



**BANK NEGARA MALAYSIA**  
CENTRAL BANK OF MALAYSIA

# **Credit Card-i**

Applicable to:

1. Credit card-i issuers
2. Credit card-i acquirers

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## **PART A OVERVIEW**

### **1 Introduction**

- 1.1 The usage of credit cards for making payments is well entrenched in Malaysia. Over the past decade, the amount transacted using credit cards grew significantly with an average increase of 14.1% per annum.
- 1.2 Recognising the importance of credit cards as a payment instrument, this policy document has been revised to promote the integrity of credit card-i by enhancing the security feature of the credit card-i infrastructure and protecting consumers' interest.
- 1.3 Part B of this policy document outlines specific requirements and minimum standards to be observed by credit card-i issuers and acquirers.
- 1.4 Part C of this policy document outlines risk management principles and requirements for credit card-i issuers and acquirers.
- 1.5 Part D of this policy document outlines specific requirements for non-financial institution issuers.

### **2 Applicability**

- 2.1 This policy document is applicable to all credit card-i issuers and acquirers.
- 2.2 The requirements of this policy document apply to credit card-i products offered to:
  - (a) individuals;
  - (b) micro, small and medium enterprises (SMEs); and
  - (c) corporate cardholders,with the exception of sections 8 and 9 which do not apply to credit card-i products issued to SMEs and corporate cardholders.
- 2.3 The requirements under section 11 and sections 13 to 21 under Part B only apply to credit card-i products offered to individuals, micro and small enterprises. However, issuers are encouraged to adopt similar standards under these sections for credit card-i products offered to medium and large enterprises.

### **3 Legal provisions**

- 3.1 The requirements in this policy document are issued pursuant to:
  - (a) Sections 22(2), 43(1), 57(1), 76(3) and 135(1) of the Islamic Financial Services Act 2013 (IFSA); and

- (b) Sections 41 and 42(C)(1) of the Development Financial Institutions Act 2002 (DFIA).

#### 4 Effective date

- 4.1 This is an enhanced policy document of the Credit Card-i Guidelines which was made effective on 1 April 2011. Requirements which have effective dates other than 1 April 2011 are as follows:
- (a) Paragraph 8.1 - Minimum income requirement: 17 March 2011;
  - (b) Paragraph 10.2 - Payment allocation requirement: 1 October 2011;
  - (c) Paragraphs 11.2, 11.3 and 11.4 - Over-the-limit transactions: 1 October 2011;
  - (d) Paragraph 31.8 - Implementation of “Chip and PIN” technology:
    - (i) at automated teller machine (ATM): 1 January 2015; and
    - (ii) at point-of-sale (POS) terminals: 1 January 2017;
  - (e) Paragraph 31.9 - Implementation of strong authentication method for online transactions: 1 April 2012;
  - (f) Paragraphs 31.10 to 31.20 - Implementation of transaction alerts: 1 January 2012;
  - (g) Paragraphs 31.24 and 31.25 - Contactless verification requirements: 28 February 2014;
  - (h) Paragraphs 34.2 (a), (b), (c), (e), (f) and (g) - Specific requirements for non-financial institution issuers: 28 February 2014;
  - (i) Paragraphs 14.2, 14.3, 14.4 and 14.6: 1 January 2017;
  - (j) Paragraphs 16.10, 16.11 and 17.6(a): 1 April 2017;
  - (k) Appendices 1, 2, 3 and 4: 1 October 2011.

#### 5 Interpretation

- 5.1 The terms and expressions used in this policy document shall have the same meanings assigned to them in the IFSA, as the case may be, unless otherwise defined in this policy document.

- 5.2 For the purpose of this policy document–

**“S”** denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretative, supplemental and transitional provisions that must be complied with. Non-compliance may result in enforcement action;

**“G”** denotes guidance which may consist of statements or information intended to promote common understanding and advise or recommendations that are encouraged to be adopted;

“credit card-i”	refers to an Islamic payment instrument which indicates a line of credit or financing based on Shariah principles granted by the issuer to the user and where any amount of the credit or financing utilised by the user has not been settled in full on or before a specified date, the unsettled amount may be subjected to a lesser rebate ( <i>ibra</i> ) by the issuer;
“issuer”	refers to a person who has obtained approval from Bank Negara Malaysia (the Bank) under section 11 of the IFSA or section 15 of the Financial Services Act 2013 (FSA) to issue credit card-i;
“user”	refers to any person whom a credit card-i has been issued to and here on referred to as cardholder;
“acquirer”	refers to any person that provides merchant acquiring services;
“financial institution”	refers to any person licensed under IFSA or FSA or prescribed under the DFIA;
“financial group”	refers to entities within the group of companies of the issuer (within Malaysia) which are involved in the promotion, sale, delivery and distribution of financial products and services;
“micro, small and medium-sized enterprises”	is as per the definition in the circular on New Definition of Small and Medium Enterprises (SMEs) issued by the Bank.

## 6 Policy documents superseded

- 6.1 This policy document supersedes the guidelines and policy documents listed below-
- (i) Guidelines on Credit Card-i issued on 18 March 2011; and
  - (ii) Policy document on Credit Card-i issued on 28 February 2014.

## PART B BUSINESS CONDUCT

### A. APPROVED SHARIAH CONCEPTS APPLIED IN CREDIT CARD-i

#### 7 Shariah concepts

- S** 7.1 The issuer shall ensure that the credit card-i is not used for non-Shariah compliant transactions.
- S** 7.2 The credit limit shall not be changed unless a proper arrangement is carried out. Therefore, change in credit limit could only be executed through a new *akad*.
- S** 7.3 Approval from the Bank must be obtained in the event the issuer intends to change the underlying Shariah concept for its credit card-i structure.
- S** 7.4 The prevailing three Shariah concepts that have been approved for the application in credit card-i are:  
 (a) *Bai' 'Inah* (sell and buy back);  
 (b) *Tawarruq* (tripartite sale); and  
 (c) *Ujrah* (fee on service).
- S** 7.5 Compliance to the requirement of each Shariah concept used is mandatory. In this regard, issuer of credit card-i must ensure that proper mechanism is applied to ensure all requirements are in accordance with the Shariah requirement of each concept, either *bai' 'inah*, *tawarruq* or *ujrah*. For example, each transaction *in bai' 'inah* and *tawarruq* must be executed separately with the correct sequence and without any inter-conditionality element.
- S** 7.6 The underlying asset used in *bai' 'inah* and *tawarruq* concepts must be free from encumbrances. Issuer must avoid executing multiple transactions simultaneously on the same asset.

#### Description of Shariah Concepts Applied in Credit Card-i Facility

**S** 7.7 *Bai' 'Inah* based Credit Card-i

Under the *Bai' 'Inah* concept, credit card-i shall be structured through either of the following approaches:

##### Approach 1

The structuring of *Bai' 'Inah* based credit card-i involves two separate and independent sale contracts. The first sale contract refers to the contract where the issuer of the credit card-i sells an identified asset on deferred instalments to the customer (card applicant) at a mark up price (which denotes the Selling Price). The second sale contract is undertaken immediately after the first sale

contract where the issuer buys back the asset from the customer for cash at a price equivalent to the credit limit (which denotes the Purchase Price). The proceeds (cash) from the buy back transaction will be deposited in an Islamic account which may be utilised by the cardholder and such amount constitute as his credit limit.

### Approach 2

The structuring of *Bai' Inah* based credit card-i involves two separate and independent sale contracts. The first purchase agreement refers to the contract where the issuer (bank) purchases an asset from the customer for a cash price that is equivalent to the credit limit (which is referred to as the Purchase Price). The proceeds (cash) created from the purchase agreement will be deposited in an Islamic account which may be utilised by the cardholder and such amount will constitute his credit limit. Thereafter, under the second agreement, the bank sells back the asset on deferred instalments to the customer at a marked up price (plus profit) (which is referred to as the Selling Price).

## **S** 7.8 *Tawarruq* based Credit Card-i

Under the concept of *tawarruq*, the card issuer/bank purchases an identified commodity from a commodity broker on cash and sells the commodity at a mark-up price (plus profit) on deferred basis to the customer. Customer then sells the commodity to another commodity broker in cash (which is equivalent to the earlier cost price paid by the bank). Alternatively, customer may appoint the bank as his agent to sell the commodity to a commodity broker for cash. The cash received will be deposited with the bank and may be utilised by the cardholder and such amount will constitute as his credit limit. The issuer will charge actual profit to the customer depending on the utilisation of the credit limit and may grant *ibra'* (rebate) to the customer on the unutilised portion.

## **S** 7.9 *Ujrah* based Credit Card-i

Under the concept of *ujrah*, the card issuer/bank will provide the cardholder identified services, benefits and privileges in exchange of a fee. The credit card-i may be used to utilise the credit limit assigned on the basis of *qard* (interest free loan) e.g. for retail purchase or cash withdrawal or any other mode of utilisation determined by the bank from time to time. The general conditions on the application of *ujrah* concept in credit card-i are as follows:

- (a) Fee (*ujrah*) is allowed to be imposed in Islamic credit card. The fees are charged on services, privileges and benefits that must be permissible in Shariah.
- (b) The fee must be a fixed amount and shall not be based on the credit limit. The total fee charged must be based on type of credit card-i (platinum, gold or silver) instead of credit limit.
- (c) The imposition of fee on services, benefits and privileges must not constitute any element of *riba*. This shall apply in the following context:
  - (i) Fee/*ujrah* must be charged on the Shariah compliant services, benefits and privileges only. Issuer shall not charge any fee on loan

- extension, delay in loan repayment and cash back services (exchanging cash with cash for different amount); and
- (ii) For services related to the provision of loan, delay in loan settlement and cash back services, the card issuer/bank is only allowed to charge the actual cost incurred in providing such services. Among the services in this category are cash advance services and retail services.

