Islamic and/or conventional), the Bank shall obtain a declaration of the cards the customer possesses together with an undertaking as to the accuracy of that declaration.

(e) Bank shall ensure appropriate collateralization of the amount in excess of the “Maximum Unsecured Limit” allowed under ICC to a cardholder as stipulated in the Prudential Guidelines on Consumer Financing and the Guidelines on Credit Card Operations of Banks.

(f) Banks shall set and disclose a maximum spending ceiling for each ICC and shall not market the ICC in terms that encourage consumption beyond the cardholder’s means. Marketing and reward arrangements for sales staff shall not be structured so as to reward the placing of cards with cardholders for whom they are unsuitable.

(g) The maximum limit shall be as directed by Bangladesh Bank from time to time.

13.2 Supplementary Card

(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. Bank shall be extra cautious and assess the credit risk while issuing supplementary cards to persons with no independent financial means.

(b) Bank shall make it clear to the principal cardholder that he/she is ultimately liable for all the liability incurred by the supplementary cardholders.

13.3 Corporate Card

(a) Corporate cards can be issued to an employee or officer (being a director, member of the management committee, chief executive, manager, secretary or equivalent) of a body corporate.

(b) In case of corporate card, the body corporate shall bear sole liability for any amount charged to the card.

(c) While issuing corporate credit cards, the responsibility and liability of the body corporate and of its employee shall be clearly specified.

(d) The Bank shall consider the financial status of the body corporate which applies for corporate credit cards instead of financial ability of individual cardholder.

(e) Corporate credit cards will not fall under the 'Consumer Financing' category and shall be regulated by existing guidelines/regulations for lending to the corporate clients.

14.0 Eligibility of Cardholder

ICC in BDT and/or Foreign Currency (FC) shall be issued only to an individual who is:

(a) The applicant shall be a citizen or resident of Bangladesh, above 18 years of age on the date of the application, and shall have sufficient and independent financial ability to meet the liabilities arising from use of the card.

(b) Issuance of ICC to non-resident/foreign nationals shall be subject to the provisions of Foreign Exchange Regulation Act, 1947, Guidelines for Foreign Exchange Transactions and subsequent related directives issued by Foreign Exchange Policy Department from time to time.

(c) The applicant shall be in possession of a valid National Identity Card, a valid electronic Tax Identification Number (e-TIN) certificate and a clean or new CIB report.

(d) Banks shall be solely responsible for fulfillment of all "Know Your Customer (KYC)" requirements and such documents shall be maintained under the safe custody.

15.0 Terms of Contract

Card Issuer (Bank) shall have to adhere to the following guidelines relating to the terms and conditions, fees and charges applicable to an ICC:

(a) Bank shall specify a period of validity for the card, not exceeding 5 (Five) years from the date of issuance/renewal, taking into consideration the usage purpose and repayment capability of the cardholder.

(b) Card Issuers shall not unilaterally enhance or upgrade the card type/limit without getting consent from the cardholder in writing.
(c) 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.
(d) Where a card is cancelled at the cardholder's request after services have been made available to him, the issuer may retain the issuance fee, and may retain the fees for other services in proportion to the period elapsed from the date those services were made available to the date of cancellation. Where fees were taken as an undifferentiated lump sum, the proportion shall be computed from the date of issuance.
(e) Where the issuer is unable to recover from the actual service provider the cost of a service already procured for that cardholder, and cannot make it available to another cardholder, it may retain the corresponding amount, provided this is stipulated in the card issuance agreement.
(f) Where the issuer cancels the card for a reason not attributable to the cardholder, it shall refund the issuance fee and the fees for other services to the Cardholder for the unexpired period on a proportionate basis.
(g) The terms and conditions shall state clearly that an ICC is not to be used for any activity or transaction which is unlawful or an offence under the law of Bangladesh, or which is Shariah non-compliant. Where a Cardholder uses an ICC for such an unlawful activity, Bank shall immediately terminate the card facility and inform it in details to BB as soon as possible.

