



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Credit Card

Table of contents

PART A	OVERVIEW	1
1	Introduction.....	1
2	Applicability and scope.....	1
3	Legal provisions	1
4	Effective date.....	2
5	Interpretation	2
6	Related legal instruments and policy documents	3
7	Policy document superseded	3
PART B	BUSINESS CONDUCT	4
8	Minimum age and income requirements.....	4
9	Placement of fixed deposit	4
10	Minimum monthly repayment	4
11	Automatic Balance Conversion	5
12	Guiding principles on fees and charges	6
13	Tiered pricing structure.....	7
14	Supplementary cardholder’s liability	8
15	Liability for unauthorised transactions	8
16	Pre-contractual stage	9
17	At the point of entering into a contract.....	10
18	During the term of the contract.....	12
19	Advertisement	15
20	Marketing practices	16
21	Unsolicited card/credit advance/credit limit increase	17
22	Debt collection.....	18
23	Cardholder information.....	18
24	Complaints management.....	19
25	Usage of credit card for unlawful activities	19
Appendix 1	Minimum payment warning statement.....	20
Appendix 2	Standard illustrative example on how long it would take to pay off outstanding balance	20
Appendix 3	Minimum disclosure in monthly statement	21
Appendix 4	Statement on minimum monthly repayment.....	22
Appendix 5	Product Disclosure Sheet - Credit Card	23

PART A OVERVIEW

1 Introduction

- 1.1 Credit cards are the most widely used payment card in Malaysia. An average of 349 million credit card transactions was made annually over the past decade.
- 1.2 Recognising the importance of credit cards as a payment instrument, this policy document has been further enhanced to promote responsible credit card lending and to encourage greater financial discipline among financial consumers while providing an avenue for the more vulnerable consumers to expedite the settlement of their credit card debt.

2 Applicability and scope

- 2.1 This policy document is applicable to all credit card issuers.
- 2.2 The requirements of this policy document apply to credit card products offered to:
 - (a) individuals;
 - (b) micro, small and medium enterprises (SMEs); and
 - (c) corporate cardholders,with the exception of paragraphs 8, 9 and 11 which do not apply to credit card products issued to SMEs and corporate cardholders.
- 2.3 The requirements under paragraph 12 and paragraphs 14 to 22 only apply to credit card products offered to individuals, micro and small enterprises. However, issuers are encouraged to adopt similar standards under these paragraphs for credit card products offered to medium and large enterprises.

3 Legal provisions

- 3.1 The requirements in this policy document are specified pursuant to:
 - (a) Sections 18(2), 25(2), 33(1), 47(1), 49, 67(3) and 123(1) of the Financial Services Act 2013 (FSA); and
 - (b) Sections 41 and 42(C)(1) of the Development Financial Institutions Act 2002 (DFIA).
- 3.2 The guidance in this policy document is specified pursuant to section 266 of the FSA and section 126 of the DFIA.

4 Effective date

- 4.1 This policy document comes into effect on 2 July 2019, except for the following requirements under:
- (a) Paragraphs 10.1 to 10.3 which come into effect on 2 October 2019; and
 - (b) Paragraphs 11.1 to 11.4 which come into effect on 2 January 2020.

5 Interpretation

- 5.1 The terms and expressions used in this policy document shall have the same meanings assigned to them in the FSA or DFIA, 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 interpretive, 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 advice or recommendations that are encouraged to be adopted;

“**acquirer**” refers to any person who has been registered by the Bank under section 18(1) of the FSA to provide merchant acquiring services;

“**balance transfer plan**” refers to a plan that allows a cardholder to transfer outstanding balances from credit card accounts held with other issuers to a credit card account of the issuer offering the balance transfer plan and the cardholder shall pay the issuer by way of monthly instalments over a specific period;

“**credit card**” refers to a designated payment instrument which indicates a line of credit or financing granted by the issuer to the cardholder and where any amount of the credit utilised by the cardholder has not been settled in full on or before a specified date, the unsettled amount may be subject to interest, profit or other charges;

“**easy payment plan**” means a facility offered to a cardholder to pay the issuer by way of monthly instalments over a specific period of time for: (i) the purchase of goods or services from the issuer’s participating merchants; (ii) the repayment of outstanding credit card balances; or (iii) a cash loan taken against the credit card line of credit;

“**financial institution**” refers to any person licensed under the FSA or Islamic Financial Services Act 2013 (IFSA) or a prescribed institution under the DFIA;

“**issuer**” refers to a person who has obtained approval from Bank Negara Malaysia (the Bank) under section 11 of the FSA to issue credit cards;

“**micro, small and medium-sized enterprises**” has the same meaning as provided in the notification on Definition of Small and Medium Enterprises (SMEs) issued by the Bank (BNM/RH/NT 028-51); and

“**representatives**” and “**agents**” refer to any individual or firm acting on behalf of an issuer or an acquirer.