## B. ELIGIBILITY AND MINIMUM MONTHLY PAYMENT REQUIREMENTS

### 8 Minimum age and income requirements

- S** 8.1 Issuers shall ensure that a principal cardholder is at least 21 years old and earns at least a minimum income of RM24,000 per annum.
- S** 8.2 Issuers shall ensure that the following restrictions are applied to principal cardholders who earn RM36,000 per annum or less:
- (a) Cardholders can only hold credit cards from a maximum of two issuers<sup>1</sup>.
- (b) The maximum credit limit extended to a cardholder shall be two times his monthly income per issuer. This is applicable to **both existing and new cardholders**.
- S** 8.3 The income requirement under paragraph 8.1 and restriction under paragraph 8.2 do not apply to retirees. Issuers shall assess their credit worthiness based on the criteria specified by the issuers, which include affordability assessment as prescribed in the policy document on Responsible Financing.

### 9 Deposit placement

- S** 9.1 Issuers who wish to issue credit card-i to a person who is unable to prove his annual income, but meets the minimum age requirement, shall require the applicant to deposit an amount equivalent to the credit limit granted to such person.
- S** 9.2 The deposit shall be placed with the financial institution that issues the credit card-i. Where the issuer is not a financial institution, the deposit shall be placed with the financial institution that is providing the financing to the cardholders.
- S** 9.3 Issuers shall ensure that the deposit shall be maintained for as long as the credit card-i facility is available.

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<sup>1</sup> Refers to both conventional credit card and credit card-i issuers.

## 10 Minimum monthly repayment

- S** 10.1 Issuers shall require their cardholders to make a minimum monthly repayment of at least 5% of the total amount outstanding.
- S** 10.2 Issuers shall allocate the payments received from cardholders to settle the balances (i.e. items appearing in the statement) according to their profit/*ujrah* rates, with items attracting the highest profit/*ujrah* rate paid first.
- G** 10.3 Where the profit/*ujrah* rate imposed on cash advances is 18% p.a. and on retail transactions is 16% p.a., the payments received from cardholders should first be used to settle the balance outstanding in the following order:
- (i) the cash advance bucket (i.e. principal amount, profit/*ujrah* rate and cash advance fee);
  - (ii) the retail transactions bucket (i.e. principal amount and profit/*ujrah* rate); and
  - (iii) other fees and charges (e.g. annual fee, late payment fee).
- S** 10.4 Issuers shall provide cardholders with a grace period of at least 4 days after the payment due date to cater for payment due dates falling on weekends or public holidays.

## C. FEES AND CHARGES

### 11 Guiding principles on fees and charges

- S** 11.1 In determining the type and quantum of fees and charges on credit card-i, issuers shall ensure compliance with the Guidelines on Imposition of Fees and Charges on Financial Products and Services.
- S** 11.2 For over-the-limit transactions, issuers shall obtain **all new** cardholders' expressed consent at the point of application with clear disclosure of relevant charges. For existing cardholders, expressed consent shall be obtained using appropriate channels, such as mail, electronic means, telephone or in person, with clear disclosure of relevant charges.
- S** 11.3 The following transactions are exempted from having to obtain the cardholders' consent:
- (a) stand-in processing transaction;
  - (b) profit/*ujrah* or fees imposed by the issuer; and
  - (c) auto-debit transaction.
- However, issuers shall not impose over-the-limit compensation charge in the event the cardholders' accounts exceed the credit limits as a result of items (a) and (b).
- S** 11.4 Issuers shall not impose over-the-limit compensation charge if the excess over-the-limit is due to temporary authorisation holds placed by merchants.

## 12 Tiered pricing structure

- S** 12.1 Issuers shall implement a tiered pricing structure for credit card-i according to the different risk categories.

### ***Risk categories***

- S** 12.2 Under the tiered pricing structure, issuers shall categorise cardholders into different tiers. The most stringent conditions for the categorisation shall be as follows:
- (a) Tier-I: Cardholders who promptly settle their minimum payment amount due for 12 consecutive months;
  - (b) Tier-II: Cardholders who promptly settle their minimum payment amount due for 10 months or more in a 12-month cycle; and
  - (c) Tier-III: Cardholders who do not fall within the above categories.
- G** 12.3 With reference to paragraph 12.2, issuers, in their risk assessment of cardholders, may impose less stringent requirements, for example, less than 12 consecutive months or less than 10 months for Tier-I and Tier-II risk groups respectively.

### ***Profit/Ujrah rate***

- S** 12.4 Profit/*ujrah* rate shall be imposed on retail transactions and cash withdrawal transactions only. Profit/*ujrah* rate shall not be imposed on the portion of balances that relates to profit/*ujrah* rate and other fees that were carried forward from the previous statement.
- (a) Profit/*ujrah* rate for retail transactions shall be capped as follows:
    - (i) Tier-I: Maximum of 1.25% per month, which is equivalent to 15% per annum, of the total outstanding balance;
    - (ii) Tier-II: Maximum of 1.42% per month, which is equivalent to 17% per annum, of the total outstanding balance; and
    - (iii) Tier-III: Maximum of 1.5% per month, which is equivalent to 18% per annum, of the total outstanding balance.
  - (b) For cash withdrawal transactions in *bai' inah* and *tawarruq* based credit card-i, the profit rate shall be capped at a maximum of 1.5% per month, which is equivalent to 18% per annum. For cash withdrawal transactions in *ujrah* based credit card-i, the charge should reflect the actual cost incurred in providing the facility subject to a maximum of 1.5% per month, which is equivalent to 18% per annum.
- S** 12.5 If a cardholder does not have any carried forward balance in their credit card-i account, issuers shall not charge profit/*ujrah* for at least 20 calendar days from the posting date of all retail transactions paid with the credit card-i.
- G** 12.6 Issuers may extend the benefit stipulated in paragraph 12.5 to all their cardholders regardless of the account standing.

**Late payment charge**

- S** 12.7 If issuers would like to impose a late payment charge, the late payment charge shall only be applicable to retail transactions and cash withdrawal transactions. The late payment charge shall be capped at a maximum of 1% of the outstanding balance or RM100, whichever is lower. If issuers would like to set a minimum late payment charge, it shall not exceed RM10. However, in imposing the above, credit card-i issuers shall place the excess charge in a *gharamah* account (previously known as Excess Compensation Account) if the charge imposed is more than the actual cost borne.
- S** 12.8 Issuers shall also consider the difficulties faced by the cardholders and give extension for payment or reduce the charge for late payment where relevant.
- S** 12.9 The charge for late payment and monthly profit charges shall not be compounded.
- S** 12.10 Issuers shall also comply with the requirement on the late payment charge which will be issued and made applicable to credit card-i from time to time by the Bank.

**D. LIABILITY****13 Supplementary cardholder's liability**

- S** 13.1 Issuers shall not hold the supplementary cardholder, jointly or severally liable for the debts of the principal cardholder or the other supplementary cardholders.

**14 Liability for unauthorised transactions**

- S** 14.1 Issuers shall provide an effective and convenient means including having a dedicated contact number by which cardholders can notify the issuers of any lost, stolen or unauthorised use of their credit card-i. Issuers shall also implement procedures for acknowledging receipt and verification of the notification of the lost, stolen or unauthorised use of the credit card-i.
- S** 14.2 Issuers shall not hold cardholders liable for card-present unauthorised transactions which require Personal Identification Number (PIN) verification, unless issuers can prove that the cardholder has:
- (a) acted fraudulently;
  - (b) delayed in notifying the issuer as soon as reasonably practicable after having discovered the loss or unauthorised use of the credit card-i;
  - (c) voluntarily disclosed the PIN to another person; or
  - (d) recorded the PIN on the credit card-i, or on anything kept in close proximity with the credit card-i, and could be lost or stolen with the credit card-i.

- S** 14.3 Issuers shall not hold cardholders liable for card-present unauthorised transactions which require signature verification or the use of a contactless card, unless issuers can prove that the cardholder has:
- (a) acted fraudulently;
  - (b) delayed in notifying the issuer as soon as reasonably practicable after having discovered the loss or unauthorised use of the credit card-i;
  - (c) left the credit card-i or an item containing the credit card-i unattended, in places visible and accessible to others, except at the cardholder's place of residence. However, cardholders are expected to exercise due care in safeguarding the credit card-i even at the cardholder's place of residence; or
  - (d) voluntarily allowed another person to use the credit card-i.
- S** 14.4 Issuers must ensure that appropriate investigations are carried out. Any decision to pass on liability for card-present unauthorised transactions must be supported by sufficient evidence to prove that one of the conditions specified in paragraph 14.2 or 14.3, as the case may be, has been met.
- S** 14.5 Issuers shall have clear processes in place to register any notification of lost, stolen or unauthorised use of the credit card-i for card-present unauthorised transactions and take immediate action upon notification by the cardholders, to prevent further use of the lost or stolen credit card-i. Cardholders shall not be held liable for any unauthorised transactions charged to the credit card-i after the cardholders have notified issuers verbally or in writing of the lost, stolen or unauthorised use of the credit card-i.
- S** 14.6 Issuers shall not hold cardholders liable for losses incurred if the cause of the losses is due to any of the following:
- (a) failure of the issuer to send reminders to cardholders as per the requirements in paragraphs 16.10 and 17.6(a);
  - (b) failure of the issuer to provide customer hotlines which are operational at all times for cardholders to notify issuer of any lost, stolen or unauthorised use of the credit card-i;
  - (c) a technical breakdown or other deficiency in issuer's systems or equipment;
  - (d) weaknesses or vulnerability in security features and controls adopted by the issuer;
  - (e) a transaction that involved the use of a forged credit card-i;
  - (f) for transactions requiring PIN verification, a transaction that occurred before the cardholder received the PIN or changed the default PIN for the first time;
  - (g) fraudulent or negligent conduct of the employees or agents of the card issuer or merchants; or
  - (h) a transaction, excluding a recurring transaction, that occurred after the cardholder has notified the issuer of the lost, stolen or unauthorised use of the credit card-i.

