



EDBS/KH/C/23/2017
21st May 2017

The Chief Executive Officers
All Conventional & Islamic Retail Banks
All Financing Companies
Manama
Kingdom of Bahrain

Dear Sirs,

Insurance Charges and Costs for Credit Facilities and Debit/Credit Cards

The CBB's process of reviewing banks' financial statements recently uncovered that a portion of their fees and commission income includes the so-called "insurance fees" where banks and financing companies are charging customers a mark-up over the insurance premium charged by the insurance provider.

The CBB has alerted some banks and financing companies during the past years through its communication on the subject of fees and charges that charging customers fees on the products or services offered by a third party is not allowed.

Please note that where customers are provided with the option of obtaining the insurance policy through the bank/financing company itself, the charge to the customer must be equivalent to the amount charged to the bank/financing company by the insurance providers with no additional charges as emphasized above. Otherwise, customers should be directed to obtain the said policy from the insurance provider directly.

Should you have any queries on the above, you may contact your normal supervisory point of contact.

Yours faithfully,

Khalid Hamad