



EDBS/KH/C/44/2019  
13<sup>th</sup> June 2019

All Financing Companies  
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-3.8 Interest on Credit Card Transactions**

**BC-3.8.1**

**Financing company 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-3.8.2**

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

All financing company licensees must fully comply with the above requirements with effect from 31<sup>st</sup> October 2019.

The above additions will be incorporated in the CBB Rulebook Volume 5 Financing Companies, Module BC in the next quarterly update due in July 2019.

Yours faithfully,



**Khalid Hamad**

cc: Bahrain Association of Banks