## E. DISCLOSURE AND TRANSPARENCY REQUIREMENTS

- S** This section shall be read together with the general policy requirements stipulated in the Guidelines on Product Transparency and Disclosure.
- G** Disclosure is effective when product information is given to the cardholders at a time that is most relevant to enable the cardholders to make informed decisions at each of the three stages of the contractual process, which is the pre-contractual stage, at the point of entering into a contract, and during the term of the contract.
- S** Issuers shall provide a product disclosure sheet (as per the format provided in Appendix 5 of this policy document) containing key information for cardholders to make informed decisions. The product disclosure sheet shall be provided before the cardholders sign up for the credit card-i, and at the point of entering into a contract if there are material changes in the information. Issuers shall also ensure that the product disclosure sheet is made available in Bahasa Malaysia, upon request.

### 15 Pre-contractual stage

- S** 15.1 Basic features
- (a) Issuers shall inform cardholders of the key features of the credit card-i, including the underlying Shariah contract governing the credit-card-i.
- S** 15.2 Profit/*ujrah* rates, fees and other charges
- (a) Issuers shall inform the cardholders that profit/*ujrah* rates apply if any credit card-i outstanding amount is not fully paid by the due date.
- (b) Issuers shall also disclose to the cardholders in the product disclosure sheet **all** applicable fees and charges in relation to the credit card-i, the amount and frequency of payment. These would include the annual fee for principal and supplementary cardholders and transaction fees for cash advances.
- S** 15.3 Placement of collateral
- (a) Issuers shall inform cardholders, who can meet the minimum eligibility requirements but are unable to provide documented evidence of income, of the requirement for placement of deposit of an amount equivalent to the credit limit, as a collateral.
- (b) Issuers shall inform cardholders that the deposit shall be maintained for as long as the credit card-i facility is available.
- S** 15.4 Promotional items
- (a) Cardholders shall be made aware of the conditions tied to any promotional item and the implications of not complying with such conditions, if any.
- S** 15.5 Disclosure by intermediaries
- (a) Issuers shall ensure that the sales and marketing representatives describe the key terms and conditions of the credit card-i product being offered, in particular those imposing liabilities or obligations on

cardholders and the applicable fees and charges.

## **16 At the point of entering into a contract**

- S** 16.1 Terms and conditions
- (a) Issuers shall make written terms and conditions for usage of the credit card-i readily available to cardholders. The document shall contain a clear and concise description of the major terms and conditions which impose liabilities or obligations on cardholders (in respect of both principal and supplementary cards). Such terms shall be described in plain language, which is easily understood by cardholders. .
  - (b) Issuers shall advise cardholders to read and understand the terms and conditions before signing the agreement and using the credit card-i. Issuers shall take reasonable steps to draw cardholders' attention to the terms that have implications on liability.
  - (c) Issuers shall ensure that customer service staff and the sales and marketing representatives are able to answer queries on the credit card-i terms and conditions. The hotlines for the customer service shall be published in the brochures, monthly billing statements, web pages and at the back of the credit card-i.
- S** 16.2 Terms of payment
- (a) Issuers shall inform cardholders of the minimum monthly payment requirement and highlight to cardholders the consequences of partial payment or only the minimum monthly payment.
- S** 16.3 Late payment charge
- (a) Issuers shall inform the cardholders of the imposition of late payment charge if the cardholders fail to pay at least the minimum monthly payment by the due date.
  - (b) Issuers shall disclose when the late payment charge will be imposed, the minimum and maximum late payment charge that may be imposed as well as its computation.
- S** 16.4 Default mechanism
- (a) Issuers shall explain clearly the default mechanism based on the different Shariah concepts applicable to the credit card-i facility. Illustrations shall be provided to ease cardholders' understanding of the default mechanism.
- S** 16.5 Right to set-off
- (a) Issuers shall clearly inform cardholders if the card issuers have the right to set-off any credit balance in cardholders' deposit accounts against any debit balance in the credit card-i accounts.
- S** 16.6 Right to outsource debt collection and sell non-performing financing (NPFs)
- (a) Issuers shall inform cardholders of their rights to outsource debt collection to an external agency and the right to sell NPFs to a third party.

- S** 16.7 Liability of principal and supplementary cardholders  
(a) Issuers shall ensure that principal cardholders are made aware of their liability for the debts of all supplementary cardholders.
- S** 16.8 Cash advance  
(a) If a cash advance facility is available to cardholders, issuers shall disclose the daily withdrawal limit and the relevant fees, including the amount of the minimum charge.
- S** 16.9 Usage of credit card-i outside Malaysia  
(a) Cardholders shall be informed of the relevant charges for retail transactions made outside Malaysia.  
(b) Cardholders shall also be informed of the transaction fees and currency conversion fees applicable on the use of credit card-i for making cash withdrawals overseas.
- S** 16.10 Cardholders' responsibilities  
Issuers shall provide a clear and prominent notice to cardholders at the point of entering into a contract, of cardholders' responsibilities to:
- (a) abide by the terms and conditions for the use of the credit card-i;
  - (b) take reasonable steps to keep the credit card-i and PIN secure at all times, including at the cardholder's place of residence. These include not:
    - i. disclosing the credit card-i details or PIN to any other person;
    - ii. writing down the PIN on the credit card-i, or on anything kept in close proximity with the card;
    - iii. using a PIN selected from the cardholder's birth date, identity card, passport, driving licence or contact numbers; and
    - iv. allowing any other person to use the credit card-i and PIN.
  - (c) notify the issuer as soon as reasonably practicable after having discovered that the credit card-i is lost, stolen, an unauthorised transaction had occurred or the PIN may have been compromised;
  - (d) notify the card issuer immediately upon receiving short message service (SMS) transaction alert if the transaction was unauthorised;
  - (e) notify the card issuer immediately of any change in the cardholder's contact number;
  - (f) use the credit card-i responsibly, including not using the credit card-i for unlawful activity; and
  - (g) check the account statement and report any discrepancy without undue delay.
- S** 16.11 Liability for unauthorised transactions  
(a) Issuers shall inform cardholders through clear and prominent notices that they would not be liable for card-present unauthorised transactions which require PIN verification, provided the cardholders have not:
- (i) acted fraudulently;
  - (ii) delayed in notifying the issuers as soon as reasonably practicable after having discovered the loss or unauthorised use of the credit card-i;
  - (iii) voluntarily disclosed the PIN to another person; or
  - (iv) recorded the PIN on the credit card-i or on anything kept in close proximity with the card.

- (b) Issuers shall inform cardholders through clear and prominent notices that they would not be liable for card-present unauthorised transactions which require signature verification or the use of a contactless card, provided the cardholders have not:
  - (i) acted fraudulently;
  - (ii) delayed in notifying the issuers as soon as reasonably practicable after having discovered the loss or unauthorised use of the credit card-i;
  - (iii) left the credit card-i or an item containing the card unattended in places visible and accessible to others; or
  - (iv) voluntarily allowed another person to use the credit card-i.

## **17 During the term of the contract**

### **S 17.1 Statement**

- (a) Issuers shall provide a monthly statement to cardholders indicating the outstanding balance, the minimum payment, the amount credited and charged, including profit/*ujrah* charges and other charges, and the dates when those amounts were posted to the account.
- (b) Issuers shall provide a minimum payment warning statement (in a box, 12-point font and bold) on the front page of the monthly statement (refer to the sample in Appendix 1). Issuers shall advise cardholders to use the calculator available on the issuer's websites to compute the length of time it would take to fully settle the balance outstanding based on different repayment amounts. On the back page of the monthly statement, issuers shall provide a standard illustrative example as per the format in Appendix 2.
- (c) The back page of the monthly statement shall also, at the minimum, disclose the information in a standard table as set out in Appendix 3. This information shall be clearly visible (i.e. shall not be in light shade and less than 8-point font size).
- (d) Issuers shall inform cardholders on the front page of the last statement of the year, of the length of time it would take to fully settle the cardholders' actual existing balance outstanding and the total profit/*ujrah* payable assuming there is no new transaction on the credit card-i (refer to the sample in Appendix 4).
- (e) In addition to the above, the last statement of the year shall provide information on the total credit utilised, total profit/*ujrah* charges, and total charges imposed to encourage prudent use of the credit card-i.
- (f) For cardholders who opt to receive e-statements, issuers shall ensure that the information on the e-statement is the same as the hardcopy statement.

### **S 17.2 Closure of account**

- (a) Issuers shall allow cardholders to close their credit card-i accounts at any time without being subjected to any fees and charges or a cumbersome account closure procedure.
- (b) In the event that there is a credit balance in the credit card-i account,

issuers shall refund such balance to the cardholders within **30 days** from the date of receipt of a closure request.

- S** 17.3 Change to the terms and conditions
- (a) Should there be any change in the terms and conditions, issuers shall provide at least 21 calendar days' notice to cardholders before the new terms and conditions take effect. Necessary arrangement shall be made such as obtaining consent from contracting parties prior to any action made which is against the agreed terms and conditions.
  - (b) Any change in fees and charges applicable to the credit card-i account shall be communicated by the issuers to the cardholders at least 21 calendar days prior to the effective date of the change.
  - (c) Communication shall be done in writing or via electronic means to the cardholders.
- 17.4 Intention to set-off
- S** (a) If issuers have the right to set-off any credit balance in cardholders' deposit accounts against any outstanding balance in the credit card-i accounts, the issuers shall inform the cardholders at least 7 calendar days in advance on the issuers' intention to set-off a credit balance in the cardholders' deposit accounts against a debit balance in the credit card-i accounts.
- G** (b) Issuers may concurrently earmark the available funds in the cardholders' deposit accounts against the outstanding balance in the credit card-i accounts upon the issuance of the notice to the cardholders.
- S** 17.5 Delinquent account
- (a) Issuers shall clearly inform cardholders that the issuers reserve the right to terminate the cardholders' credit card-i in the event of a specified number of consecutive defaults in the minimum monthly payment.
  - (b) Issuers shall ensure that delinquent cardholders are given sufficient reminders on the amount outstanding and charges incurred on the delinquent credit card-i accounts and warnings of possible recovery actions if reminders to settle the amount outstanding are ignored.
  - (c) Cardholders shall be informed by issuers at least 7 calendar days in advance if the collection of debt for the delinquent account is to be outsourced to a third party debt collection agency. This notification time frame shall also apply to cardholders whose delinquent credit card-i accounts have been classified as NPF and are sold to a third party. In this regard, issuers shall notify the affected cardholders of the sale of the credit card-i accounts within 7 calendar days of obtaining a vesting order from the Court.
  - (d) In the notice, issuers shall inform cardholders of the impact on the cardholders' rights and obligations after the accounts have been transferred to a third party debt collection agency or sold to a third party.
  - (e) Issuers shall ensure that cardholders are informed and understand that under specific circumstances where cardholders are not contactable, issuers are considered to have fulfilled the obligations if such notice has been sent to the last known address of the cardholders at least 7 days in

- advance.
- (f) Issuers shall provide cardholders with the name and contact details of the appointed third party debt collection agency or the third party to whom the NPF has been sold.
  - (g) Issuers shall also inform cardholders of the services of Agensi Kaunseling Dan Pengurusan Kredit by inserting the note below in all reminders sent to cardholders (disclosure in less than 8-point font is not allowed):

English version

“Agensi Kaunseling Dan Pengurusan Kredit has been established by Bank Negara Malaysia to provide free services on money management, credit counselling, financial education and debt restructuring for individuals. For enquiries, please call 1-800-88-2575”.

