1. Credit Card Issuing Policy

1.1 Purpose

The purpose of this document is to introduce a policy on issuing Credit Cards for the Bank of Ceylon Card Centre to build up a healthy Credit Card base to minimize the risk involved in Card issuing.

1.2 The Content of the Policy

This policy spells out the guidelines for issuing Credit Cards while complying with Central Bank of Sri Lanka (CBSL) Credit Card operational guidelines and the global standards and the best practices of the Payment Card Industry (PCI). This policy should be reviewed periodically or every two years to accommodate the changes in Credit Card Issuing practices and innovations of new products from time to time.

This policy contains:

- General Terms
- Issuing of Credit Cards
- Supplementary Card
- Documents required
- Payments not allowed using Credit Card
- Issuing of new cards/ Personal Identification Number (PIN) to existing customers
- Activation and Renewal of cards
- Limit Enhancement
- Limit Reduction
- Change of Personal Data
- Closing of Credit Card Accounts

1.3 General Terms

1.3.1 Definition of a Credit Card

A Credit Card is a payment card issued to users (Cardholders) as a method of payment. It allows the Cardholder to pay for goods and services based on the Cardholder's promise to pay for them. The Issuer of the Card (usually a Bank) creates a revolving account and grants a line of credit to the Cardholder, from which the Cardholder can borrow money for payment to a merchant or as a cash advance.

1.3.2 Grace Period

The Cardholder is entitled to an Interest-free credit period of a maximum of 52 days and a minimum of 22 days from the purchase date to the payment due date. No grace period for cash advances.

1.3.3 Cash Advances

The Cash Advance is limited to 50% of the approved Credit limit per month. An increase in cash advance limit beyond 50% is considered on a case-by-case basis at the request of the cardholder.

1.3.4 Minimum Due Amount

The Cardholder is required to settle the minimum due amount on or before the due date, which is intimated to the Cardholder by a monthly statement. If not, the late payment fee will be charged in addition to the interest charge.

1.3.5 Interest Charges

The cardholder is required to settle the full outstanding balance before the due date to avoid interest charges.

1.4 List of Abbreviations

Abbreviation	Full Form
ATM	Automated Teller Machine
CRM	Cash Recycle Machine
KYC	Know Your Customer
PEP	Politically Exposed Person
PFCA	Personal Foreign Currency Account
BFCA	Business Foreign Currency Account
ERIA	Emigrant's Remittable Income Account
DFCA	Diplomatic Foreign Currency Account
DRA	Diplomatic Rupee Account
IIA	Inward Investment Account
CRIB	Credit Information Bureau
NPA	Non-Performing Asset
SMS	Short Message Service

1.5 Issuing of Credit Cards

The Bank of Ceylon issues Visa, Master International and any other Credit Cards (introduced by the Bank from time to time) to customers and non-customers considering their repayment capacity subject to the minimum credit limit of Rs.25,000/- (which may vary from time to time) on clean basis, against cash security or indemnity.

1.5.1 Credit Card Issuing Process at Card Center

The process of issuing Credit Cards is as follows.

1. Receive Applications directly from the Customers, through branches or outsourced Institutions.

2. Evaluation of the Application
3. Approving or Declining Credit Limit
4. Card Embossing and PIN Generation
5. Delivery of the Cards
6. Delivery of the PINs

On approval of the facility, the Credit Card and PIN are separately delivered to the cardholder through the courier service, or any other mode requested by the cardholder. The card is delivered to the customer in deactivated mode. Upon receipt of the card, the cardholder can activate the card by calling the BOC Contact Centre/Credit Card Issuing Department or by using an ATM/CRM.

