

## 2-Credit Card Application Process

- 2.1 Credit Card may only be issued by the Banks/DFIs, pursuant to a written application duly filled and signed by the prospective customer. However, in order to reward and retain high-end existing customers, pre-embossed cards may be issued after a proper acceptance by the customer, which may be in the form of any verifiable mode such as recorded phone call. Nevertheless, these pre-embossed Credit Cards should be activated only after receiving complete application form from high-end customers and criteria for selecting high end customers must be defined in the bank policy.
- 2.2 Keeping in view the complex nature of Credit Cards, the Banks/DFIS are advised to simplify the Credit Card Terms & Conditions, and keep them clear and understandable both in English and Urdu languages. The marketing staff should ask customers about the choice of language and provide the Terms & Conditions accordingly. Font size of Terms & Conditions should not be below 11. In addition to the Application Form, following information should also be provided to the customer either in Urdu or English:
- I. Procedures of using Credit Card.
  - II. Facilities included in Credit Card.
  - III. Risks which may arise from the use of the Credit Card on different channels and the mechanism of mitigating these risks.
  - IV. Rights and obligations of Credit Card holder.
  - V. Liabilities of all parties in case of Credit Card loss/fraud.
  - VI. Complaint procedure and estimated time for dealing with complaints.
  - VII. Procedure of calculating interest with two practical examples.
  - VIII. Different types of charges, Bank/DFI may charge to card holder under various circumstances.
- 2.3 Banks/DFIs should not include any stipulation, caveat, clause or provision in Terms and Condition of the contract, which may result in curtailment of rights of customers.
- 2.4 Banks/DFIs should put in place a well structured procedure of verifying Credit Card applicant information. Before issuing the Credit Card, Banks/DFIs must establish true identity of the applicant and verify the same preferably from references and from NADRA database; provided that the applicant is not an existing account holder of the Bank/DFI.
- 2.5 Banks/DFIs should properly assess the credit risk before issuing Credit Card to any applicant and apply more Prudent Risk Management checks as they deem necessary, in addition to complying with the SBP's Prudential Regulations (PR) for consumers finance.
- 2.6 In order to mitigate fraudulent use of Credit Cards, Banks/DFIs should have built in functionality in their systems to monitor the usage of Credit Card. Additionally, it should also promptly identify unusual or out of pattern transactions. In this connection, Banks/DFIs may introduce checks or limits on certain category of transactions, customers, merchants etc.
- 2.7 Banks/DFIs must ensure confidentiality of their customers' data/information and should not divulge, share or sell customers' data/information to any body or institute. This restriction, however, shall not apply providing customers' credit information to e-CIB at SBP and/or any approved credit bureau of which the Bank/DFI is a member and/or to the companies who have agreement with the Banks/DFIs for data sharing because of outsourcing arrangements. Nevertheless, the outsourcing agreement must enforce the confidentiality clause for the third party.
- 2.8 Supplementary, Add-on or Subsidiary Credit Cards may be issued with clear understanding that the liability for payment rests with the principal card holder.