

Sonali Bank Limited
Cards Division
Head Office, Dhaka

GUIDELINES ON CREDIT CARD OPERATIONS OF
SONALI BANK LIMITED

1.00: Introduction

The use of “Credit Card” as a payment instrument for purchasing goods and services is increasing day by day. Because of convenience, security, increase in the number of electronic Point Of Sales (POS) outlets and incentives offered by credit card issuers, the usage of credit cards is flourishing.

Considering the requirement of improving the electronic payment systems and the growth of domestic Credit Card operations, it is necessary to provide a framework of guidelines for the Credit Card by this bank for managing the risks of it’s Credit Card business and as well as to protect the customers' interest. Following guidelines on Credit Card operations is issued by Sonali Bank Limited in the light of Bangladesh Bank (BB) guidelines to ensure safe, secure and efficient operations of Credit Cards as a payment instrument.

2.00: What is a Credit Card

The term “Credit Card” generally means a plastic or a virtual card issued by Card Issuer assigned to a Cardholder, unsecured/secured, loaded with revolving credit facility, that can be used for purchasing goods and services on credit or obtain cash advances. Credit Cards allow Cardholders to pay for purchases made over a period of time, and to carry a balance from one billing cycle to the next, normally become payable after a free credit period during which no interest or financial charge is imposed. Interest is charged on the unpaid balance after the payment is due. For cash advances through Credit Cards, payment become due from transaction date and interest is charged on daily basis.

3.00: Issuing Authority

Credit Card in Bangladesh Taka can be issued by this bank in Bangladesh. Credit Card in foreign currency is to be issued by this bank as an Authorized Dealer (AD) bank . For issuing Credit Card, prior approval from BB is not necessary. With the approval of Board of Directors, the bank can issue Credit Cards.

4.00: Stakeholders to a Credit Card

A Credit Card scheme may involve the following stakeholders:

- a. Cardholders - persons who are authorized to use Credit Cards for the payment of goods and services, e-commerce and cash advances from ATMs or cash POS.
- b. Card Issuers – The bank which issues Credit Cards. This bank is authorized to issue the Credit Card.
- c. Merchants - entities which agree to accept Credit Cards for payment of goods and services;



- d. Merchant Acquirers - banks which enter into agreements with merchants to process their Credit Card transactions; and
- e. Credit Card Associations- The organizations which issue license to the Card Issuers under their trademark, e.g. Visa and Master Card, and provide settlement services for their members (i.e. Card Issuers and Merchant Acquirers).

5.00: Customer selection:

- a. All Permanent Assistant officer and above Officials and Executives of Sonali Bank Limited.
- b. Subject to having a savings/current account in this bank, Service holders of other Financial Institutions, Firms and Businessmen can avail Credit Card facilities.
- c. Teachers & Officials of Govt. School, College & University and Officials of Govt. Semi-Govt. Autonomous Body whose salary are disbursed through Sonali Bank Limited and whose dues can be recovered from salary & others.
- d. Credit Card limit can be issued on 80% current balance of Deposit schemes, FDR, Wage Earners Bond under lien.
- e. Officials & Executives of a Corporation can avail Credit Card facilities subject to guarantee given by its higher authority by making an agreement between SBL & the concerned corporation.
- f. Credit Card can be issued against Exporters Retention Quota A/C (ERQ) of the Exporters with branch.
- g. All pensioner Officials & Executives of Sonali Bank Ltd, Teachers & Officials of Govt. School, College & University and Officials of Govt. Semi-Govt. Autonomous Body whose pension are disbursed through Sonali Bank Limited can avail Credit Card facilities subject to guarantee given by successor.
- h. CEO and Managing Director of the bank can issue a Credit Card to a person on special consideration. All credit card applicants must have a valid e- Tin Certificate & NID .