16.0 Billing

(a) Bank shall provide the Cardholder a statement of accounts in writing or in electronic means at the end of each month (billing period only) fully disclosing the transaction details including the calculation of profit and charges (if any), late payment charges (if any), due date and mode of payment etc.
(b) Bank 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) Bank shall make comprehensive and convenient arrangement for collection of bills through any/designated branches, collection booth/center or other electronic channel.
(e) Bank 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) Bank 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. Bank shall allow next business day if due date falls on a holiday.
(g) Bank shall ensure that wrong bills are not made and issued to the Cardholder. In case a Cardholder protests any bill, the Bank would provide explanations and, if necessary, documentary evidences to the Cardholder within a maximum period of thirty (30) calendar days with a spirit to amicably redress the grievances.

17.0 Collection and Recovery

(a) At the time of issuance, the card issuer shall properly communicate to the customer the procedure of recovery in case of default payments.
(b) Recovery letters shall be issued to the last known address of the Cardholder and shall bear the designation, contact number 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 officials also shall not intrude the privacy of the Cardholder's family, referees and friends.
(d) Telephone calls and visits for recovery of unpaid dues shall be limited to office hour.
(e) A credit card account shall be treated as overdue if the Minimum Amount Due, as mentioned in the statement, is not paid fully within the due date. Banks shall report such overdue credit card accounts to the CIB as stipulated in CIB Circular. No. 02 dated 04 May 2011, and as amended from time to time. An account whose unpaid amount consists solely of non-transactional fees shall not be treated as overdue or reported under this paragraph.

18.0 Late Payment Treatment

(a) Late payment penalties, only one time for every payment period, may be imposed solely as a deterrent.
(b) Penalty proceeds must not be recognized as income and implement system level separation within the respective bank's Core Banking Solution (CBS).
(c) In this case, cardholder shall, at the time of contracting, provide an undertaking (iltizam bi al-tabarru) to donate a specified amount through issuer to a pre-approved charitable cause in the event of failure to pay the outstanding amount by the due date.
(d) Such undertaking:
    i) shall be structured and approved by the SSC;
    ii) shall be fixed and not linked to the outstanding balance or the duration of delay;
    iii) shall be collected and directed entirely to charity;
    iv) shall not under any circumstance be recognized as income of the bank.
(e) Disclosure of penalty treatment is mandatory.

19.0 Confidentiality, Card Security and Protection of Customer Rights

(a) The card issuer shall conduct One-Time Password (OTP)-based consent verification before activating a new credit card.

(b) The card issuer shall not reveal any information relating to cardholders obtained at the time of opening the account or issuing the card to any other person or organization without obtaining specific consent of the cardholder.

(c) 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 is not required for recovery purposes shall not be released by the card issuer. Card issuer shall also ensure that the third party service providers/recovery agents do not disseminate or misuse any customer information.

(d) The card issuers shall not issue unsolicited credit cards or upgrade credit cards or enhance credit limits without getting explicit consent from the cardholder. In case of reduction in the credit limit, the card issuer shall inform the same to the cardholder.

(e) Card issuers shall provide to the cardholder the detailed procedure to report the loss, theft or unauthorized use of card or PIN. They shall provide multiple channels such as a dedicated helpline, dedicated number for SMS (with WhatsApp activated), dedicated e-mail-id, Interactive Voice Response, clearly visible link on the website, internet banking and mobile app or any other mode for reporting an unauthorized transaction on 24 x 7 basis and allow the customer to initiate the blocking of the card.

(f) For blocking of cards, either the principal cardholder or the actual cardholder can initiate the request.

(g) Card issuers shall block a lost card immediately on being informed by the cardholder and shall send a confirmation to the cardholder subsequent to the blocking of a card. Banks shall be liable for all transactions not authorized by the credit cardholders after bank have been served with a notice that the card has been lost/stolen. Such unauthorized transactions shall be reimbursed within 7 (seven) working days.

(h) Where an existing card is due for renewal, the Cardholder shall be given the option to decline renewal before the renewed card is dispatched. Where a card is blocked at the request of the Cardholder, a replacement card in lieu of the blocked card shall be issued only with the explicit consent of the Cardholder.

(i) An issuer shall not hold a supplementary cardholder, jointly or severally liable for the debts of the principal cardholder or the other supplementary cardholders.

20.0 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 shall be published on the card issuer's official website.