1.5.2 Eligibility Criteria for Issuing a Credit Card

1.5.2.1 For person resident in Sri Lanka

Credit Cards shall be issued to an individual who fulfills the following requirements.

a) A citizen or a resident of Sri Lanka who is above 18 years of age having independent financial means.
b) The purpose of requesting a Credit Card should be valid and legal.
c) Comply with the KYC requirement.
d) The facilities obtained from BOC should be serviced properly.
e) Credit Cards shall be issued to Corporate, in the names of designated employees or directors of such Corporate who are persons resident in Sri Lanka under the indemnity of the respective Corporate.
f) If the card applicant is a PEP, the Credit Card facility is granted under the prior PEP approval from the next higher authority of the branch.

1.5.2.2 For Related Parties

With a view to mitigating potential conflicts of interest and preventing the extension of more favorable treatment to related parties, Credit Card Center follow the prevailing rules and regulations when issuing Credit cards to related parties of the Bank.

1.5.2.3 For Foreign Citizens/ Non-residents/ Dual Citizens

Credit Cards can be issued to the following persons

a) **To Foreign Citizens** who hold diplomatic passports and diplomatic Identity Cards issued by the Ministry of Foreign Affairs of Sri Lanka, only up to a limit of 90% of the funds available in their BOC Foreign Currency Accounts.

b) **To person resident outside Sri Lanka** only up to a limit of 90% of the funds available in a foreign currency Account (PFCA/BFCA) in Sri Lanka of such person held as collateral, where the settlement of expenditure incurred on such Credit Cards shall be through inward remittances from abroad or settled with transfers made from foreign currency Accounts (Standing Order/ Transfer Order).

c) **To Sri Lankans who have obtained dual citizenship in Sri Lanka** and any other country while being a resident in Sri Lanka subject to the expenditure incurred on such Credit Cards shall be settled through inward remittances from abroad, with funds held in the foreign currency accounts or ERIA (if available) from Sri Lankan Rupee earnings of the cardholder.

d) **To Foreign Citizens who maintain Accounts at BOC Offshore Banking Division** only up to a limit of 90% of the funds available in the Accounts of Offshore Banking Division of such person held as collateral, where the settlement of expenditure incurred on such Credit Cards shall be settled with transfers made from such Account.

e) **To Foreign Citizens who hold Sri Lankan resident Visas**. Only up to a limit of 90% of the funds available in the Accounts. The validity of the Card is restricted for the period of the Resident Visa.

All the above Credit Cards will be issued in Sri Lankan Rupee value only.

1.6 Supplementary cards

The Bank may issue ‘an additional card’ for use by any person nominated by the principal cardholder as an Authorized User of the card account.

All supplementary card limits should be within the limit approved by the principal cardholder. At the request of the principal cardholder, the quantum of the credit limit of supplementary cards can be restricted to a lower amount than the limit allowed to the principal cardholder. The principal cardholder has the exclusive authority for subsequent changes (change of limit, lost card activation, etc.) made to the supplementary card.

The principal cardholder himself can obtain a supplementary card to a lower/same credit limit for an acceptable reason by the bank.

The principal cardholder is liable for all amounts arising from or losses incurred by the Bank in connection with using the card.

Supplementary cards can be issued to nominees made by the principal cardholder over 18 years of age. However, the applications for supplementary cards for persons between 16-18 years of age can be entertained, provided the supplementary card applicant is a direct dependent of the principal cardholder.

Supplementary cards should be issued only up to the expiry of the primary Credit Card.

1.7 Required Documents

a) Duly completed Credit Card application
b) Personal identification document
c) Document to prove the residential address if the address differs from NIC/Driving License or Core banking system.
d) Document to assess the customer's creditworthiness (Example: CRIB report, pay slip, bank statements, or any other documents acceptable to the bank) only for clean-basis credit cards other than Credit Cards for university students.

   * Income-proof documents and CRIB records are not required for full-secured basis credit cards.

1.8 Payments using Credit Card

1.8.1 Credit Card will not be issued to acquire land or any other property, payment of monthly instalments of any property acquired by the customer or any third party, and/or any capital account transaction specified in the Exchange Control Act, Regulations, Directions, or guidelines issued by the relevant authorities.