6 Related legal instruments and policy documents

6.1 This policy document must be read together with other relevant legal instruments and policy documents that have been issued by the Bank, in particular-

- (a) Notification on Definition of Small and Medium Enterprises (SMEs) issued on 27 December 2017 (BNM/RH/NT 028-51);
- (b) Policy Document on Responsible Financing issued on 6 May 2019 (BNM/RH/PD 028-79);
- (c) Guidelines on Imposition of Fees and Charges on Financial Products and Services issued on 10 May 2012 (BNM/RH/GL 016-2);
- (d) Guidelines on Product Transparency and Disclosure issued on 31 May 2013 (BNM/RH/GL 000-3);
- (e) Circular on Fair Debt Collection Practices issued on 10 September 2007 (BNM/RH/CIR 013-1);
- (f) Policy Document on Management of Customer Information and Permitted Disclosures issued on 17 October 2017 (BNM/RH/PD 028-65);
- (g) Guidelines on Complaints Handling issued on 1 February 2010 (BNM/RH/GL 000-4);
- (h) Circular on Managing Risks of Electronic Banking, Direct Debit and Risks Associated with Payment Instruments issued on 24 December 2014 (BNM/RH/CIR 028-6); and
- (i) Policy document on Outsourcing issued on 28 December 2018 (BNM/RH/PD 028-93).

7 Policy document superseded

7.1 This policy document supersedes the policy document on Credit Card issued on 2 December 2016¹.

¹ The policy document on Credit Card issued on 2 December 2016 superseded the guidelines and policy document listed below:

- (i) Guidelines on Credit Card issued on 18 March 2011; and
- (ii) Policy document on Credit Card issued on 28 February 2014.

PART B BUSINESS CONDUCT

A. ELIGIBILITY, MINIMUM MONTHLY REPAYMENT AND AUTOMATIC BALANCE CONVERSION REQUIREMENTS

8 Minimum age and income requirements

- S** 8.1 An issuer 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 An issuer shall ensure that the following restrictions are applied to a principal cardholder who earns RM36,000 per annum or less:
- (a) the cardholder can only hold credit cards from a maximum of two issuers²; and
 - (b) the maximum credit limit extended to the 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. An issuer shall assess their creditworthiness based on the criteria specified by the issuer, which include affordability assessment as prescribed in the policy document on Responsible Financing.

9 Placement of fixed deposit

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

10 Minimum monthly repayment

- S** 10.1 An issuer shall require a cardholder to make a minimum monthly repayment comprising:
- (a) at least 5% of the total amount outstanding;
 - (b) the total amount of the contracted monthly instalments of any easy payment plan (EPP) and balance transfer plan (BTP); and

² Refer to both conventional credit card and credit card-i issuers.

- (c) the contracted monthly term loan instalment for any automatic balance conversion (ABC) under paragraph 11.1.
- S** 10.2 An issuer must ensure that the requirement in paragraph 10.1(b) applies to EPP and BTP signed up by a cardholder from 2 October 2019.
- S** 10.3 For the purposes of ensuring a smooth implementation of the requirements in paragraph 10.1, an issuer shall:
 - (a) create awareness of the requirements on its websites and send individual notification to all existing cardholders (i.e. in writing or via electronic means) on the requirements at least two months before the effective date specified in paragraph 4.1;
 - (b) reflect the requirements prominently in the Product Disclosure Sheet (PDS) as well as the terms and conditions;
 - (c) train front-line staff to clearly explain to cardholders on the requirements and their implications; and
 - (d) advise EPP merchants to inform cardholders at the point of signing up for the EPP.
- S** 10.4 An issuer shall allocate the payments received from a cardholder to settle the balances (i.e. items appearing in the statement) according to their interest rates, with items attracting the highest interest rate to be paid first.
- G** 10.5 Where the interest rate imposed on cash advances is 18% per annum and on retail transactions is less than 18% per annum, the payments received from a cardholder should first be used to settle the balance outstanding in the following order:
 - (a) cash advance;
 - (b) retail transactions, including the monthly instalments of easy payment plan and balance transfer plan; and
 - (c) other fees and charges, e.g. annual fee and late payment fee.
- S** 10.6 An issuer shall provide cardholders with a grace period of at least 4 calendar days after the payment due date. This is to cater for payment due dates falling on weekends or public holidays.

11 Automatic Balance Conversion

- S** 11.1 An issuer shall apply the Automatic Balance Conversion (ABC) on a vulnerable cardholder as specified in paragraph 11.2 by converting his outstanding credit card balances into a 3-year term loan, at an effective interest rate of not more than 13% per annum.
- S** 11.2 For the purposes of paragraph 11.1, the issuer must adopt the following description of a vulnerable cardholder, where a cardholder:
 - (a) earns a monthly income of up to RM5,000;
 - (b) is a consistent revoler over the past 12 months; and
 - (c) has made an average repayment of 10% or less of his outstanding balances in the past 12 months.