Bahasa Malaysia version

“Agensi Kaunseling Dan Pengurusan Kredit telah ditubuhkan oleh Bank Negara Malaysia untuk menyediakan perkhidmatan pengurusan kewangan, kaunseling kredit, pendidikan kewangan dan penstrukturan semula pinjaman secara percuma kepada individu. Untuk pertanyaan, sila hubungi talian 1-800-88-2575”.

- S** 17.6 Cardholders’ responsibilities and awareness of fraud prevention measures
- (a) Issuers shall send notices to cardholders at least once in every calendar year after card issuance to remind cardholders of the cardholders’ responsibilities in paragraph 16.10.
  - (b) Issuers shall maintain on-going efforts to raise cardholders’ awareness on potential liability for card-present unauthorised transactions due to the conditions specified in paragraphs 14.2 and 14.3, measures to prevent credit card-i fraud, including the need to safeguard the credit card-i and PIN.
  - (c) The reminders and information on fraud prevention measures shall be communicated to cardholders using channels that are effective in reaching the cardholders.

## **F. MARKETING REQUIREMENTS**

### **18 Advertisement**

- S** 18.1 Issuers shall ensure that advertisements and promotional materials on credit card-i products are clear, fair and not misleading.
- S** 18.2 Issuers shall establish processes for an independent review of advertisement and promotional materials on credit card-i products, for instance by the Compliance Unit or Legal Unit, and Shariah Committee, to ensure that they are clear and not misleading.
- S** 18.3 For print media advertisement, the advertisement shall clearly and conspicuously disclose material information about any credit card-i offer that is likely to affect cardholders’ decisions. Legible font size shall be used to bring

cardholders' attention to any important information, such as profit/ujrah rates, relevant fees and charges and eligibility criteria to enjoy the benefits being offered.

- S** 18.4 Promotional materials shall provide adequate information on the key terms and conditions of the credit card-i product. The materials shall also contain information on the effective annual profit/ujrah rate together with the annual fee and any other applicable charges to facilitate comparisons by cardholders. The information shall be presented in plain language and in legible font size.
- S** 18.5 When advertising promotional rates, for instance on balance transfer from another credit card-i, issuers shall clearly disclose the key conditions on the applicability of those rates such as the circumstances that could shorten the promotional rate period or cause the promotional rate to increase. Other costs involved in the balance transfer shall also be disclosed prominently to cardholders.
- S** 18.6 Issuers shall state prominently important terms and conditions associated with offers of free gifts, prizes, discounts or vouchers for promotion of credit card-i in print advertisements, or in marketing material for new cardholders, or together with monthly statements for existing cardholders.
- S** 18.7 In advertising special features or promotions in print or electronic media, the applicable eligibility criteria to enjoy the privileges shall be disclosed up-front with the announcement. The "applicable eligibility criteria" are those that are imperative to the advertised feature/promotion in addition to the basic terms and conditions of holding the cards. Issuers shall not merely indicate in a footnote that "terms and conditions apply".
- S** 18.8 Advertisements or other promotional materials shall not describe any credit card-i feature as "free" or at "no cost" if there are conditions attached or other forms of charges will be imposed on cardholders.

## **19 Marketing practices**

- S** 19.1 Issuers shall ensure that sales and marketing representatives (including telemarketing) are adequately trained and knowledgeable in the key features, benefits and risks of the credit card-i products, including the underlying Shariah contract.
- S** 19.2 Issuers shall apply due care and diligence when preparing information for use by sales and marketing representatives so that the information is sufficient, accurate, appropriate and comprehensive in substance and form. This is to ensure that cardholders are adequately informed by the sales and marketing representatives of the terms, benefits and material conditions for the credit card-i product or services being offered.

- S** 19.3 Issuers shall ensure that sales and marketing representatives identify themselves as well as the issuer they represent and act in a professional manner when contacting or approaching prospective cardholders to market credit card-i products. In particular, sales and marketing representatives shall not adopt aggressive tactics to pressure or mislead prospective cardholders into signing up for a credit card-i and shall avoid harassing prospective cardholders who are not interested. Sales and marketing representatives shall not mislead prospective cardholders on any products and services offered or make any false commitment on behalf of the issuers for any facilities or services. Prospective cardholders shall also be given adequate time to consider and to complete application forms without undue pressure.
- S** 19.4 Issuers shall ensure that sales and marketing representatives provide the product disclosure sheet and highlight the following, at the minimum, to prospective cardholders to ensure that they are provided with the relevant information before making a decision:
- (a) Profit/*ujrah* rates that will be imposed on the credit card-i outstanding balance if the amount is not fully paid by the due date and the basis for the grace period for retail transactions;
  - (b) Fees and charges, such as annual fee, charges for failure to pay at least the minimum monthly payment by the due date, transaction fee for cash advances and over-the-limit compensation charge when transactions exceed the given credit limit;
  - (c) Eligibility criteria to enjoy the privileges that are being promoted, such as rebates, free gifts, fee waivers; and
  - (d) Cardholders' responsibilities.
- S** 19.5 Issuers shall establish procedures and take reasonable steps to ensure that cardholders' expressed preference (e.g. not to be contacted on new product offers) are duly respected.
- S** 19.6 Issuers shall ensure that the telemarketing representatives do not contact cardholders at unreasonable hours (generally between 9 p.m. and 9 a.m.).
- S** 19.7 In remunerating or rewarding sales and marketing representatives, issuers shall ensure that the reward system does not encourage or lead to inappropriate behaviour such as unethical sales and marketing practices that expose issuers to reputational risk. Issuers shall avoid poorly designed reward systems that induce behaviours which focus on maximising sales without due regard to the interests of prospective cardholders who may be offered credit card-i products that are not suited to their needs or circumstances.
- S** 19.8 Reward systems for sales and marketing representatives shall reflect the responsibility to treat prospective cardholders fairly. Issuers shall use a mix of quantitative and qualitative factors (e.g. customer service and complaints) to assess the performance of sales and marketing representatives.
- S** 19.9 Issuers shall put in place adequate verification procedures to confirm the identity of credit card-i applicants to prevent the use of stolen information (e.g. identity theft) for credit card-i applications. This shall include contacting the applicants at

random to confirm credit card-i applications and to verify that applicants are aware of all the critical terms and conditions. This process also serves as a means to evaluate the performance and representations made by sales and marketing representatives.

- S** 19.10 Cardholders shall be given the opportunity to revoke their credit card-i applications even after receiving the credit card-i without any charge or unreasonable inconvenience, if it is established that sales and marketing representatives had coerced the cardholders into applying and/or the cardholders were not given enough time to consider the applications.

## **20 Unsolicited card/credit advance/credit limit increase**

- S** 20.1 Before sending any existing and prospective cardholders an unsolicited credit card-i, or other offerings, issuers shall conduct proper credit assessments and be reasonably satisfied based on robust affordability assessments, that the credit card-i facility will not expose the existing and prospective cardholders to excessive financial burdens.
- S** 20.2 If issuers send an unsolicited credit card-i to any existing and prospective cardholders, the issuers shall not activate the credit card-i until the cardholders have communicated their acceptance of the credit card-i to the issuers either orally or in writing. Prior to this confirmation, the cardholders shall not be liable for any form of charges, fees, payments and purchases with regard to the credit card-i. The cardholders shall not be required to go through a cancellation procedure if they do not wish to accept and activate the credit card-i.
- S** 20.3 Issuers shall not offer a credit advance (e.g. in the form of cheque payable to cardholders) unless the cardholders have expressly requested for it. All relevant charges for the credit advance shall be clearly disclosed to the cardholders.
- S** 20.4 For any unsolicited offer to increase credit limits, the issuers shall obtain cardholders' written or oral acceptance of the offer before activating the credit limit increase. Issuers shall also include information on how cardholders may reduce their credit limits.
- S** 20.5 Issuers shall not increase the credit limit if the cardholders have a history of poor credit performance or have difficulty meeting payments or habitually make minimum monthly payments that indicate difficulty in meeting payments.

## **G. OTHER REQUIREMENTS**

### **21 Debt collection**

- S** 21.1 Issuers shall comply with the debt collection requirements as specified in the circular on "Fair Debt Collection Practices" issued by the Bank.

## 22 Cardholder information

- S** 22.1 Issuers shall comply with the requirements on disclosure of customer information as specified under section 10 (under general policy requirements) of the Guidelines on Product Transparency and Disclosure.
- S** 22.2 Where personal information is given to the issuers' agents or representatives, issuers shall ensure that such information is used strictly for the purpose of performing their functions. Issuers shall ensure that such information is treated with strict confidentiality and adequately safeguarded by the agents or representatives. In doing so, issuers shall require the agents or representatives to sign a confidentiality agreement or undertaking, to comply with the secrecy provisions under the relevant legislation.
- S** 22.3 Issuers shall remain accountable to cardholders for any complaints arising out of the mishandling or abuse of cardholders' information by the agents or representatives and shall take reasonable steps to remedy any inconvenience or losses suffered by the cardholders as a result of such mishandling or abuse. Firm actions shall also be taken against errant agents, including terminating the contract with the agency in the event that there has been a breach of confidentiality.
- S** 22.4 Issuers shall put in place appropriate measures for disposal of unsuccessful application forms and ensure that confidentiality of cardholders' information is adequately safeguarded.