6.00 Types of Credit Cards

Credit Card can be broadly categorized into three types:

- a. Visa Credit Platinum Card: Credit limit Tk. 8,00,000.00 (Taka Five lac) and above.
- b. Visa Credit Gold Card: Credit limit above Tk. 4,00,000.00 (Taka Three lac) and above but below Tk. 8,00,000.00 (Taka Five lac).
- c. Visa Credit Silver Card: Credit limit upto Tk. 4,00,000.00 (Taka Three lac).

These cards can be used for making payment for purchasing goods & services and are accepted by most of the merchants.

A Supplementary Credit Card is an additional Credit Card that is issued under original or principal card where payment obligation is on the principal cardholder. Foreign Currency Card for usage in abroad and dual Currency Cards with global usage privileges i.e. both in Bangladesh and all over the world will prevail.



7.00: Endorsement Process of foreign Currency in the Credit Card

- a. Credit Cardholders can apply for endorsement of U.S. dollar in the card for the purpose of travelling abroad.
- b. No need to pay cash Dollar for foreign currency endorsement. It can be endorsed by Card Division and Authorized Dealer Bank.
- c. In case of endorsement from AD Branch, it is needed to be confirmed the credit limit & withdrawable fund from Card Division. Moreover, it should also be confirmed whether the available F.C limit for this year has already been crossed in case of previous endorsement.
- d. In case of issuing F.C against the Credit Card, the endorsement must be confirmed in the respective passport.
- e. The Cards Division will solely provide F.C limit in the Card and will update it in the system. The photocopies of F.C endorsement passport & documents of the applicant must be preserved in the branch/ Cards Division. In case of endorsement against Credit Cards from A.D branch, the said photocopies will have to be sent to Cards Division.
- f. After endorsement of the FC limit against card, it should be activated instantly of the Cardholder. The limit would be deactivated when the Cards Division is informed regarding return back of the endorsee .The Cards Division will deactivate the limit if the valid time is expired.
- g. The money used as foreign currency can be deposited in any branch of Sonali Bank Limited vide the prescribed deposit slip of Cards Division.

8.00: (I) The related papers/documents to be produced for loan sanction.

- a. Recent passport size Photo of the Applicant.
- b. Loan Application.
- c. Employer's certificate (including updated information of salary & allowance)
- d. NOC (No objection Certificate) of the concern authority
- e. A letter of Authority to the effect that the bank can realize the dues of loan from customers salary, allowances, festival bonus, Provident fund, incentive bonus, if necessary.
- f. Letter of guarantee (if applicable)
- g. References of two persons acceptable to the Bank
- h. E-TIN Certificate
- i. NID Copy
- j. CIB Report.
- k. Revenue stamp
- l. Valid trade license (if applicable)
- m. Adhesive Stamp (if applicable)
- n. Deed of firm (if applicable)



(II) Charge documents:

- a. D.P. note (F-61)
- b. D.P note delivery letter (F-63)
- c. Revival letter (F-108)

(III) Charge documents required for issuance of Cards against Guarantee of others

- a. D.P. Note (F-62)
- b. D.P note Delivery letter (F-63) and
- c. Revival letter (F-106 and F-107)

9.00. Credit Limit and Settlement

- a. For the employees of Sonali Bank Limited: -

Designation	Maximum Taka Limit	USD limit
1.General Manager and above	10.00 lac	Equivalent of BDT Limit (Rounded)
2.Deputy General Manager	10.00 lac	
3.Assistant General Manager	9.00 lac	
4.Senior Principal Officer & Equivalent	8.00 lac	
5. Principal Officer & Equivalent	6.00 lac	
6. Senior Officer & Equivalent	4.00 lac	
7. Officer & Equivalent	3.00 lac	
8.Junior Officer & Equivalent	1.00 lac	
9. Assistant Officer & Equivalent	1.00 lac	
10. All pensioners, Officials & Executives of Sonali Bank Ltd those who draw their pension from any branch of Sonali Bank Limited .	The pensioners, officials & executive of Sonali Bank Ltd could avail the 50% of Credit Card limit in comparison with the grade from which he/she retired.	Equivalent of BDT Limit (Rounded)