(b) Contact particulars of card issuer including that of the dispute resolution officer of the card issuer shall be displayed on the website.
(c) The card issuer shall maintain 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 card during the investigation period in the event of a dispute.
(e) Card issuer shall establish a mechanism to automatically escalate unresolved complaints from a call center to higher authorities.
(f) Card issuer shall resolve the disputed transaction of the cardholder promptly and as per the franchise rules of VISA, MasterCard, or any other international card company/association, taking into account the nature of the transaction, distances, time zone, etc.
(g) In the event of a dispute, the card issuer shall not require the cardholder to pay the disputed amount and shall not impose any Late Payment Amount, fee or other charge on the disputed transaction amount during the investigation period. Where the dispute is resolved against the cardholder, the amount shall become due on the date notified to the cardholder, and no amount shall be treated as overdue in respect of any period before that date.
(h) Shariah Compliance of Dispute Handling: All dispute resolution mechanisms and corrective measures shall be conducted in accordance with Shariah principles of fairness (adl), transparency (amanah), and avoidance of unjust enrichment. The Card Issuer may establish appropriate system-based mechanisms to restrict, decline, or investigate transactions relating to activities prohibited under Shariah.
(i) Compensation framework for unsuccessful/failed transactions, delay in redressed of grievance, delay in closing of account/blocking of lost or stolen cards, etc. shall be in place.
(j) Where a complaint remains unresolved after thirty (30) calendar days from the date it was acknowledged, or where the Cardholder is dissatisfied with the resolution, the card issuer shall inform the Cardholder in writing of the right to escalate the matter to Bangladesh Bank, and shall provide the contact particulars of the Financial Integrity and Customer Services Department of Bangladesh Bank.

21.0 Internal Control, Monitoring, Reporting and Compliance

(a) Card issuer shall have 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.
(b) To minimize the financial and any other associated risks, card issuer shall have prudent and sound management, administrative, accounting and control procedures. The card issuer shall review the effectiveness of those arrangements and procedures periodically and shall update them accordingly.
(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 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.

(e) Card issuer shall maintain proper data base and data recovery system pertinent to ICC operations for overall management, monitoring and control purpose.

(f) Purification of Shariah non-compliant income. Where a bank receives income from a transaction subsequently found to be Shariah non-compliant, from a merchant found to have been wrongly classified, or from any settlement arrangement with a card network or switch that carries an interest element, the bank shall identify and quantify that income, exclude it from distributable profit, credit it to the Charity Account.

(g) Banks shall not accept, and shall contract out of, any interest or penalty on lending imposed by a card network, sponsor company or switch operator. Incentive payments received from card networks for issuing their cards are permissible and shall be recorded transparently.

(h) A dedicated Shariah audit of ICC operations shall be conducted at least annually and the findings reviewed by the SSC. The SSC shall in particular approve and periodically review: (i) the methodology for computing Actual Direct Cost for each fee head; (ii) the list of blocked and restricted Merchant Category Codes and any exception to it; (iii) the ibra' policy; (iv) the operation of the Charity Account, including verification that amounts credited to it are in fact disbursed to charity; and (v) all advertising and promotional material for ICC products before release. The SSC's annual report on ICC operations shall be submitted to the Board and to Bangladesh Bank.

(i) **Returns to Bangladesh Bank:** Each bank shall submit to the Islamic Banking Regulation and Policy Department of Bangladesh Bank, within two months of the end of each financial year and in such form as Bangladesh Bank may prescribe, and may annex to its annual Shariah compliance report, a single consolidated ICC return certified by its SSC, comprising: (i) the methodology for computing Actual Direct Cost by fee head and any change to it during the period, together with, for each Category B head, the amounts collected from Cardholders and the amounts actually paid to third parties, and, where a standard cost basis is applied; (ii) the amounts credited to and disbursed from the Charity Account, distinguishing Late Payment Amounts from amounts arising on Purification; (iii) the categories and merchants added to or removed from the blocked and restricted lists, the exceptions approved by the SSC, and the volume and value of transactions declined by reason of MCC restrictions; and (iv) the SSC's annual report on ICC operations and the findings of the annual Shariah audit. The amounts reported under this paragraph shall reconcile to the statement of sources and uses of charity funds presented in the bank's financial statements.

(j) **Record retention:** A bank shall retain, for not less than five (5) years from the date of the transaction or of the closure of the card account, whichever is later, all transaction and authorization records, billing statements, Cardholder consents and acknowledgments, Product Disclosure Sheets, SSC approvals, Actual Direct Cost computations, and Charity

Account records; and shall produce them to Bangladesh Bank or to the SSC on request. Where any other law prescribes a longer period, that period shall apply.