- S** 11.3 An issuer shall ensure that the following ABC requirements are complied with:
- (a) the cardholder is given a 30-day cooling-off period to opt out from the ABC for the first conversion exercise without having to incur any penalty;
 - (b) for subsequent conversion exercises, the cardholder is given the opportunity to opt out of the offers before the conversion commences;
 - (c) the outstanding balance converted into the term loan is treated as part of the credit card limit. The credit limit shall be restored only after the term loan is fully repaid;
 - (d) the monthly term loan instalment must be paid in full, as part of the minimum monthly repayment due; and
 - (e) the cardholder is allowed to early settle the term loan without having to incur any penalty.
- S** 11.4 For the purposes of ensuring a smooth implementation of paragraphs 11.1 to 11.3, an issuer shall:
- (a) inform the vulnerable cardholders concerned (i.e. in writing or via electronic means) on the ABC at least two months before the first conversion. This includes providing a link on the issuer's website to a common site which contains detailed information on the ABC programme;
 - (b) inform the vulnerable cardholder who has been enrolled into the ABC at least 30 days before each conversion; For the first conversion, the issuer shall clearly inform the vulnerable cardholder of the 30-day cooling-off period; and
 - (c) reflect all the key information on the ABC in the relevant PDS as well as the terms and conditions.

B. FEES AND CHARGES

12 Guiding principles on fees and charges

- S** 12.1 For over-the-limit transactions, an issuer shall obtain all new cardholders' expressed consent at the point of application with clear disclosure of relevant charges. For all 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.
- G** 12.2 Paragraph 12.1 is not applicable to the following transactions:
- (a) stand-in processing transaction;
 - (b) interest or fees imposed by the issuer; and
 - (c) auto-debit transaction.
- S** 12.3 An issuer shall not impose over-the-limit fee in the event a cardholder's account exceeds the credit limit as a result of items (a) and (b) in paragraph 12.2 or if the excess over-the-limit is due to temporary authorisation holds placed by merchants.

13 Tiered pricing structure

- S** 13.1 An issuer shall implement a tiered pricing structure for credit cards according to the different risk categories.

Risk categories

- S** 13.2 Under the tiered pricing structure, an issuer shall categorise cardholders into the following tiers:
- (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** 13.3 With reference to paragraph 13.2, an issuer, in its risk assessment of its 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.

Finance charges

- S** 13.4 An issuer shall not impose finance charges on the portion of balances that relates to finance charges that were carried forward from the previous credit card statement unless the issuer has implemented the requirements under paragraphs 11.1 to 11.4. An issuer shall ensure that finance charges for retail transactions and cash advances are as follows:
- (a) Finance charges 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) Finance charges for cash advances shall be capped at a maximum of 1.5% per month, which is equivalent to 18% per annum.
- S** 13.5 If a cardholder does not have any carried forward balance in his credit card account, an issuer shall grant at least 20 calendar days interest free period from the statement date of all retail transactions paid with the credit card.
- G** 13.6 An issuer may extend the benefit stipulated in paragraph 13.5 to all the cardholders regardless of the account standing.

Late payment charge

- G** 13.7 An issuer may impose a late payment charge for payments not received after the due date as per paragraph 10.6.

- S** 13.8 The late payment charge shall only be applicable to retail transactions and cash advances. The late payment charge shall be the lower of 1% of the outstanding balance or RM100. If an issuer intends to set a minimum late payment charge, it shall not exceed RM10.
- S** 13.9 Charges for late payment must not be added to the outstanding amount for computing interest due.

C. LIABILITY

14 Supplementary cardholder's liability

- S** 14.1 An issuer shall not hold a supplementary cardholder, jointly or severally liable for the debts of the principal cardholder or the other supplementary cardholders.

15 Liability for unauthorised transactions

- S** 15.1 An issuer shall provide an effective and convenient means including having a dedicated contact number by which a cardholder can notify the issuer of any lost, stolen or unauthorised use of his credit cards. The issuer shall also implement procedures for acknowledging receipt and verification of the notification of the lost, stolen or unauthorised use of the credit card.
- S** 15.2 An issuer shall not hold a cardholder liable for card-present unauthorised transactions which require PIN verification, unless the issuer 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;
 - (c) voluntarily disclosed the PIN to another person; or
 - (d) recorded the PIN on the credit card, or on anything kept in close proximity with the credit card, and could be lost or stolen with the card.
- S** 15.3 An issuer shall not hold a cardholder liable for card-present unauthorised transactions which require signature verification or the use of a contactless card, unless the issuer 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;
 - (c) left the credit card or an item containing the card unattended, in places visible and accessible to others, except at the cardholder's place of residence. However, a cardholder is expected to exercise due care in safeguarding the credit card even at the cardholder's place of residence; or
 - (d) voluntarily allowed another person to use the credit card.

