



EDBS/KH/C/42/2019
13th June 2019

All Conventional Retail banks
Manama
Kingdom of Bahrain

Dear Sir,

Practices for charging interest on credit cards

Further to the discussion with retail banks, financing companies and Bahrain Association of Banks on the subject matter, the CBB is including the following rules within the Business and Market Conduct Module (Module BC):

BC-4.15 Interest on Credit Card Transactions

BC-4.15.1

Conventional retail bank licensees must comply with the following requirements with regards to charging interest on credit card statement dues:

- (a) Interest must not be charged if the customer pays the full amount billed and due before or on the due date specified in the monthly credit card statement except for cash withdrawal transactions;
- (b) Interest must not be charged on partial payments made by the customer on or before the due date specified in the monthly credit card statement against credit card amount billed and due;
- (c) Interest on cash withdrawal transactions must be computed from the date of the transaction (“transaction date”);
- (d) Interest on credit card amounts billed but unpaid on or before the due date must be computed from the posting date of the transaction; and
- (e) Interest must not be charged on outstanding interest amounts, fees and charges due from the customer.

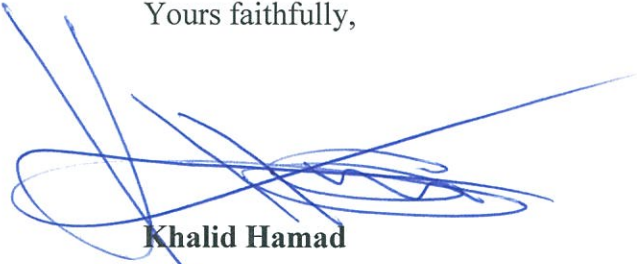
BC-4.15.2

For the purpose of charging interest on credit card dues, conventional retail bank licensees must only calculate interest charges using 365-days a year basis.

All conventional retail bank licensees must fully comply with the above requirements with effect from 31st October 2019.

The above additions will be incorporated in the CBB Rulebook Volume 1, Module BC in the next quarterly update due in July 2019.

Yours faithfully,

A handwritten signature in blue ink, consisting of several overlapping loops and lines, positioned above the name 'Khalid Hamad'.

Khalid Hamad

cc: Bahrain Association of Banks