22.0 Fraud Prevention and Security Measures

(a) Card issuer shall set up internal control systems to combat frauds and take proactive fraud control and enforcement measures.

(b) A bank shall take reasonable steps to satisfy itself that Cardholders have received the card, whether personally or by mail. A bank shall advise Cardholders of the need to take reasonable steps to keep the card safe and the PIN secret so that frauds are avoided.

(c) Two Factor Authentication (2FA) for all e-commerce and domestic non-NFC transactions, Card Not Present (CNP) in real-time transaction alerts via SMS and Email for all card transactions shall be ensured.

(d) Bank may introduce, at the option of the customer and with the customer's consent, takaful cover against loss or theft of the card or of amounts withdrawn with it. Conventional insurance shall not be offered or bundled with an ICC. The bank may deduct the takaful contribution from the cardholder with or without commission, and shall disclose the amount deducted.

(e) The enlisting of merchants shall be done after proper due diligence and evaluation. Card issuer/acquirer shall educate the merchants about the use of POS machine, QR codes, genuineness and security features of card, signature verification and their rights and responsibilities under the agreement.

(f) The risk management department shall comprise of employees specialized in fraud monitoring and investigation.

(g) Card issuer shall implement EMV chip technology that will help increase security, reduce fraud and enable the use of future value added applications.

(h) Card issuer shall ensure that all applications used for card banking solutions are Payment Card Industry Data Security Standard (ISO-27001, PCIDSS) compliant. They shall ensure that all card related data processing, storage, transmission and operational activities are carried out in compliance with PCIDSS requirements.

(i) 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 shall notify the relevant stakeholders and take the necessary measures.

(j) To control malicious and suspicious traffic, effective firewalls shall be implemented in core and all perimeter zones. Updated anti-virus software solutions shall be maintained to protect against worms and malware.

(k) All activities within the card life cycle process i.e. card production, PIN generation, card activation, card deactivation and customer communications shall be handled properly and separately.

(l) Security log, Exception log and Transaction log of cards shall be preserved properly for troubleshooting and security purposes and shall be reviewed periodically.

(m) The ICT policy of the card issuer shall be updated regularly keeping pace with trending technologies, new risk management tools and most recent Bangladesh Bank ICT Guidelines. Employees shall be made aware of such ICT policy and trained on Security and Technology Operations.

(n) An acquirer shall assign the correct MCC to each merchant according to the goods or services actually offered by that merchant, and shall correct any misclassification on becoming aware of it.

23.0 Voluntary Closure and Dormant Cards

a) Cardholders shall be provided option to submit request for closure of card account through multiple channels such as helpline, email, website, internet banking, mobile-app, branch visit etc.

b) The closure request shall be sought from the principal cardholder or principal account holder (in case of corporate or business entity).

c) Any request for closure of a card shall be processed within 7 (seven) working days by the card issuer if no outstanding balance exists.

d) Subsequent to the closure of card, the cardholder shall be immediately notified about the closure through email, SMS etc. and any credit balance available in credit card accounts shall be transferred to the cardholder’s bank account. Card issuers shall obtain the details of the cardholder’s bank account, if the same is not available with them.

e) Cards that are inactive (has not been used for any transactions or payments or cash withdrawal) for 12 (twelve) months shall be flagged as dormant.

f) After 24 (twenty four) months of inactivity, the issuer shall notify the cardholder and deactivate the card unless the customer explicitly requests continuation.

24.0 Use of an ICC for Unlawful or Shariah Non-compliant Activities

ICC issuer shall include in the terms and conditions a clause specifying that the card is not to be used for any unlawful and Shariah non-compliant activities. If a cardholder is discovered to have used the card for an unlawful and Shariah non-compliant activity, the issuer shall immediately terminate the card facility, report the matter to Bangladesh Bank, and treat any income arising from the transaction as per Shariah.

In addition, banks shall include clauses in merchant agreements requiring merchants to refrain from processing Shariah non-compliant transactions. Banks may terminate merchant agreements for repeated violations of MCC restrictions.