- S** 15.4 An issuer must ensure that appropriate investigations are carried out on all unauthorised transactions. Any decision to pass on liability for unauthorised transactions must be supported by sufficient evidence to prove that one of the conditions specified in paragraphs 15.2 or 15.3 as the case maybe, has been met.
- S** 15.5 An issuer shall have clear processes in place to register any notification of lost, stolen or unauthorised use of a credit card and take immediate action upon notification by a cardholder, to prevent further use of the credit card. A cardholder shall not be held liable for any unauthorised transactions charged to the credit card after the cardholder has notified the issuer verbally or in writing of the lost, stolen or unauthorised use of the credit card.
- S** 15.6 An issuer shall not hold a cardholder 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 the cardholder as per the requirements in paragraphs 17.10 and 18.7(a);
 - (b) failure of the issuer to provide customer hotlines which are operational at all times for a cardholder to notify the issuer of any lost, stolen or unauthorised use of the credit card;
 - (c) a technical breakdown or other deficiency in the 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;
 - (f) for transactions requiring PIN verification, a transaction that occurred before the cardholder receives the PIN or changes the default PIN for the first time;
 - (g) fraudulent or negligent conduct of the employees or agents of the 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.

D DISCLOSURE AND TRANSPARENCY REQUIREMENTS

16 Pre-contractual stage

- S** 16.1 An issuer shall provide a product disclosure sheet (PDS) (as per the format provided in Appendix 5 of this policy document) containing key information for a cardholder to make informed decisions. The PDS shall be provided before the cardholder signs up for the credit card, and at the point of entering into a contract if there are material changes in the information. The issuer shall also ensure that the PDS is made available in Bahasa Malaysia, upon request.
- S** 16.2 Basic features
- (a) An issuer shall inform a cardholder of the key features of the credit card.

- S** 16.3 Finance charges, fees and other charges
- (a) An issuer shall inform a cardholder that finance charges apply if any credit card outstanding amount is not fully paid by the due date; and
 - (b) An issuer shall also disclose to a cardholder in the PDS all applicable fees and charges in relation to the credit card, the amount and frequency of payment. These would include the annual fee for a principal and supplementary cardholder and transaction fees for cash advances.
- S** 16.4 Placement of collateral
- (a) An issuer shall inform a cardholder, who can meet the minimum eligibility requirements but is unable to provide documented evidence of income, of the requirement for placement of a fixed deposit of an amount equivalent to the credit limit, as a collateral; and
 - (b) An issuer shall inform a cardholder that the fixed deposit shall be maintained for as long as the credit card facility is available.
- S** 16.5 Promotional items
- (a) A cardholder shall be made aware of the conditions tied to any promotional item and the implications of not complying with such conditions, if any.
- S** 16.6 Disclosure by intermediary
- (a) An issuer shall ensure that the sales and marketing representatives describe clearly the key terms and conditions of the credit card product being offered, in particular those imposing liabilities or obligations on the cardholder and the applicable fees and charges.

17 At the point of entering into a contract

- S** 17.1 Terms and conditions
- (a) An issuer shall make readily available to a cardholder the written terms and conditions of the credit card. The document shall contain a clear and concise description of the major terms and conditions which impose liabilities or obligations on the cardholder (principal and supplementary). Such terms shall be described in plain language, which is easily understood by the cardholder;
 - (b) An issuer shall advise a cardholder to read and understand the terms and conditions before signing the agreement and using the credit card. An issuer shall take reasonable steps to draw the cardholder's attention to the terms that have implications on liability; and
 - (c) An issuer shall ensure that customer service staff and sales and marketing representatives are able to answer queries on the credit card 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.
- S** 17.2 Terms of repayment
- (a) An issuer shall inform a cardholder of the minimum monthly repayment requirement and highlight to the cardholder the consequences of partial

repayment or only the minimum monthly repayment.

- S** 17.3 Late payment charge
- (a) An issuer shall inform a cardholder of the imposition of late payment charge if the cardholder fails to pay at least the minimum monthly repayment by the due date; and
 - (b) An issuer 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** 17.4 Default
- (a) A cardholder shall be informed of the possible actions that may be taken by the issuer in the event of default by the cardholder, for instance, legal proceedings.
- S** 17.5 Right to set-off
- (a) An issuer shall clearly inform a cardholder if the issuer has the right to set-off any credit balance in the cardholder's deposit account against any debit balance in the credit card account.
- S** 17.6 Right to outsource debt collection and sell impaired loan
- (a) An issuer shall inform a cardholder of its rights to outsource debt collection to an external agency and the right to sell impaired loan to a third party.
- S** 17.7 Liability of principal and supplementary cardholders
- (a) An issuer shall ensure that a principal cardholder is made aware of his liability for all debts incurred by supplementary cardholder(s).
- S** 17.8 Cash advance
- (a) If a cash advance facility is available to a cardholder, an issuer shall disclose the daily withdrawal limit, and the relevant fees, including the amount of the minimum charge.
- S** 17.9 Usage of a credit card outside Malaysia
- (a) A cardholder shall be informed of the relevant charges for retail transactions made outside Malaysia; and
 - (b) A cardholder shall also be informed of the transaction fees and currency conversion fees applicable on the use of the credit card for making cash withdrawals overseas.
- S** 17.10 Cardholder's responsibilities
- An issuer shall provide a clear and prominent notice to a cardholder at the point of entering into a contract, of the cardholder's responsibilities to:
- (a) abide by the terms and conditions for the use of the credit card;
 - (b) take reasonable steps to keep the credit card and PIN secure at all times, including at the cardholder's place of residence. These include not:
 - (i) disclosing the credit card details or PIN to any other person;
 - (ii) writing down the PIN on the credit card, 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 and PIN.
- (c) notify the issuer as soon as reasonably practicable after having discovered that the credit card is lost, stolen, an unauthorised transaction had occurred or the PIN may have been compromised;
- (d) notify the issuer immediately upon receiving short message service (SMS) transaction alert if the transaction was unauthorised;
- (e) notify the issuer immediately of any change in the cardholder's contact number;
- (f) use the credit card responsibly, including not using the credit card for unlawful activity; and
- (g) check the account statement and report any discrepancy without undue delay.

