



EDBS/KH/C/43/2019
13th June 2019

All Islamic Retail banks
Manama
Kingdom of Bahrain

Dear Sir,

Practices for charging profit 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 Profit/ Fees on Credit Card Transactions

BC-4.15.1

Islamic retail bank licensees must comply with the following requirements with regards to charging profit/ fees on credit card statement dues:

- (a) Profit/ fees 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) Profit/ fees 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) Profit/ fees on cash withdrawal transactions must be computed from the date of the transaction (“transaction date”);
- (d) Profit/ fees on credit card amounts billed but unpaid on or before the due date must be computed from the statement cycle date; and
- (e) Profit/ fees must not be charged on outstanding profit/ fees amounts and other charges due from the customer.

All Islamic 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 2, Module BC in the next quarterly update due in July 2019.

Yours faithfully,



Khalid Hamad

cc: Bahrain Association of Banks