25.0 Other Legal and Regulatory Issues

(a) Bank shall ensure that contractual relationships with all relevant parties (both domestic and cross-border) are valid and enforceable before a court of competent jurisdiction, and are sound as a matter of Shariah.

(b) Bank shall timely perform the classification and provisioning on overdue card loans (Qard) in accordance with the applicable rules and regulations issued by BB from time to time.

(c) The instructions given vide circular/circular letters on Loan/Investment Rescheduling and Exit Policy issued by BB from time to time shall be adhered to while providing rescheduling or exit facility against overdue card accounts, provided that no additional profit, fee or charge shall attach to the extension of time granted on rescheduling, whether the cardholder is solvent or insolvent, and that the amount owed by the cardholder after rescheduling shall not exceed the amount owed before it. If the cardholder is solvent, the issuer may applied the late payment charge and treat that amount accordingly.

(d) As a means of payment, card operations are also subject to the relevant circulars and guidelines issued by Payment Systems Department (PSD) from time to time. Bank shall ensure compliance with such PSD instructions.

(e) The 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.

(f) The instructions/guidelines on KYC, Anti-Money Laundering (AML), Combating Financing of Terrorism (CFT) and any other relevant instructions issued by Bangladesh Financial Intelligence Unit from time to time shall be adhered to in respect of all parties and transactions related to credit card operations.

(g) A bank shall account for and report its ICC operations in accordance with the financial reporting framework applicable to it, provided that no amount recovered as a Category B charge and no Late Payment Amount shall be recognized as income of the bank, and that amounts identified for Purification and shall be excluded from distributable profit.

26.0 Conclusion

This policy seeks to balance innovation with integrity, market demand with moral responsibility and financial inclusion with financial discipline. By anchoring ICC in Qard Hasan, transparent Ujrah, and robust Shariah governance, Bangladesh Bank aims to ensure that Islamic retail finance remains authentic, trustworthy, and development-oriented. Bangladesh Bank may modify, change or amend these guidelines as it deems necessary and shall issue explanations or circulars/ circular letters on certain aspects of the guidelines.

Annex -I : Merchant Category Code (MCC)

I.1 Introduction

MCC (Merchant Category Code) is a 4-digit code assigned to a merchant by card networks like Visa, MasterCard, Amex etc. It tells the card issuer bank what type of business the merchant is in, not what specific item was bought. Example: 5411 = Grocery stores; 5812 = Restaurants; 4111 = Transport etc.

I.2 Why the MCC Matters

a) Transaction classification: Banks instantly know the nature of a transaction. This helps in reporting, analytics, and controls.
b) Fees and interchange pricing: Card networks use MCCs to decide merchant fees and settlement rule.
    - Reward and cash back: Credit card benefits are MCC-based. Example:5% cash back on groceries applies only to MCC 5411;
c) Risk management and fraud monitoring: Unusual MCC patterns can trigger alert. Example: sudden spending at gambling or overseas MCC.
d) Regulatory and tax reporting: Certain MCCs are flagged for compliance, AML, or VAT-related reviews.

I.3 The MCC in ICC Operations

ICC must comply with Shariah principles and plays a critical role.

a) Blocking prohibited category: Islamic banks block specific MCCs at system level. Commonly blocked MCCs include:
    - Alcohol and liquor stores
    - Gambling and betting
    - Adult entertainment
    - Nightclubs
    - Pork-related businesses
    - Interest-based financial services
    - Conventional insurance services
    - Casinos, lotteries, betting shops, and online gaming with a wagering element
    - Breweries, distilleries, wineries and beverage outlets whose principal trade is alcohol
    - Bars, taverns, cocktail lounges and discotheques
    - Massage parlors, escort services and dating or matchmaking services
    - Adult content, publications, video and internet services
    - Tobacco products, and outlets whose principal trade is tobacco or related products
    - Pawn shops operating on an interest basis
    - Dealers in idols, statuary and articles of worship of other faiths
    - Astrology, fortune telling, occult and related services
    - Non-halal meat processors and butchers, and outlets whose principal trade is pork or its derivatives
    - Political organizations, where prohibited by applicable law or by the SSC
    - Trading in crypto assets and speculative margin or contract-for-difference platforms

Where a merchant carries a blocked MCC, the authorization request is declined at system level, and the transaction does not proceed irrespective of the Cardholder's instruction.

b) Real-time transaction monitoring: When a card is swiped or used online:
   - The merchant sends the MCC with the authorization request
   - The bank's system checks it against the Shariah-compliance list
   - Approval or rejection occurs instantly.