S 17.11 Liability for unauthorised transactions

- (a) An issuer shall inform a cardholder through clear and prominent notices that he would not be liable for card-present unauthorised transactions which require PIN verification, provided the cardholder has not:
 - (i) acted fraudulently;
 - (ii) delayed in notifying the issuer as soon as reasonably practicable after having discovered the loss or unauthorised use of the credit card;
 - (iii) voluntarily disclosed the PIN to another person; or
 - (iv) recorded the PIN on the credit card or on anything kept in close proximity with the credit card.
- (b) An issuer shall inform a cardholder through clear and prominent notices that he would not be liable for card-present unauthorised transactions which require signature verification or the use of a contactless card, provided the cardholder has not:
 - (i) acted fraudulently;
 - (ii) delayed in notifying the issuer as soon as reasonably practicable after having discovered the loss or unauthorised use of the credit card;
 - (iii) left the credit card 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.

18 During the term of the contract

S 18.1 Statement

- (a) An issuer shall provide a monthly statement to a cardholder indicating the outstanding balance, the minimum repayment, the amount credited and charged, including interest and other non-interest charges, and the dates when those amounts were posted to the account;
- (b) An issuer 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). An issuer shall advise a cardholder to use

the calculator available on the issuer's website 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, an issuer 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) An issuer shall inform a cardholder on the front page of the last statement of the year, of the length of time it would take to fully settle the cardholder's actual existing balance outstanding and the total interest cost assuming there is no new transaction on the credit card (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 interest cost, and total charges imposed to encourage prudent use of the credit card; and
- (f) For a cardholder who opts to receive e-statements, an issuer shall ensure that the information on the e-statement is the same as the hardcopy statement.

S 18.2 Closure of account

- (a) An issuer shall allow a cardholder to close his credit card account at any time without being subjected to any fees and charges or a cumbersome account closure procedure; and
- (b) In the event that there is a credit balance in the credit card account, an issuer shall refund such balance to the cardholder within **30 days** from the date of receipt of a closure request.

S 18.3 Change in credit limit

- (a) An issuer shall inform a cardholder of any reduction in the credit limit; and
- (b) Any increase in credit limits shall be subject to the conduct of affordability assessment in accordance with the policy document on Responsible Financing and compliance with paragraphs 21.4 and 21.5 of this policy document.

S 18.4 Change to the terms and conditions

- (a) Should there be any change in the terms and conditions, other than a change in credit limit, an issuer shall provide at least 21 calendar days' notice to a cardholder before the new terms and conditions take effect;
- (b) Any change in fees and charges applicable to the credit card account shall be communicated by the issuer to the cardholder at least 21 calendar days prior to the effective date of the change; and
- (c) Communication shall be done in writing or via electronic means to the cardholder.

18.5 Intention to set-off

- S** (a) If an issuer has the right to set-off any credit balance in a cardholder's deposit account against any outstanding balance in the credit card account, the issuer shall inform the cardholder at least 7 calendar days in

advance on the issuer's intention to set-off a credit balance in the cardholder's deposit account against a debit balance in the credit card account.

- G** (b) An issuer may concurrently earmark the available funds in the cardholder's deposit account against the outstanding balance in the credit card account upon the issuance of the notice to the cardholder.

S 18.6 Delinquent account

- (a) An issuer shall clearly inform a cardholder that the issuer reserves the right to terminate the cardholder's credit card in the event of a specified number of consecutive defaults in the minimum monthly repayment;
- (b) An issuer shall ensure that a delinquent cardholder is given sufficient reminders on the amount outstanding and interest incurred on the delinquent credit card account and warnings of possible recovery actions if reminders to settle the amount outstanding are ignored;
- (c) A cardholder shall be informed by the issuer 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 a cardholder whose delinquent credit card account has been classified as impaired and are sold to a third party. In this regard, the issuer shall notify the affected cardholder of the sale of the credit card account within 7 calendar days of obtaining a vesting order from the Court;
- (d) In the notice, the issuer shall inform the cardholder of the impact on the cardholder's rights and obligations after the account has been transferred to a third party debt collection agency or sold to a third party;
- (e) An issuer shall ensure that a cardholder is informed and understand that under specific circumstances where the cardholder is not contactable, the issuer is considered to have fulfilled the obligations if such notice has been sent to the last known address of the cardholder at least 7 days in advance;
- (f) An issuer shall provide a cardholder with the name and contact details of the appointed third party debt collection agency or the third party to whom the impaired loan has been sold; and
- (g) An issuer shall also inform a cardholder of the services of Agensi Kaunseling Dan Pengurusan Kredit by inserting the note below in all reminders sent to the cardholder (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 03-2616 7766".