## 23 Complaints management

- S** 23.1 Issuers shall comply with the complaints management requirements as specified in the "Guidelines on Complaints Handling" issued by the Bank.
- S** 23.2 Issuers shall remain accountable to cardholders for any complaints against its employees and representatives, including external agents, and shall not disclaim responsibility for any agents' or representatives' misconduct.
- S** 23.3 In the event of a dispute over any transaction amount, the issuers shall not require the cardholder to pay the disputed amount or impose any charges on such amount during the investigation period.
- S** 23.4 Issuers shall provide cardholders with information on how complaints, including complaints against agents may be made and the contact details of the issuers' complaints unit. In addition, contact details of BNM LINK and BNMTELELINK shall be provided in the monthly credit card-i statement.
- G** 23.5 In the event that there are genuine complaints made against an issuer and such complaints are left unresolved, the Bank may take necessary actions against the issuer, including banning the issuer from issuing new credit card-i products.

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**24 Usage of credit card for unlawful activities**

- S** 24.1 Issuers shall include in the terms and conditions a clause specifying that the credit card-i are not to be used for any unlawful activities<sup>2</sup>. Issuers shall immediately terminate the credit card-i facility if the cardholders are discovered to have used the credit card-i for an unlawful activity.

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<sup>2</sup> Activities which are forbidden by the law such as illegal online betting.

## **PART C RISK MANAGEMENT**

- S** The rapid pace of technological innovations has changed the scope, complexity and magnitude of risks that issuers and acquirers face in carrying out the credit card-i business. Issuers and acquirers shall have adequate processes and controls in place to manage and respond to such risks, including credit, operational and liquidity risks associated with the credit card-i business.

### **25 Effective management oversight**

- S** 25.1 The Board of Directors and senior management of issuers and acquirers shall establish effective oversight measures, checks and balances and risk management mechanism over the risks associated with their credit card-i operations, which include, among others, the following:
- (a) Establishment of a comprehensive risk management process and internal controls for managing and monitoring risks associated with the credit card-i operations.
  - (b) Establishment of processes for the review, approval and implementation of appropriate policies and procedures governing the credit card-i operations to ensure that the risks in the credit card-i operations are adequately mitigated.
  - (c) Oversight of the development and continued maintenance of the security infrastructure that safeguards the credit card-i systems and data from internal and external threats.
  - (d) Audit by an independent party<sup>3</sup> shall be conducted and undertaken with reasonable frequency to ascertain and detect weaknesses for prompt corrective measures to be taken in a timely manner.
  - (e) Establishment of a comprehensive and on-going due diligence and oversight process to manage outsourced arrangements and other third-party arrangements supporting the credit card-i operations.
- S** 25.2 The Board of Directors and senior management of issuers and acquirers shall also ensure that a strong management information system (MIS) is in place to support decision making, analysis and risk management.

### **26 Comprehensive security policies, procedures and controls**

- S** Issuers and acquirers shall implement and enforce relevant policies and procedures to ensure confidentiality, integrity and availability of data as well as to ensure that the system and network infrastructure are safe and secure.

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<sup>3</sup> Internal or external auditor

- S** 26.1 Robust security controls such as intrusion detection and intrusion prevention systems and firewalls shall be put in place to secure the system and network infrastructure. In this regard, penetration tests shall be performed regularly to detect vulnerabilities for timely corrective measures to be taken to address security weaknesses.
- S** 26.2 Procedural and administrative controls on critical processes shall be put in place. Critical processes include, but are not limited to, the following:
- (a) PIN generation and printing  
PIN generation and printing processes are tasks that shall be performed in a highly secure environment. In this regard, the following shall, at the minimum, be observed:
- (i) Usage of hardware-based PIN generation and verification.
  - (ii) Generated PINs shall be protected from being accessed or viewed by unauthorised persons.
  - (iii) The process of generating the PIN has to be strictly controlled. In this regard, PIN generation and printing area shall be strictly restricted to authorised personnel only.
  - (iv) Regeneration of the same PIN for the same card/account shall be prohibited.
  - (v) At least one independent party (which may be personnel independent of the process) shall be present to observe and check that the PIN generation and printing processes are undertaken in accordance with accepted procedures.
- (b) Personalisation<sup>4</sup> process
- (i) Personalisation process shall be performed in a secure environment. Access to personalisation machine, reader and data shall be strictly restricted and controlled.
  - (ii) Data used for personalisation shall be classified as confidential information and issuers shall ensure confidentiality and safety of the data that has been sent, stored and processed. These data shall be deleted upon completion of the process.
  - (iii) Sensitive keys used to perform personalisation shall be kept in a secure manner. Adequate policy and procedures shall be established to govern the management of such keys to ensure that they are safeguarded to prevent any unauthorised usage.
  - (iv) Periodic card inventory reconciliation and audit shall be performed on blank cards.
  - (v) Card personalisation centre shall ensure that the following controls are in place:
    - Adequate physical and logical security controls.
    - Segregation of duties and dual control.
    - Network security control.As card personalisation process is normally outsourced, controls shall be in place to ensure that the data sent for personalisation to the outsourced vendors are secured. The issuers must monitor the

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<sup>4</sup> A process of injecting/encoding customer data into the blank card's chip/magstripe, and embossing the cards with customer's details, e.g. name and expiry date.

outsourced vendor to ensure that the above requirements are met.

- S** 26.3 Effective segregation of functions on handling of credit card-i and PIN shall be observed at all stages of processing, particularly the following:
- (a) Card processing (e.g. embossing and encoding processes) and PIN generation functions.
  - (b) Physical management of card and PIN, including mailing (if applicable).
- S** 26.4 Effective dual control over critical functions shall be implemented. Critical functions include the following:
- (a) Setting and maintaining all system parameters.
  - (b) PIN generation processes and handling of secret keys or codes and other security features.
  - (c) Handling and safekeeping of blank cards.
  - (d) Handling of returned and undelivered credit card-i.
- S** 26.5 Necessary measures shall be taken to ensure the confidentiality of credit card-i data and information.
- (a) Confidential data and sensitive information shall be protected from unauthorised viewing or modification during transmission and storage.
  - (b) Sensitive information shall be encrypted from end-to-end during transmission over the network.
  - (c) Minimal account information shall be printed on sales draft to minimise the risk of misuse of information to conduct fraudulent “card-not-present” transactions.
  - (d) Storage of sensitive authentication data, e.g. magnetic stripe data, PIN and validation code (e.g. card verification value (CVV) used to verify card-not-present transactions) shall not be allowed as this information may be used by fraudsters to generate fake credit card-i and create fraudulent transactions.
  - (e) Confidential data and sensitive information shall only be accessible and managed by authorised parties.
- S** 26.6 Proper identification and authentication method (e.g. passwords and PINs) shall be adopted to avoid unauthorised usage of credit card-i as well as unauthorised access to system, network and data. For more robust security, the following shall be adopted at the minimum:
- (a) PIN shall be at least six digits in length. Password shall be alphanumeric and at least six characters in length. Where possible, the use of strong PIN/password shall be adopted.
  - (b) Maximum PIN/password tries shall be limited to three on an accumulated basis.
  - (c) PIN shall not be stored permanently in any format or media. Passwords shall be securely maintained.
  - (d) If the PIN/password is computer-generated and is not chosen by the cardholder, mandatory PIN/password change shall be adopted before the first transaction is permitted.
  - (e) Cardholders shall be allowed to change the PIN/password at any time.
  - (f) Cardholders shall be advised that they shall not use a PIN/password selected from their birth date, identity card, passport, driving licence or

contact numbers to mitigate unauthorised usage of their credit card-i in the event their credit card-i is lost or stolen.

- S** 26.7 Disposal of credit card-i related materials/assets, such as damaged or returned cards, reports and embossing machines shall be performed in a controlled environment.

## **27 Robust operational reliability and business continuity**

- S** A high level of system availability is required to maintain public confidence. Issuers and acquirers shall ensure that they have the resources and capacity in terms of hardware, software and other operating capabilities to deliver consistently reliable and secure services.

- S** 27.1 Measures to ensure operational reliability include, but are not limited to, the following:
- (a) Strong internal controls for system and personnel administration.
  - (b) Comprehensive and well-documented operational and technical procedures to ensure operational reliability.
  - (c) System shall have sufficient capacity to support business requirements.
  - (d) System has a robust business continuity and disaster recovery plan, including a highly reliable backup system.

## **28 Outsourcing risk management**

- S** Outsourcing does not reduce the fundamental risk associated with credit card-i operations. Neither does it absolve the issuers and acquirers from their responsibilities of having to manage the risks of their credit card-i operations. As such, issuers and acquirers that outsource any part of their credit card-i operations shall observe the minimum requirements set out below.
- S** 28.1 Prior to entering into any outsourcing arrangement, the following shall, at the minimum, be considered:
- (a) Availability of sufficient expertise within the issuer/acquirer to oversee and manage the outsourcing relationship.
  - (b) Scope and nature of services/operations to be outsourced would not compromise the controls and risk management of the credit card-i business:
    - (i) The outsourcing of such processes does not take away the critical decision making function of the issuers and acquirers.
    - (ii) The outsourcing of such processes does not threaten strategic flexibility and process controls of the issuers and acquirers.
    - (iii) The outsourcing of such functions would not impair the image, integrity and credibility of the issuers and acquirers.
- S** 28.2 Issuers and acquirers shall also perform appropriate due diligence review of the integrity, competency and financial viability of the outsourcing service provider before the arrangements are formalised.