     The control operates at authorization level and does not depend on manual intervention.

c) Shariah governance and oversight:
   - SSC approves which MCCs are allowed or restricted
   - Policies are reviewed periodically
   - Any exception requires formal Shariah approval

   This is what keeps the control a matter of Shariah governance rather than of system configuration alone.

d) Post-transaction audits: Even after approval, Islamic banks conduct:
   - Periodic transaction reviews
   - Sample audits of merchant MCCs
   - Exception reporting if a merchant is wrongly classified

   Where a merchant is subsequently found to be non-compliant, the category or merchant is blocked prospectively and any income already received from transactions must be purified.

e) Customer disclosures: Islamic banks clearly state that:
   - The card cannot be used for non-Shariah-compliant spending
   - Declines due to MCC restrictions are intentional, not system errors

I.4 Limitations of MCC-level Control

MCC identifies the merchant type, not the exact product. Example:

- A supermarket selling alcohol and halal food has one MCC
- The system cannot distinguish what item was purchased

  It is for the SSC of each bank to determine that MCC-level control constitutes the reasonable measure available to the issuer in respect of mixed-category merchants, and to prescribe how residual exposure is to be handled through cardholder disclosure and purification.

I.5 Summary

MCC-level control is the principal technical means by which an ICC issuer prevents the card being used for prohibited purposes. It operates without inspecting individual purchases, and for that reason it is a necessary but not a sufficient control.

Annex II - Classification of Fees and Charges

This Annex sets out, for each fee and revenue head arising in ICC operations, whether it may be charged to the Cardholder, and whether it is capped at Actual Direct Cost. This Annex and any other provision of these Guidelines differ, this Annex and Section 11 prevail; and as between this Annex and Section 11, Section 11 prevails.

II.1 General rule. An ICC issued under paragraph 8.1 is founded on Qard Hasan. A fee charged to the Cardholder in connection with such a card is therefore linked to the lending and falls within Category B, capped at Actual Direct Cost with no profit recorded, unless the head is listed in Part B below. The heads listed in Part B below are not capped: either because they are borne by a party other than the Cardholder, or because the card, or that part of it, does not involve lending by the issuer, or because paragraph 11.2 classifies the head as Category A notwithstanding that the Cardholder bears it. A bank should not expect an ICC to generate a margin from the Cardholder; the margin, where it exists, arises on the merchant side.

II.2 Category A: chargeable by agreement, not capped, and may carry a profit element.

Head	Borne by	Basis and limits
1. The issuer's share of the merchant discount, interchange and switching fee	The merchant	Consideration for intermediation, marketing and collection on the merchant side. No part may be recovered from the Cardholder on an ICC involving lending.
2. Fees received from holders of other institutions' cards using machines owned by the bank	The other institution or its cardholder	The bank acts as the owner of the machine, not as lender, so no lending-linked cap arises.
3. Commission on arranging Takaful cover for the Cardholder, or against loss or theft of the card or of amounts withdrawn	The Cardholder, with consent	Requires the Cardholder's consent; the contribution deducted shall be disclosed. Conventional insurance shall not be offered or bundled with an ICC.
4. Currency conversion where the merchant offers payment in the card currency and an independent third party performs the conversion	The Cardholder	Available only where the conversion is genuinely performed by a party independent of the issuer. Conversion by the issuer is Category B. The charge is subject to the ceiling and the disclosure and decline requirements.
5. Incentive payments from a card scheme or sponsor company for issuing its cards	The card scheme	Permitted provided they carry no interest element, and to be recorded transparently.
6. Fees on an ICC that does	The Cardholder	Category A only to the extent no qard arises. If

Head	Borne by	Basis and limits
not involve lending by the issuer, for example a covered card.		cover is funded by an issuer qard, if a qard arises in the settlement gap, or if use is permitted above the cover, Category B applies

II.3 Category B: chargeable to the Cardholder at Actual Direct Cost only, with no profit.