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 03-2616 7766”.

- S** 18.7 Cardholder’s responsibilities and awareness of fraud prevention measures
- (a) An issuer shall send notices to a cardholder at least once in every calendar year after card issuance to remind the cardholder of the cardholder’s responsibilities in paragraph 17.10;
 - (b) An issuer shall maintain on-going efforts to raise a cardholder’s awareness on potential liability for card-present unauthorised transactions due to the conditions specified in paragraphs 15.2 and 15.3, measures to prevent credit card fraud, including the need to safeguard the credit card and PIN; and
 - (c) The reminders and information on fraud prevention measures shall be communicated to a cardholder using channels that are effective in reaching the cardholder.

E. MARKETING REQUIREMENTS

19 Advertisement

- S** 19.1 An issuer shall ensure that advertisements and promotional materials on credit card products are clear and not misleading.
- S** 19.2 An issuer shall establish processes for an independent review of advertisement and promotional materials on credit card products, for instance by the Compliance Unit or Legal Unit, to ensure that they are clear and not misleading.
- S** 19.3 For print media advertisement, the advertisement shall clearly and conspicuously disclose material information about any credit card offer that is likely to affect a cardholder’s decision. Legible font size shall be used to bring a cardholder’s attention to any important information, such as effective interest rates, relevant fees and charges and eligibility criteria to enjoy the benefits being offered.
- S** 19.4 Promotional materials shall provide adequate information on the key terms and conditions of the credit card product. The materials shall also contain information on the effective annual interest rate together with the annual fee and any other applicable charges to facilitate comparisons by a cardholder. The information shall be presented in plain language and in legible font size.
- S** 19.5 When advertising promotional rates, for instance on balance transfer from another credit card, an issuer 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 a cardholder.
- S** 19.6 An issuer shall state prominently important terms and conditions associated with offers of free gifts, prizes, discounts or vouchers for the promotion of a credit card in print advertisements, or in the marketing material for a new cardholder,

or together with the monthly statement for an existing cardholder.

- S** 19.7 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. An issuer shall not merely indicate in a footnote that “terms and conditions apply”.
- S** 19.8 Advertisements or other promotional materials shall not describe any credit card feature as “free” or at “no cost” if there are conditions attached or other forms of charges will be imposed on a cardholder.

20 Marketing practices

- S** 20.1 An issuer 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 products.
- S** 20.2 An issuer 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 a cardholder is adequately informed by the sales and marketing representatives of the terms, benefits and material conditions for the credit card product or services being offered.
- S** 20.3 An issuer 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 a prospective cardholder to market credit card products. In particular, sales and marketing representatives shall not adopt aggressive tactics to pressure, mislead or coerce a prospective cardholder into signing up for a credit card and shall avoid harassing a prospective cardholder who is not interested. Sales and marketing representatives shall not mislead a prospective cardholder on any products and services offered or make any false commitment on behalf of the issuers for any facilities or services. A prospective cardholder shall also be given adequate time to consider and to complete application forms without undue pressure.
- S** 20.4 An issuer shall ensure that sales and marketing representatives provide the product disclosure sheet and highlight the following, at the minimum, to a prospective cardholder to ensure that he is provided with the relevant information before making a decision:
 - (a) Finance charges that will be imposed on the credit card outstanding balance if the amount is not fully paid by the due date and the basis for the interest free period for retail transactions;
 - (b) Fees and charges, such as annual fee, late payment charge for failure to pay at least the minimum monthly repayment by the due date, transaction fee for cash advances and over-the-limit fee 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) Cardholder's responsibilities.
- S** 20.5 An issuer shall establish procedures and take reasonable steps to ensure that a cardholder's expressed preference (e.g. not to be contacted on new product offers) is duly respected.
- S** 20.6 An issuer shall ensure that the telemarketing representatives do not contact a cardholder at unreasonable hours (generally between 9 p.m. and 9 a.m.).
- S** 20.7 In remunerating or rewarding sales and marketing representatives, an issuer shall ensure that the reward system does not encourage or lead to inappropriate behaviour such as unethical sales and marketing practices that expose the issuer to reputational risk. An issuer shall avoid poorly designed reward systems that induce behaviours which focus on maximising sales without due regard to the interest of a prospective cardholder who may be offered credit card product that is not suited to his needs or circumstances.
- S** 20.8 Reward systems for sales and marketing representatives shall reflect the responsibility to treat a prospective cardholder fairly. An issuer 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** 20.9 An issuer shall put in place adequate verification procedures to confirm the identity of a credit card applicant to prevent the use of stolen information (e.g. identity theft) for a credit card application. This shall include contacting applicants at random to confirm credit card applications and to verify that the 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** 20.10 A cardholder shall be given the opportunity to revoke his credit card application even after receiving the credit card without any charge or unreasonable inconvenience, if it is established that sales and marketing representatives had coerced the cardholder into applying and/or the cardholder was not given enough time to consider the application.