- b. Other than Employees of Sonali Bank Limited: -

Description	Maximum Taka Limit	USD limit
Teachers/Officials of Govt. School, College & Universities and Officials of Govt. Semi Govt. Autonomous Body whose salary and allowances are	Taka Limit is equal to 06 (six) months basic salary.	Equivalent to BDT Limit. (Rounded)



disbursed through Sonali Bank Limited.		
i. All pensioners, Teachers & Officials of Govt. School, College, University and Officials of Govt. Semi-Govt. Autonomous Body those who draw their pension from any branch of Sonali Bank Limited.	Taka Limit is equal to 06 (six) months monthly pension benefit.	
Service holders of other Financial Institutions & Firms (Subject to having a savings/current account in any branch of Sonali Bank Ltd)	Taka Limit is equal to 06 (six) months basic salary.	Equivalent of BDT. Limit. (Rounded)
Businessmen (Subject to having a savings/current account in any branch of Sonali Bank Ltd)	2.25 lac	Equivalent of BDT. Limit. (Rounded)
Officials/Executives of Corporate Organization	Taka limit is equal to 06 (six) months basic salary.	Equivalent to BDT Limit. (Rounded)
Clients under Exporter's Retention Quota (ERQ)	Taka limit would be 80% of balance held in Exporters Retention Quota A/C under lien but maximum 25 lac.	Equivalent to BDT Limit (Rounded)
Deposit Schemes holders, Fixed Deposits holders and Wage Earners Development Bond holders of Sonali Bank Limited.	Limit would be 80% of current balance of Deposit Schemes but maximum 25 lac, FDR, Wage Earners Bond under lien.	Equivalent to BDT Limit. (Rounded)

c. Cardholders will be allowed to withdraw upto 50% of the card limit as cash.

d. Loan sanctioning authority

1. CEO & Managing Director	above 10.00 Lac & Proposals under Special Consideration
2. Deputy Managing director	Up to 10.00 lac taka
3. General Manager	Up to 9.00 lac taka
4. Deputy General Manager	Up to 6.00 lac taka

e. Cash withdrawal limit from ATMs: 100% of credit limit can be used in Point of Sale (POS) for purchasing. 50% of credit limit can withdrawn from ATM as cash.



However, the maximum per day limit for silver and gold cards is Tk. 1,00,000.00 and Tk. 2,00,000.00 for platinum cards.

- f. In case of cards issued in foreign currency against balances held in various foreign currency deposit accounts (for example: Resident Foreign Currency Deposit Accounts, Exporters' Retention Quota Account, etc.), the limit would be up-to the extent of balances held in respective accounts. In such cases, payment liability would be settled in foreign currency using balances of the respective accounts only. In special circumstances, where payment liability needs to be settled in taka, prior approval from BB (Foreign Exchange Policy Department) would be taken.
- g. In case of cards issued in foreign currency against various foreign currency entitlements (for example: Travel Quota, etc.) payment liability may be settled in Bangladesh Taka. In such cases the limit may be up to the extent of respective indicative limit (equivalent Bangladesh Taka) allocated to Bangladeshi nationals prescribed in Guidelines for Foreign Exchange Transactions (Vol-1), 2009 and subsequent Foreign Exchange Circulars/Circular Letters subject to compliance with Regulation-13 of Prudential Regulations for Consumer Financing (Regulation for Credit Cards).
- h. In case of dual currency card, limit in Bangladesh currency and foreign currency would be clearly segregated and mentioned in the sanction letter separately wherein total exposure of the bank i.e. aggregate credit limit will be subject to Regulation-13 of Prudential Regulations for Consumer Financing (Regulation for Credit Cards) and subsequent circulars or circular letters issued from time to time by Bangladesh Bank.
- i. International Credit Card issued against balance held in ERQ account must ensure the use for confide business purpose as per Section-13, Para-29(i) of Guidelines for Foreign Exchange Transactions, 2009 and subsequent circulars or circular letters issued from time to time by Bangladesh Bank.