- S** 28.3 Approval from the Board of Directors of issuers and acquirers to outsource their functions must be obtained and documented.
- S** 28.4 The outsourcing service providers must provide a written undertaking to the issuers and acquirers to comply with the secrecy provision pursuant to section 133 of the FSA and section 145 of the IFSA.
- S** 28.5 The external and internal auditors of the issuers and acquirers must be able to review the books and internal controls of the outsourcing service providers. Issuers and acquirers shall ensure that any weaknesses highlighted during the audit are well-documented and promptly rectified by the outsourcing service providers especially where such weaknesses may affect the integrity of the internal controls of the issuers and acquirers.
- S** 28.6 The outsourcing agreement shall be comprehensive and include the following:
- (a) Clearly defined roles, responsibilities and obligations of the service provider.
  - (b) Clear provisions for the Bank to enter the premises of the service provider to conduct examination and investigation with regard to the services outsourced, should the need arise.
  - (c) Conditions under which the outsourcing arrangement may be terminated.
- S** 28.7 The issuers and acquirers must also have a contingency plan in the event that the arrangement with the outsourcing service provider is suddenly terminated. This is to mitigate any significant discontinuity in the work that is supposed to be conducted by the service provider.
- (a) The contingency plan must be reviewed from time to time to ensure that the plan is current and ready for implementation in the event of sudden termination of the service provider.
  - (b) The contingency plan must also be approved by the Board of Directors of the issuers and acquirers.
- S** 28.8 Although the operational activities of credit card-i are outsourced, reporting and monitoring mechanisms shall be put in place by issuers and acquirers to ensure that the integrity and quality of work conducted by the outsourced service provider is maintained.
- S** 28.9 Regular reviews shall be conducted on the outsourcing service provider to ensure the suitability and performance of the service providers.
- S** 28.10 Periodic independent internal and/or external audits shall be conducted on the outsourced operations with at least the same scope of review as if the operations had been conducted in-house.

## **29 Credit risk management**

- S** Credit risk poses a significant risk to the credit card-i business. An issuer has credit exposure to a cardholder when the issuer reimburses an acquirer for a transaction on behalf of the cardholder or when the cardholder obtains cash advances from his credit card-i account. Therefore it is important that the issuers put in place necessary measures to manage the credit risk. For financial institutions, the requirements in this section shall be read together with standards on the management of credit risk which may be issued by the Bank.
- S** 29.1 Issuers shall plan and formulate appropriate business strategies including marketing strategies for managing credit risk. The strategy shall include the following:
- (a) Target market and acquisition channels, which should be consistent with the approved nature and level of risk to be assumed.
  - (b) Adequacy of risk management, infrastructure and operational support to implement the business strategy.
- S** 29.2 Robust policies and procedures shall be put in place. These policies and procedures shall be reviewed regularly and shall include the following:
- (a) For the assessment of credit card-i applications as well as determination of appropriate credit limit, issuers shall utilise the Central Credit Reference Information System (CCRIS) and other sources of credit information for the purpose of verifying the applicant's credit worthiness in the credit assessment process.
    - (i) Affordability and payment capacity of the applicant shall be considered in approving or rejecting the application, assigning initial credit limit or increasing existing credit limit.
    - (ii) Issuers shall avoid granting additional credit cards or higher credit limit to cardholders who are already experiencing payment difficulties on their existing credit cards and other credit facility.
  - (b) Underwriting standards for products and customer segments covering eligibility criteria, maximum credit limit, minimum documentation requirement and exposure to certain customer segments (e.g. maximum exposure to certain income group where the inherent risk is higher).
  - (c) Parameters for approval and monitoring exceptional cases (e.g. applications which are approved with deviations from established criteria).
  - (d) Processes for the verification of documents and credit checking.
  - (e) Account management covering renewal, assigning temporary increase in credit limit and issuance of supplementary credit card-i.
  - (f) Management of delinquent accounts covering the classification of problem accounts, provisioning and write-off, controls on rescheduled accounts and collection actions.
- S** 29.3 Issuers shall have in place a credit risk measurement tool or system which supports underwriting, continuous monitoring and the recovery process.
- G** 29.4 Issuers may use credit risk measurement tools such as scorecards or segmentation method or a combination of both methods to measure credit risk.

- G** 29.5 The development of credit risk measurement tools may take into consideration relevant information on customer risk characteristics (e.g. customer demographics) and transaction characteristics (e.g. type of card) as well as account performance based on a sufficient length of historical data.
- S** 29.6 Issuers shall periodically assess the performance of credit risk measurement tools developed to ensure they remain appropriate. Such assessment shall be undertaken by a competent person who is independent from the credit card-i operations. Policies on remedial actions to be taken such as re-development of a tool shall be in place, where the performance of these tools becomes unacceptable.
- S** 29.7 Issuers shall develop and implement comprehensive policies and procedures supported by robust systems infrastructure to monitor their credit card-i portfolios.
- (a) Issuers shall have a process to review the asset quality of their credit card-i exposures on a portfolio basis. The review shall be performed independently, i.e. separated from the business functions. Issuers shall develop and use risk indicators for the monitoring of changes in the risk profile and conduct more granular analysis of their credit card-i portfolios by segmenting the portfolio (e.g. by types of cards, marketing programme, co-branding arrangement, credit behaviour and vintage). The review shall cover the following:
- (i) Credit limit utilisation.
  - (ii) Delinquency analysis.
  - (iii) Provisioning and write-off levels.
- (b) Issuers shall also take into account the impact of stressed conditions on the credit card-i portfolio. The stress testing framework shall commensurate with the nature and profile of the credit card-i issuers' business activities. For financial institutions, this paragraph shall be read together with the requirements stipulated in the Guidelines on Stress Testing issued by the Bank. At the minimum, credit card-i issuers shall adhere to the following requirements to ensure that the stress testing is meaningful:
- (i) All material risks and spill over effects of stress events on the credit card-i portfolio shall be taken into account.
  - (ii) The magnitude of the shocks shall be large enough to stress the credit card-i portfolio and shall be larger than a regular/cyclical variation.
  - (iii) Stress tests conducted shall include at least a scenario that is based on an exceptional but plausible event.
  - (iv) Stress tests shall consider latest economic developments and outlook.
  - (v) The stress event shall exist for a period of time for example, a period of sustained high interest rates as opposed to a one-day shock or two-week shock.
  - (vi) The time horizon used to capture or reflect the impact of the stress test shall cover a period relevant to the portfolio.
- (c) Issuers shall have in place clear policies on triggers for remedial actions and types of actions to be taken upon the deterioration of the credit card-i

portfolios. For example, an indication of deterioration in a portfolio segment emanating from a particular marketing strategy should result in a timely review of that strategy.

- (d) Results of the portfolio review shall be periodically reported to senior management and the Board.

- S** 29.8 Systems shall be able to monitor individual credits on an aggregate basis, taking into account multiple credit card-i held by cardholders as well as exposures to the same customer across other credit facilities.
- S** 29.9 Monitoring procedures need to define criteria for identifying, managing and reporting problem credits and credits where there are indications of deterioration in credit quality, to ensure that they are subject to more frequent monitoring for recovery or remedial actions to be taken, where necessary.
- S** 29.10 Issuers shall have comprehensive policies and procedures to effectively manage delinquent accounts which shall, at the minimum, cover classification of delinquent accounts, provisioning and write off requirements, workout solutions (including cardholders' eligibility for the workout solutions) and management of collections.
- S** 29.11 Issuers shall be guided by relevant accounting standards and regulatory requirements when classifying their problem credits as well as when determining the level of provisions and write-offs.

### **30 Liquidity risk management**

- G** Issuers are exposed to liquidity risk as issuers are obliged to settle payments with acquirers for transactions made by their cardholders within a short period of time, regardless of when payments are received from the credit cardholders. Credit card-i issuers should understand the nature of liquidity risk exposure from a particular funding strategy to fund the card operation and assess, among others:
  - (a) The reliability of their funding arrangements and have in place liquidity contingency plans;
  - (b) The concentration in a particular funding source and whether funds would be accessible during stressed market conditions; and
  - (c) Changes in payment trends by cardholders that would necessitate adjustments to be made in the funding strategy.
- S** 30.1 Issuers shall establish adequate liquidity management systems and controls to ensure sufficient liquidity to meet their obligations. Among the controls include:
  - (a) Conducting liquidity gap analysis to measure potential liquidity shortfalls.
  - (b) Conducting stress testing to identify and measure potential funding shortfalls.

## 31 Fraud risk management

- S** Issuers and acquirers shall be vigilant of the evolving typologies of fraud and monitor such developments on an on-going basis.
- S** 31.1 Issuers and acquirers shall deploy effective and efficient fraud detection and monitoring mechanism.
- (a) Fraud detection and monitoring of transactions shall be conducted on an online real time basis.
  - (b) The fraud detection and monitoring mechanism shall be able to capture high risk transactions and trigger any detection of unusual transactions.
    - (i) Issuers shall put in place criteria for high risk transactions and merchants to facilitate early detection of fraud.
    - (ii) Issuers shall put in place procedures to facilitate early detection of unusual transaction pattern or trend that could be indicative of fraud and take necessary action to block/delay these transactions for further investigation.
- S** 31.2 Issuers and acquirers shall establish comprehensive fraud investigation, analysis and reporting procedures.
- (a) Issuers and acquirers shall conduct regular analysis to understand the fraud trend and modus operandi.
  - (b) Adequate risk management processes, systems and controls shall be in place, and where necessary, strengthened, to mitigate fraud risk. This include taking into account developments in fraud trend and material changes in the business strategy which may increase exposure to potential fraud risk.
  - (c) Assessment of fraud incidents shall be reported to senior management and the Board on a regular basis. Reporting to the Bank shall be in accordance with the fraud reporting requirement imposed by the Bank from time to time.

### **Fraud prevention mechanism**

- S** Fraud may take place at different stages of the credit card-i process, i.e. card application, card delivery, card activation, change of cardholder's contact details as well as when the card is used by the cardholder. In this regard, issuers and acquirers shall put in place effective measures to address fraud risk. The fraud risk management measures shall be reviewed periodically for proactive actions to be taken to address any inadequacies in such measures.

### ***Minimum fraud mitigation measures for card application, delivery and activation***

- S** 31.3 The following shall be observed at the point of collecting credit card-i applications from applicants:
- (a) Issuers shall ensure the confidentiality of the data and information provided by the applicant. Necessary measures shall be put in place to ensure that the information provided by the applicant would not be misused by the persons authorised by the issuer to collect the

application(s).