21 Unsolicited card/credit advance/credit limit increase

- S** 21.1 Before sending any existing and prospective cardholder an unsolicited credit card, or other offerings, an issuer shall conduct proper credit assessments and be reasonably satisfied based on robust affordability assessments, that the credit card facility will not expose the existing and prospective cardholder to excessive financial burden.
- S** 21.2 If an issuer sends an unsolicited credit card to any existing and prospective cardholder, the issuer shall not activate the credit card until the cardholder has communicated his acceptance of the credit card to the issuer either orally or in

writing. Prior to this confirmation, the cardholder shall not be liable for any form of charges, fees, payments and purchases with regard to the credit card. The cardholder shall not be required to go through a cancellation procedure if he does not wish to accept and activate the credit card.

- S** 21.3 An issuer shall not offer a credit advance (e.g. in the form of cheque payable to cardholder) unless a cardholder has expressly requested for it. All relevant charges for the credit advance shall be clearly disclosed to the cardholder.
- S** 21.4 For any unsolicited offer to increase credit limits, an issuer shall obtain a cardholder's written or oral acceptance of the offer before activating the credit limit increase. An issuer shall also include information on how the cardholder may reduce his credit limit.
- S** 21.5 An issuer shall not increase the credit limit if the cardholder has a history of poor credit performance or has difficulty meeting repayments or habitually makes minimum monthly repayments that indicate difficulty in meeting repayments.

F. OTHER REQUIREMENTS

22 Debt collection

- S** 22.1 An issuer shall comply with the debt collection requirements as specified in the circular on "Fair Debt Collection Practices" issued by the Bank.

23 Cardholder information

- S** 23.1 Where personal information is given to an issuer's agents or representatives, the issuer shall ensure that such information is used strictly for the purpose of performing their functions. An issuer shall ensure that such information is treated with strict confidentiality and adequately safeguarded by the agents or representatives. In doing so, an issuer shall require the agents or representatives to sign a confidentiality agreement or undertaking, to comply with the secrecy provisions under the relevant legislation.
- S** 23.2 An issuer shall remain accountable to a cardholder for any complaints arising out of the mishandling or abuse of the cardholder's information by the agents or representatives and shall take reasonable steps to remedy any inconvenience or losses suffered by the cardholder 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** 23.3 An issuer shall put in place appropriate measures for disposal of unsuccessful application forms and ensure that confidentiality of a cardholder's information is adequately safeguarded.

24 Complaints management

- S** 24.1 An issuer shall remain accountable to a cardholder for any complaints against its employees and representatives, including external agents, and shall not disclaim responsibility for any agents' or representatives' misconduct.
- S** 24.2 In the event of a dispute over any transaction amount, an issuer shall not require a cardholder to pay the disputed amount or impose any finance or other charges on such amount during the investigation period.
- S** 24.3 An issuer shall provide a cardholder with information on how complaint, including complaint against agents may be made and the contact details of the issuer's complaints unit. In addition, contact details of BNM LINK and BNMTELELINK shall be provided in the monthly credit card statement.
- G** 24.4 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 products.

25 Usage of credit card for unlawful activities

- S** 25.1 An issuer shall include in the terms and conditions a clause specifying that the credit card is not to be used for any unlawful activities³. An issuer shall immediately terminate the credit card facility if a cardholder is discovered to have used the credit card for an unlawful activity.

³ Activities which are forbidden by the law such as illegal online betting.

Appendix 1 Minimum payment warning statement

WARNING ON PAYING ONLY MINIMUM MONTHLY REPAYMENT

If you make only the minimum repayment each period, you will pay more in interest and it will take you longer to pay off your outstanding balance. Please refer to the back page for more information. Alternatively, you may refer to the credit card calculator available on our 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	
Repayment	Pay only minimum amount* (RM150 in 1 st month)	Pay RM250 every month	Pay only minimum amount* (RM250 in 1 st month)	Pay RM350 every month	Pay only minimum amount* (RM500 in 1 st month)	Pay RM600 every month
Repayment period	4 years 7 months	1 year 2 months	5 years 9 months	1 year 5 months	7 years 4 months	1 year 8 months
Total interest incurred (RM)	RM1,055	RM333	RM1,912	RM670	RM4,055	RM1,594
Total amount to be settled (RM)	RM4,055	RM3,333	RM6,912	RM5,670	RM14,055	RM11,594

Note:

- Minimum payment amount is 5% of the monthly outstanding balance or RM50, whichever is higher.