10.00: Marketing of Credit Cards

- a. The terms and condition relating & Credit Card would clearly highlight the Cardholder's liabilities and obligations, eligibility conditions, interest/profits, fees, service charges, other charges and their method of calculation.

11.00: Eligibility of Customers

Credit Card in Taka and/or Foreign Currency shall be issued only to an individual who has following eligibilities-

- a. Citizens or residents of Bangladesh, those who are above 18 years of age on the date of the application and have sufficient and independent financial ability to pay card related liabilities occurred due to transaction. The age limit for the Applicant of Credit Card is 59 years and for the freedom fighters 60 years or age fixed by the government and 65 for the pensioners. Credit facilities will be cancelled if the specified age limit is exceeded. If the government increases the age limit, the credit facilities will also be extended up to the extended period.



- b. Issuance of Credit Card to non-resident/foreign nationals shall be subject to the provisions of Foreign Exchange Regulation Act, 1947, Guidelines for Foreign Exchange Transactions (Vol-1), 2009 and subsequent related directives issued by Foreign Exchange Policy Department from time to time.
- c. The customer must have a valid E-TIN certificate and clean/new CIB report.
- d. As Credit Card Issuer the Bank shall be solely responsible for fulfillment of all "Know Your Customer (KYC)" requirements and such documents shall be maintained under the safe custody.

12.00: Issuing Principal Credit Cards

- a. Credit Card shall be issued by this Bank on receipt of duly filled and signed application from a prospective customer, supported with necessary documents.
- b. The Bank shall properly assess the credit risk before issuing Credit Card to any applicant and apply prudent risk management checks as it deem necessary.
- c. The Bank shall allow a reasonable limit to a Cardholder based on the credit worthiness after assessing his/her income statements. The bank shall also obtain information available at the Credit Information Bureau (CIB) while assessing the credit worthiness of the customer.
- d. Cardholder who is holding several Credit Cards, the Bank shall take a declaration on the cards the customer possesses and an undertaking about the surety of such declaration.
- e. The Bank shall ensure appropriate collateralization of the amount in excess of the "Maximum Unsecured Limit" allowed under Credit Card to a Cardholder as stipulated in Regulation-13 of Prudential Regulations for Consumer Financing (Regulation for Credit Cards).

13.00: Issuing Supplementary Credit Cards

- a. A supplementary or add-on card shall not be issued to any person who is below 18 years of age. Exceptions however can be made in case of students aged between 16-18 years who are direct dependent of the principal Cardholder and for educational purposes only. Bank shall be extra cautious and assess the credit risk while issuing supplementary cards to persons with no independent financial means.
- b. The Bank shall make it clear to the principal Cardholder that he/she is ultimately liable for all the liabilities incurred by the supplementary Cardholders.
- c. Issuance of supplementary foreign currency or dual currency Credit Cards can be allowed.

14.00: Issuing Corporate Credit Cards

- a. Corporate Credit Cards can be issued to an employee or officer (being a director, member of the committee of management, chief executive, manager, secretary or other similar officer) of a body corporate.
- b. In case of corporate cards the body corporate shall bear sole liability for any amount charged to the Credit Card.



- c. While issuing corporate Credit Cards, the responsibilities and liabilities of the corporate and its employees must be clearly specified.
- d. The Bank shall consider the financial status of the corporations that apply for corporate Credit Cards instead of financial ability of individual Cardholders.

15.00: Terms of contract, interest/profit rates and other charges

- a. Card and loan term will be for 5 years. In case of renewal of the loan, the credit can be renewed if the debit balance is within the credit limit considering the satisfactory transaction of the customers, the length of service of the applicant and the guarantee period of the guarantor (if applicable). However, if the transaction is irregular (the defaulter), the limit will be renewed after full adjustment of the dues. The interest/profit rate is 14% for the officials / executives of this bank & 16% for other customers. Interest/ Profit should be charged on the unpaid amount due for payment.
- b. Any revision in the schedule of interest/profit rates, charges/fees, or terms and conditions and revision of any incentive would be communicated to all active Cardholders in legible writing/electronic means at least thirty (30) days before the effective date of such revision.