- (b) Issuers or any persons acting on behalf of the issuers to collect credit card-i applications are prohibited from photocopying the applicants' other credit cards. This is because credit card-i security features which are used for cardholder authentication are available on the card itself such as card number, CVV and expiry date of the credit card-i.

- S** 31.4 The following controls shall be taken into consideration when processing credit card-i applications:
  - (a) The identity of the applicant must be verified to ensure that the applicant exists and is the person applying for the card.
  - (b) Key information provided by the applicant must be verified for accuracy.
  - (c) Issuers must ensure the confidentiality of the data and information provided by the applicant.
- S** 31.5 Issuers are prohibited from sending out active credit card-i to its cardholders. Stringent activation procedures, which shall include proper verification process that cannot be easily bypassed by fraudsters and by its own employees, must be implemented.

#### ***Requirements when changing cardholder's contact details***

- S** 31.6 To mitigate the risk of account takeover, issuers shall put in place effective measures to verify any request it receives for change of mailing address, shipment of new or replacement card or PIN and contact numbers.
- G** 31.7 The following are some practices that issuers may consider to adopt to mitigate the risk of account takeover:
  - (a) Allow request for change of contact details only if it is made in person at the issuer's premises.
  - (b) Allow such request through secured electronic mode (e.g. electronic banking) but subject to further verification before updating the contact details.
  - (c) Send written correspondence to the previous address for verification before shipping any card or PIN to the new address.

#### ***Implementation of "Chip and PIN" technology***

- S** 31.8 In line with efforts to enhance the security features of credit card-i, all issuers and acquirers shall enable chip and PIN verification for credit card-i transactions at point-of-sale (POS) terminals and cash advance withdrawals at automated teller machines (ATMs).

#### ***Implementation of strong authentication method for non face-to-face transactions***

- S** 31.9 Non face-to-face transactions, i.e. card-not-present transactions, especially online payments, present a higher fraud risk level compared to face-to-face credit card-i transactions. Issuers and acquirers shall authenticate cardholders for online transactions using strong authentication methods, such as dynamic password/PIN and multi-factor authentication (e.g. mobile PKI), to mitigate the

risk of unauthorised use of credit card-i for online transactions.

### ***Implementation of transaction alerts***

- S** 31.10 Issuers shall provide transaction alerts via SMS to their cardholders, unless cardholders have opted to receive transaction alerts via other channels, such as e-mail. This shall be applicable to the following:
- (a) Purchase transactions at POS terminals.
  - (b) Online transactions.
  - (c) Withdrawal/Cash advance transactions.
  - (d) Mail and telephone order transactions.
- S** 31.11 Issuers shall provide an alternative way to alert cardholders if they do not wish to send transaction alerts via SMS to foreign-registered mobile numbers. Issuers shall obtain written consent from the cardholders for this arrangement.
- S** 31.12 Issuers shall take into consideration the following criteria to identify high risk transactions and trigger transaction alerts:
- (a) Transaction type, e.g. transaction at high risk merchants<sup>5</sup>.
  - (b) Transaction location, e.g. transaction in high risk countries<sup>6</sup>.
  - (c) Transaction amount, e.g. transaction exceeding certain amount.
  - (d) Transaction velocity, e.g. transaction exceeding certain number per day.
- S** 31.13 Issuers shall provide transaction alerts to cardholders in the event any of the following triggers are met:
- (a) Transactions exceeding a specified threshold amount. In this regard, issuers shall set the threshold amount to trigger an alert. The threshold amount or any upward revision to the threshold amount requires endorsement from the Bank. Issuers shall also allow cardholders to set their own preferred threshold amount for the transaction alert. If cardholders do not set the preferred threshold amount, issuers shall send transaction alerts based on the default threshold amount set by the issuer. Cardholders shall be informed of their rights to set their own preferred threshold for the alert.
  - (b) First time use of new card.
  - (c) All card-not-present transactions.
    - (i) Issuers are not required to send transaction alerts for recurring auto-debit transactions. However, issuers shall take the necessary steps to ensure the auto-debit transaction is a genuine transaction and disputes, if any, are handled appropriately so that cardholders are sufficiently safeguarded.
  - (d) High risk transactions (please refer to paragraph 31.12).
- S** 31.14 By default, the alert must be sent for transactions meeting the specified criteria as stated in paragraphs 31.10 and 31.13, except where the cardholders opt not

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<sup>5,6</sup> To be identified by the issuer/industry.

to receive any alerts. In this regard, issuers must ensure that the credit cardholders:

- (a) understand the risks associated with their decision; and
- (b) submit such request in writing.

- G** 31.15 Issuers may consider sending transaction alerts for circumstances other than the above.
- S** 31.16 To ensure the effectiveness of the alerts, issuers must ensure that the contact numbers of their cardholders are kept up-to-date. As such, issuers must highlight to their cardholders the criticality of providing updated contact numbers to them. Issuers shall authenticate that the contact details are provided by the cardholders.
- S** 31.17 To mitigate abuse, issuers shall not provide any contact number as part of the message in the SMS alert.
- G** 31.18 Issuers should advise cardholders to contact their card centre and use the contact number indicated at the back of their credit card-i.
- S** 31.19 Issuers shall not transfer the cost of sending SMS alerts to their cardholders.
- G** 31.20 Issuers may stop sending transaction alert for purchase transactions at POS terminals and withdrawal/cash advance transactions only after the full implementation of chip and PIN technology and for online transactions after the adoption of strong authentication method.

### **Exchange of information and dissemination**

- G** 31.21 Sharing of information regarding fraud experiences and modus operandi is encouraged among issuers and acquirers as this will enhance efforts to combat fraud.
- G** 31.22 Issuers and acquirers should also be resourceful in gathering relevant information from the industry, their overseas counterparts and the card associations. Having first-hand information will assist them to decide on specific measures to strengthen their defence mechanism against fraudsters.
- G** 31.23 Close cooperation with law enforcers and regulators should also be established to facilitate sharing of fraud experiences and modus operandi to combat fraud.

### **Contactless verification requirements**

- S** 31.24 Issuers shall set a maximum amount for each contactless transaction as well as an appropriate cumulative limit for contactless transactions which do not entail any cardholder verification.
- S** 31.25 Issuers shall ensure that verification is conducted once transactions exceed the maximum amount or the cumulative limit for contactless transactions, i.e. either in signature or PIN until 31 December 2016. From 1 January 2017, which is the

date that chip and PIN is mandated, the cardholder verification method for all payment cards shall only be done via chip and PIN.

## **32 Specific requirements for acquirers**

- S** The acquirer shall ensure that the contract with the merchant is Shariah compliant.
- S** Acquirers shall be vigilant to ensure that they are not used by merchants as a means to obtain funds through illegal means and fraudulent acts. Controls must be put in place both prior to engaging the merchant and on an on-going basis.
- S** 32.1 Acquirers shall establish the criteria for merchant selection and recruitment, and establish policies and procedures for on-going monitoring of their merchant accounts, which shall include risk criteria to evaluate the risk profile of their merchants for appropriate risk management measures to be taken on a timely basis.

### ***Merchant recruitment***

- S** 32.2 Acquirers shall establish prudent underwriting criteria and procedures for approving new merchants. The criteria for assessing new merchants shall also cover financial strength and relevant background details (e.g. has not been declared a bankrupt, has a clean fraud track record and has not been blacklisted by other acquirers).
- S** 32.3 Acquirers must ensure that the merchant has a legitimate business and is not involved in, or associated with, any illegal activities or schemes, including business activities that are meant to deceive consumers, such as schemes like “scratch and win” and “get-rich-quick”.
- S** 32.4 If a third party merchant recruitment agent is engaged, acquirers shall ensure that proper controls are in place to ensure that the third party merchant recruitment agent complies with relevant requirements set out in this policy document.

### ***Merchant monitoring and audit***

- S** 32.5 Acquirers shall monitor the trend in chargebacks and the merchants’ capacity to repay these chargebacks and act accordingly to mitigate any risks associated with engaging such merchants.
- S** 32.6 Acquirers shall take appropriate risk management measures on their high risk merchants, including conducting more frequent audits/checks on these merchants and more stringent monitoring of transactions that pass through these merchants.

- S** 32.7 The relationship with merchants with confirmed fraudulent or illegal activity must be immediately terminated. Whenever the merchant has been terminated or blacklisted due to fraud-related matters by one of the acquirers, other acquirers shall be vigilant and gather relevant information and evidence on the conduct of the said merchant.
- S** 32.8 Acquirers shall conduct continuous due diligence on their merchants to ensure that merchants are not involved in any fraudulent or illegal activity and maintain a “watch list” of suspected collusive merchants, if any. The activities of these merchants shall be closely monitored and investigated. Once identified as collusive, acquirers shall immediately terminate their acquiring relationship with the merchant.
- S** 32.9 Acquirers shall conduct periodic audits on the merchants to ensure that merchants adhere to card acceptance and authorisation procedures to minimise chargebacks and disputes.

### **33 Compliance with other requirements**

- S** 33.1 Issuers shall comply with the policy document on Responsible Financing and other relevant requirements issued by the Bank from time to time.

## **PART D SPECIFIC REQUIREMENTS FOR NON-FINANCIAL INSTITUTION ISSUERS**

- S** In addition to paragraphs 7.1 to 33.1, non-financial institution issuers shall also comply with the following requirements as stipulated in paragraphs 34.1 and 34.2.
- S** 34.1 Non-financial institutions shall not issue credit card-i unless approval pursuant to section 11 of the IFSA has been obtained. Approval may be granted if the following eligibility criteria are met:
- (a) Local incorporation:
    - (i) Locally incorporated and has been operating in Malaysia for at least five years; or
    - (ii) Forms a joint venture with a domestic financial institution where the domestic financial institution has to hold at least 51% equity in the joint venture company;
  - (b) Core business is consumer financing;
  - (c) Strong financial standing with systems capability and technical know-how in credit card-i operations;
  - (d) Able to provide value-added benefits to the industry and consumers;
  - (e) Holding company (if applicable) shall provide initial and continued funding.
- S** 34.2 Non-financial institution issuers shall comply with the following requirements:
- (a) Notify the Bank at least 30 days prior to establishing or relocating their offices in or outside Malaysia.
  - (b) Submit to the Bank its audited financial statement on an annual basis no later than 6 months after the financial year end.
  - (c) Provide 30 days notice to the Bank for the appointment of an auditor.
  - (d) Maintain a capital ratio of at least 16%<sup>7</sup> at all times
  - (e) Submit to the Bank any proposed change to the documents or information submitted during the application for approval within 30 days prior to the making of such change.
  - (f) Ensure potential shareholder obtains approval from the Bank prior to the acquisition of control in the issuer.
  - (g) Ensure existing shareholder obtains approval from the Bank prior to the cessation of control in the issuer.