Assumptions:

- Interest rate - 18% p.a.
- No new transaction on the card
- 30 days a month

Appendix 3 Minimum disclosure in monthly statement

Interest free period	e.g. there is no interest free period on cash advances
Interest charging information	<p>Indicate the computation method and the periods over which interest is charged for:</p> <ul style="list-style-type: none"> ▪ Purchases ▪ Cash advances ▪ Balance transfers
Fees and charges	<ul style="list-style-type: none"> ▪ Cash advance fee ▪ Replacement of card ▪ Overseas transactions ▪ Other charges
Default charges	<ul style="list-style-type: none"> ▪ Late payment charge and its computation ▪ Over-the-limit fee
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 2019
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: Pay only the minimum payment* (i.e. RM150 in the 1 st month)	4 years and 7 months	RM1,055
Scenario 2: Pay RM200 every month	1 year and 5 months	RM424 (Savings = RM631)

Note:

- Minimum payment amount is 5% of the monthly outstanding balance or RM50, whichever is higher.

Assumptions:

- Interest rate - 18% p.a
- No new transaction on the card
- 30 days a month

Appendix 5 Product Disclosure Sheet - Credit Card

PRODUCT DISCLOSURE SHEET																						
<p>Read this Product Disclosure Sheet before you decide to take out the <Name of Product>. Be sure to also read the general terms and conditions.</p>	<p><Name of Financial Service Provider></p> <p><Name of Product></p> <p><Date></p>																					
<p>1. What is this product about?</p>																						
<p>This is a Gold Visa credit card, to be used primarily for the payment of goods and services. Where any amount of the credit utilised by you has not been settled in full on or before the due date, the unsettled amount will be subject to finance charges.</p>																						
<p>2. What do I get from this product?</p>																						
<ul style="list-style-type: none"> Credit limit: RM xxx 																						
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 20%;">Purchases</th> <th style="width: 15%;">Annual rate</th> <th style="width: 50%;"></th> </tr> </thead> <tbody> <tr> <td rowspan="2">Finance charges</td> <td></td> <td>x%</td> <td rowspan="3">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></td> <td>y%</td> </tr> <tr> <td></td> <td></td> <td>z%</td> </tr> <tr> <td></td> <td>Cash advances</td> <td>m%</td> <td></td> </tr> <tr> <td></td> <td>Balance transfers</td> <td>n%</td> <td></td> </tr> </tbody> </table>			Purchases	Annual rate		Finance charges		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%	
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		y%																				
		z%																				
	Cash advances	m%																				
	Balance transfers	n%																				
<p>To enjoy lower finance charges for retail transactions, you should make at least 10 prompt payments in the last 12 months.</p>																						
<p>3. What are my obligations?</p>																						
<table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 30%; vertical-align: top;"> <p>Minimum monthly repayment</p> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> 5% of the outstanding balance or a minimum of RMxx; The monthly instalments of easy payment plan and balance transfer plan, if any; and The contracted monthly term loan instalment for any automatic balance conversion (ABC). </td> </tr> <tr> <td style="vertical-align: top;"> <p>Interest free period</p> </td> <td style="vertical-align: top;"> <ul style="list-style-type: none"> For retail transactions - 20 days from the statement date, if you pay the balance in full and on time. If you do not pay in full and on time, finance charges on retail transactions will be calculated from the posting date of the transaction. The interest free period is not applicable to balance transfer or cash advances. </td> </tr> </tbody> </table>		<p>Minimum monthly repayment</p>	<ul style="list-style-type: none"> 5% of the outstanding balance or a minimum of RMxx; The monthly instalments of easy payment plan and balance transfer plan, if any; and The contracted monthly term loan instalment for any automatic balance conversion (ABC). 	<p>Interest free period</p>	<ul style="list-style-type: none"> For retail transactions - 20 days from the statement date, if you pay the balance in full and on time. If you do not pay in full and on time, finance charges on retail transactions will be calculated from the posting date of the transaction. The interest free period is not applicable to balance transfer or cash advances. 																	
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<ul style="list-style-type: none"> As the principal cardholder, you are liable for 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 fee	
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 account.
- You will be liable for PIN-based unauthorised transactions if you have:
 - acted fraudulently, or
 - delayed in notifying us as soon as reasonably practicable after having discovered the loss or unauthorised use of your credit card, or
 - voluntarily disclosed your PIN to another person, or
 - recorded your PIN on the credit card, or on anything kept in close proximity with your credit card.
- You will be liable for unauthorised transactions which require signature verification or with a contactless card, if you have:
 - acted fraudulently, or
 - delayed in notifying us as soon as reasonably practicable after having discovered the loss or unauthorised use of your credit card, or
 - left your credit card or item containing your credit card unattended in places visible and accessible to others; or
 - voluntarily allowed another person to use your credit card.
- If you fail to abide by the terms and conditions of the credit card, 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 easy payment plans)*

- Lock-in period: y months
- Early settlement penalty: x% on the transfer amount.

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 repayment capacity when charging the credit card.
- If you use your credit card to make repayment for other financing, it may cost you more.

- If you have problems paying for your credit card balances, contact us early to discuss repayment alternatives.
- You should notify us immediately after having discovered the loss or unauthorised use of your credit card.

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 transaction alerts and correspondences reach you in a timely manner.

9. Where can I get further information?

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 products available

- abc
- xyz

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

The information provided in this disclosure sheet is valid as at dd/mm/yy.