16.00: Billing Process

- a) The Bank would provide the Cardholders a statement of accounts in writing or in electronic means at the end of each month (billing period) fully disclosing the transaction details including the calculation of interest/profit & charges (if any), late payment charges (if any), due date and mode of payment etc.
- b) The Bank shall dispatch such billing statement to each active Cardholder at the end of each billing period at least fourteen (14) calendar days before the payment due date.
- c) If a Cardholder complains non-receipt of billing statement, a copy of it shall be dispatched to the Cardholder free of charge within five (5) working days from the date of receipt of such complaint.

17.00: Collection/Recovery Mechanism

- a. At the time of issuance, the Bank would properly communicate to the Customer the procedure of recovery in case of default payments.
- b. A Credit Card account will be treated as overdue if the minimum amount due, as mentioned in the statement, is not paid fully within the due date. Banks would report such overdue Credit Card accounts to Credit Information Bureau as stipulated in CIB Circular No. 02 dated 04 May 2011, and as amended from time to time.

18.00: Dispute Resolution

- a. The Bank shall put in place an appropriate dispute resolution mechanism commensurate with the volume of complaints.
- b. There should be a system of acknowledging customer complaints for follow up, such as complaint/docket number, even if the complaints are received on phone.



- c. The Bank shall clearly communicate to the Cardholders, whether they would be allowed to use the Credit Card during the investigation period in the event of a dispute.
- d. The Bank shall resolve the disputed transaction of the Cardholder promptly and as per the franchise rules of VISA, Master Card, or any other international card company/association, taking into account the nature of the transaction, distances, time zone, etc.

19.00: Internal control, monitoring and compliance

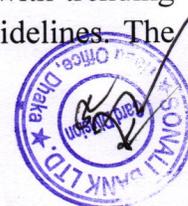
- a. To minimize the financial and any other associated risks, the bank shall have prudent and sound management, administrative, accounting and control procedures.
- b. The Bank shall conduct regular assessments, at least once a year, of the compliance with the Regulations, Guidelines and Code of Conduct.
- c. The Bank shall maintain proper data base and data recovery system pertinent to Credit Card operations for overall management, monitoring and control purpose.

20.00: Fraud Control

- a. The Bank shall set up internal control systems to combat frauds and take proactive fraud control and enforcement measures. The Bank shall actively participate in fraud prevention committees/task forces which formulate laws, regulations & strategies to prevent frauds.
- b. After each successful Credit Card transaction, The Bank shall notify (SMS/Email alert) the individual transacted amount to the Cardholder
- c. The Bank shall block a lost card immediately on being informed by the Cardholder.
- d. The enlisting of merchants shall be done after proper due diligence and evaluation.
- e. The Bank shall educate the merchants about the use of POS machine, genuineness and security features of Credit Card, signature verification and their rights and responsibilities under the agreement.
- f. Employees those are specialized in fraud monitoring and investigation are to be placed in risk management department.

21.00: Security of Credit Cards

- a. A PIN code or biometric safety measure should be ensured in point of sales outlets (POS) for card security. Two Factor Authentication (2FA) for all domestic face to face POS transactions, 3D Secure Application for e-commerce transactions, SMS and Email alert for Credit Card transaction must be ensured.
- b. The Bank shall ensure that all applications used for card banking solutions are Payment Card Industry Data Security Standard (PCIDSS) compliant. The Bank should ensure that all card related data processing, storage, transmission and operational activities are carried out in compliance with PCIDSS requirements.
- c. The Bank shall have a central monitoring system that ensures 24x7 security. If any unusual activity happens in Credit Card related transaction system, the monitoring team will notify related stakeholders and take necessary measures.
- d. The ICT policy of the Bank should be updated regularly keeping pace with trending technologies, new risk management tools and most recent BB ICT Guidelines. The

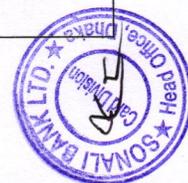


employees should be made aware of such ICT policy and trained on Security & Technology Operations.