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<sup>7</sup> At entity and consolidated basis

## Appendix 1 Minimum payment warning statement

### **WARNING ON PAYING ONLY MINIMUM MONTHLY REPAYMENT**

If you make only the minimum payment each period, it will take you longer to pay off your balance including profit/*ujrah* payable. Please refer to the back page for more information. Alternatively, you may also refer to the credit card calculator available on our website or *bankinginfo* website.

## Appendix 2 Standard illustrative example on how long it would take to pay off outstanding balance

	Examples under different outstanding amount scenarios					
Outstanding balance (RM)	3,000		5,000		10,000	
Payment	Pay only minimum amount (RM150)	Pay RM250	Pay only minimum amount (RM250)	Pay RM350	Pay only minimum amount (RM500)	Pay RM600
Payment period (months)	4 years 8 months	1 year 3 months	5 years 10 months	1 year 6 months	7 years 5 months	1 year 9 months
Total profit/ <i>ujrah</i> charge (RM)	RM1,055	RM333	RM1,912	RM670	RM4,055	RM1,594

### Assumptions:

- Profit/*ujrah* rate - 18% p.a
- No new transactions on the credit card-i
- 30 days a month

### Appendix 3 Minimum disclosure in monthly statement

Grace period	E.g. there is no grace period on cash advances
Profit/ <i>ujrah</i> charging information	<p>Indicate the computation method and the periods over which profit/<i>ujrah</i> is charged for:</p> <ul style="list-style-type: none"> <li>▪ Purchases</li> <li>▪ Cash advances</li> <li>▪ Balance transfers</li> </ul>
Fees and charges	<ul style="list-style-type: none"> <li>▪ Cash advance fees</li> <li>▪ Replacement of card</li> <li>▪ Overseas transactions</li> <li>▪ Other charges</li> </ul>
Default charges	<ul style="list-style-type: none"> <li>▪ Late payment charge and its computation</li> <li>▪ Over-the-limit compensation charge</li> </ul>
Payment allocation statement	
Statement on liability for unauthorised transactions	
Information on customer service contact details and BNMTELELINK	

**Appendix 4 Statement on minimum monthly repayment**

Existing balance		RM 3,000.00
Minimum payment due		RM150.00
Payment due date		15 Jan 2012
Minimum Payment Warning: If you make only the minimum payment each period, it will take you longer to pay off your balance including profit/ujrah payable. For example:		
If you make no additional charges using this card and each month you pay...	You will pay off the balance shown on this statement in about...	And you will end up paying an estimated total of profit/ujrah charge of....
Scenario 1  Pay only the minimum payment of RM150	4 years and 8 months	RM1,055
Scenario 2  Pay RM50 more than the minimum payment - RM200	1 year and 6 months	RM424  <b>(Savings = RM631)</b>
Existing balance		RM 3,000.00
Minimum payment due		RM150.00
Payment due date		15 Jan 2012
Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:		
If you make no additional charges using this card and each month you pay...	You will pay off the balance shown on this statement in about...	And you will end up paying an estimated total of interest of....
Scenario 1		

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Pay only the minimum payment of RM150	4 years and 8 months	RM1,055
Scenario 2 Pay RM50 more than the minimum payment - RM200	1 year and 6 months	RM424 <b>(Savings = RM631)</b>

Assumptions:

- Profit/*ujrah* rate - 18% p.a
- No new transaction on the card
- 30 days a month
- Scenario 2 - pay RM50 more than the minimum payment amount

## Appendix 5 Product Disclosure Sheet - Credit Card-i

<p><b>PRODUCT DISCLOSURE SHEET</b></p> <p>Read this Product Disclosure Sheet before you decide to take out the &lt;Name of Product&gt;. Be sure to also read the general terms and conditions.</p>	<p>&lt;Name of Financial Service Provider&gt;</p> <p>&lt;Name of Product&gt;</p> <p>&lt;Date&gt;</p>																		
<p><b>1. What is this product about?</b></p>																			
<p>This is a Gold Visa credit card-i, with a line of financing granted by us to you and where any amount of the financing utilised by you has not been settled in full on or before the due date, the unsettled amount will be subject to profit/<i>ujrah</i> charges.</p>																			
<p><b>2. What do I get from this product?</b></p>																			
<ul style="list-style-type: none"> <li>Credit limit: RM xxx</li> </ul>																			
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 25%;"></th> <th style="width: 20%;">Annual rate</th> <th style="width: 40%;"></th> </tr> </thead> <tbody> <tr> <td rowspan="3" style="vertical-align: middle;">Profit/ <i>Ujrah</i> rates</td> <td rowspan="3" style="vertical-align: middle;">Purchases</td> <td style="text-align: center;">x%</td> <td rowspan="3" style="vertical-align: top;">With prompt payments for 12 consecutive months  Make 10 / 11 times prompt payments in the last 12 months  Make 9 or less prompt payments in the last 12 months</td> </tr> <tr> <td style="text-align: center;">y%</td> </tr> <tr> <td style="text-align: center;">z%</td> </tr> <tr> <td></td> <td>Cash advances</td> <td style="text-align: center;">m%</td> <td></td> </tr> <tr> <td></td> <td>Balance transfers</td> <td style="text-align: center;">n%</td> <td></td> </tr> </tbody> </table>				Annual rate		Profit/ <i>Ujrah</i> rates	Purchases	x%	With prompt payments for 12 consecutive months  Make 10 / 11 times prompt payments in the last 12 months  Make 9 or less prompt payments in the last 12 months	y%	z%		Cash advances	m%			Balance transfers	n%	
		Annual rate																	
Profit/ <i>Ujrah</i> rates	Purchases	x%	With prompt payments for 12 consecutive months  Make 10 / 11 times prompt payments in the last 12 months  Make 9 or less prompt payments in the last 12 months																
		y%																	
		z%																	
	Cash advances	m%																	
	Balance transfers	n%																	
<p>To enjoy lower profit/<i>ujrah</i> rates for retail transactions, you should make at least 10 prompt payments in the last 12 months.</p>																			
<p><b>3. What are my obligations?</b></p>																			

Minimum monthly payment	5% of the outstanding balance or a minimum of RM xx
Grace period	<ul style="list-style-type: none"> <li>▪ For retail transactions* - 20 days from the statement date, if you pay the balance in full and on time.</li> <li>▪ If you do not pay in full and on time, profit/<i>ujrah</i> payable on retail transactions that the issuer may charge will be calculated from the posting day of the transaction.</li> </ul> <p>*not applicable to balance transfer or cash advances</p>

- As the principal cardholder, you are liable to all transactions incurred by the supplementary cardholders.

#### 4. What are the fees and charges I have to pay?

Annual fee	
Cash advance fee	
Card replacement fee	
Sales draft retrieval fee	
Additional statement request fee	
Overseas transaction conversion fee	
Over limit compensation fee / charge	
Other fees and charges	

#### 5. What if I fail to fulfil my obligations?

- Late payment charge: maximum of 1% of the outstanding balance or a minimum of RM10.
- Right to set-off: We have/do not have the right to set-off any credit balance in your account maintained with us against any outstanding balance in this credit card-i account.
- You will be liable for PIN-based unauthorised transactions if you have:
  - acted fraudulently;
  - delayed in notifying us as soon as reasonably practicable after having discovered the loss or unauthorised use of your credit card-i;
  - voluntarily disclosed your PIN to another person; or
  - recorded your PIN on the credit card-i, or on anything kept in close proximity with your credit card-i.
- You will be liable for unauthorised transactions which require signature verification or with contactless card, if you have:
  - acted fraudulently;
  - delayed in notifying us as soon as reasonably practicable after having discovered the loss or unauthorised use of your credit card-i;
  - left your credit card-i or an item containing your credit card-i unattended, in places visible and accessible to others; or
  - voluntarily allowed another person to use your credit card-i.

- If you fail to abide by the terms and conditions of the credit card-i, we have the right to terminate your card.

***(To highlight other key terms and conditions.)***

#### **6. What if I fully settle the balance before its maturity? *(For balance transfer or flexi payment plans)***

- Lock-in period: y months
- We will explain to you the consequences of making full payment during the lock-in period.

#### **7. What are the major risks?**

- If you pay only the minimum amount due, it will take you longer and cost you more to settle the outstanding balance. Think about your payment capacity when charging the credit card-i.
- If you use your credit card-i to make payment for other financing, it may cost you more.
- If you have problems paying for your credit card-i balances, contact us early to discuss payment alternatives.
- You should notify us immediately after having found that your credit card-i is lost or stolen.

#### **8. What do I need to do if there are changes to my contact details?**

It is important that you inform us of any change in your contact details to ensure that all correspondences reach you in a timely manner.

#### **9. Where can I get further information?**

Should you require additional information on credit card-i, please refer to the *bankinginfo* booklet on 'Credit Card-i', available at all our branches and the [www.bankinginfo.com.my](http://www.bankinginfo.com.my) website.

If you have any enquiries, please contact us at:

**ABC Bank Berhad**  
**51, Jalan Sultan Ismail**  
**50122 Kuala Lumpur**  
**Tel:**  
**Fax:**  
**E-mail:**

#### **10. Other credit card-i products available**

- abc
- xyz

**IMPORTANT NOTE: LEGAL ACTION MAY BE TAKEN AGAINST YOU IF YOU DO NOT KEEP UP PAYMENTS ON YOUR CREDIT CARD-I BALANCES**