Fee head	What may be recovered (Actual Direct Cost)	What may not be recovered
1. Card issuance	The amount paid to a third party for producing and delivering the card, including a virtual card	Any margin or uplift; any personnel cost beyond that permitted by paragraph 11.5(b)
2. Card renewal	As for issuance, on renewal	Any amount exceeding the third-party cost of that renewal
3. Card replacement	As for issuance, on replacement	Any amount exceeding the third-party cost of that replacement
4. Verification and authentication	Amounts paid to third-party verification, KYC or credit bureau providers, including the CIB fee	Verification by the bank's own staff, beyond the personnel cost permitted by paragraph 11.5(b)
5. Printing and personalization	Amounts paid to an external personalization bureau	Where performed in-house, everything other than consumables actually purchased and the personnel cost permitted by paragraph 11.5(b)
6. Network and information security	Scheme security assessments, external certification and vendor license fees	The bank's own hardware and data centre; security team cost beyond that permitted by paragraph 11.5(b)
7. Brand license and network connectivity	The amount paid to the card scheme or switch, apportioned fairly	Any uplift; connectivity provided over the bank's own infrastructure
8. POS and ATM terminal charges	Amounts paid to the owner of a machine the bank does not own	The cost of the bank's own terminal estate
9. Monthly processing	The amount paid to a third-party processor	Systems and premises cost of in-house processing; staff cost beyond that permitted by paragraph 11.5(b)
10. Acceptance development fee	Only to the extent actually levied on the bank by the card scheme, and evidenced as such	The bank's own spend on building out merchant acceptance
11. Card scheme	The amount actually paid to the	Markup, apportionment uplift or

Fee head	What may be recovered (Actual Direct Cost)	What may not be recovered
transaction charges	association	handling percentage
12. SMS, notification and statement delivery	The amount paid to the telecommunications or delivery provider	Internal system cost; staff cost beyond that permitted by paragraph 11.5(b)
13. Cash advance processing	A fixed amount per transaction, capped at Actual Direct Cost	Any amount varying with the sum withdrawn or the repayment period; repeat charging achieved by splitting a withdrawal
14. Raising the Credit Limit	The amount actually paid to a third party for executing the change	Any percentage of the increase in the limit
15. Scheduling the amount utilized into installments	The amount actually paid to a third party for administering the schedule	Any charge for the deferral itself
16. Currency conversion performed by the issuer	The conversion cost actually incurred	Any spread or percentage margin
17. Collection expense on a defaulting Cardholder	Amounts actually paid to external collection agents or lawyers in respect of that Cardholder, billed separately	Any netting against the Late Payment Amount; the bank's own recovery staff cost, which paragraph 18(b) excludes in every case

II.4 Category C: not chargeable to, recoverable from, or recognised as income received from, a Cardholder in any form.

Not chargeable in any form	Reason
1. Any amount that varies with, or recurs by reason of, the outstanding balance, the Credit Limit, the period of deferral or any delay in payment, however described	It is a return on the lending
2. Any charge for permitting the amount utilized to be paid in installments, beyond the Actual Direct Cost of administering the schedule	It is consideration for the deferral
3. The bank's cost of funds and opportunity cost	Expressly excluded from Actual Direct Cost
4. Cost of capital, premises, rent, utilities, furniture, fixtures, transport and general and administrative expenses, including card centre maintenance; and personnel cost	Expressly excluded from Actual Direct Cost

Not chargeable in any form	Reason
beyond that permitted by paragraph 11.5(b)	
5. Any profit element, margin, uplift or handling percentage on a Category B head	It defeats the cost cap
6. Any part of the merchant discount, interchange or switching fee passed to the Cardholder on an ICC that involves lending	It converts a merchant-side fee into a return on the lending
7. Any increase in fees in consideration of cash back, of a benefit contingent on the Cardholder's usage, or of a benefit with no stated ceiling	Gharar tending to maysir, and a possible riba al-fadl where the rebate exceeds the fee uplift
8. Any amount retained by the bank out of a Late Payment Amount, whether as collection cost or otherwise	The amount is not the bank's at any stage
9. Any fee for a guarantee provided in connection with the ICC, beyond the Actual Direct Cost of documenting and administering it	A fee for standing surety is a fee for the credit itself
10. Any fee not enumerated in the Schedule of Charges published by the bank and approved by its SSC	An unremunerated head defeats the classification by construction