22.00: Other Legal & Regulatory issues

- The Bank will ensure that contractual relationships with all relevant parties (both domestic and cross-border) are valid and enforceable in lawful court.
 - The Bank will timely perform the classification & provisioning on overdue Credit Card loans in accordance with the applicable rules & regulations issued by BB from time to time.
 - As a means of payment, credit card operations are also be subject to relevant circulars/guidelines issued by Payment Systems Department (PSD) from time to time..
 - The instructions/guidelines on KYC/AML/CFT issued by Bangladesh Financial Intelligence Unit from time to time would be adhered to in respect of all parties and transactions related to credit.
- e.

SCHEDULE OF CHARGES (IN TAKA)							
		For the Employees of Sonali Bank Limited			Others (Other than employees of Sonali Bank Limited)		
Card type		Silver	Gold	Platinum	Silver	Gold	Platinum
Yearly fee		500.00			800.00	1,700.00	2,500.00
Renewal fee		500.00			800.00	1,700.00	2,500.00
Card type Change fee		150.00			300.00		
Lost / Damaged Card change fee		200.00			300.00		
PIN change fee		100.00			100.00		
Supplementary card fee		150.00			300.00		
Interest rate		Annually 14% (To be applied on monthly basis)			Annually 16% (To be applied on monthly basis)		
Late payment fee		200.00			400.00		
Minimum Payment		5% of total outstanding or Tk. 500.00 whichever is higher			5% of total outstanding or Tk. 500.00 whichever is higher		
Endorsement Fee		200.00			200.00		
Cash Advance fee	Sonali Bank ATM	Free			Free		
	ATMs of other banks (Taka Transaction)	Tk. 100.00 or 1.5% of the amount to be withdrawn, whichever is higher. Besides it, Acquirer fees are applicable					
	ATMs of other banks (Dollar Transaction)	US \$ 3.00 or 2% of the amount to be withdrawn, whichever is higher. Besides it, Acquirer fees are applicable.					
Transaction fee	Sonali Bank ATM	Free					
	Q Cash ATM	Tk. 10.00					
	NPSB Transaction	Tk. 15.00 (including Vat)					
	VISA Transaction	Internal Transaction: Tk. 45.00 Foreign transaction: Acquirer fees are applicable					
POS Transaction fee		Free			Free		



SCHEDULE OF CHARGES (IN TAKA)		
Cash withdrawal limit	Per transaction (max)	40,000.00
	Cash withdrawal in a day	Platinum Card TK. 200,000 / - Silver & Gold Card TK. 1,00,000 /
	Per day transaction number	8
Balance enquiry	Sonali Bank ATM	Free
	Q Cash ATM	Free
	NPSB transaction	5.00
	VISA transaction	5.00
Card Cheque Book fee (10 pages)		25.00
Cheque Processing fee		0.5% of the specified amount (staff) 1 % of the specified amount (staff)
Cheque Return fee		200.00
SMS Alert fee		0.55/SMS (Actual cost)
Over Limit fee		100.00 500.00
Card Closing fee within 1 (one) year		100.00 300.00
CCTV video footage fee (Per footage)		Own Bank: 2,000.00 (Dhaka city), 3,000.00 (Outside Dhaka) Other Bank: As per other Bank's rule.
CIB Fee		As per Head Office Circular letter no-323, Dated:07.09.2011
Duplicate statement fee		50.00 (Per statement)
E-Commerce activation fee		100.00

(VAT will be included in all types of transaction fees)