1.8.2 Credit Cards will not be issued for any unlawful activity deemed as an offence under Sri Lankan Law.

1.8.3 When making payments to persons outside Sri Lanka can be used for making payments only in respect of current transactions of a personal nature, other than for the use of payments specified below.

a) Dealings in Foreign Exchange (Forex Trading)
b) Payments related to virtual currency transactions
c) Payments related to betting, gaming, and gambling activities
d) Payments for import of goods to Sri Lanka for commercial purposes, subject to the Regulations and operating instructions issued under the Import and Export (Control) Act No. 01 of 1969 and any amendments thereto.

1.8.4 If the cardholder migrates or leaves Sri Lanka for permanent residence or employment abroad, the card issued should be surrendered to the Card Centre, except in the event that the card is issued for making settlements in foreign exchange against funds held in the BFCAs, PFCAs, DFCAs, DRAs, IIAs, ERIAs or on the basis that outstanding amounts are settled through inward remittances.

1.9 Issuing of New Cards / PINs for Existing Cardholders

New Credit Cards/PINs will be issued for the existing Credit Cardholders under the following circumstances.

1. Supplementary Cards
2. Damaged Cards
3. Renewal Cards (Prior/Late)
4. Replacement Cards
5. Card Conversion
6. Loss/ Forgot existing PIN
7. Or any other valid request

1.10 Activation and Renewal of Cards

1.10.1 Activation

At the time of delivery, the card is in deactivated mode in any case, a new card is not activated as requested by the true card holder.

1.10.2 Renewal

Generally, the card is renewable once every four years, except for prior/ late renewal.

1.11 Limit Enhancements

1.11.1 Permanent Limit Enhancements

When the existing limit is not adequate for the current usage of the cardholder, a permanent limit enhancement can be arranged, considering the repayment capacity of the cardholder under two instances.

a) On the request of the Cardholder with a satisfactory repayment history throughout the period.
b) The Card Centre may decide to grant permanent limit enhancement due to satisfactory Card usage and repayment history, subject to obtaining consent from the cardholder (In writing).

1.11.2 Temporary Limit Enhancements

Cardholders may request a temporary limit enhancement for a specific short period (maximum time limit of six months) to meet urgent financial requirements. In this case, the enhanced limit and the interest due should be settled at the end of the agreed period.

1.11.2.1 Bonuses

A bonus is also a temporary facility granted to a Credit Cardholder by the Card Centre Authorization Unit to meet urgent hospitalization expenses in any domestic hospital or any other urgent expenses at the time of making payments. The facility is strictly restricted to meet that particular need and cannot be continued further. It should be settled within 14 days.

Requests for bonuses to meet other urgent expenses are considered on a case-by-case basis only against cash or near-cash security.

1.12 Limit Reduction

Limit reduction could also be considered under the following instances.

1.12.1 On a written request of the Cardholder, card limit could be reduced only up to Rs.25, 000/- once the cardholder settled the outstanding amount if any up to the limit requested.

1.12.2 When any abnormal patterns of Card usage are identified by the Card Risk Unit at the Card Centre.

1.12.3 Unutilized allocated credit limit for a long period.

1.13 Change of Personal Data

The customer is required to make a request to change any personal data, i.e. residential address, employment data, phone number, billing cycle, etc., through the branch or directly by post or registered email. In case of a change of address, documentary proof in the name of the cardholder is required.

1.13.1 Card Deactivation/ Activation

When a Credit Card is lost/ misplaced, the customer can deactivate the card by informing the Credit Card Centre/Contact Centre.

If the lost/misplaced card is found, a request along with the signature (by post or through fax) or an email (through a registered email address) should be provided by the cardholder requesting to reactivate the card.

1.14 Closing of Credit Card accounts

A Card Account is closed on the following occasions.

1. At the request of the Cardholder.
2. The Card Center may decide to close the Card account due to unsatisfactory repayment history, after informing the customer.
3. Newly issued undelivered credit cards, after informing the customer.
4. If a card has not been used and has remained expired for more than three years, the Bank may decide to close the card, after informing the customer.