

[BSP CIRCULAR NO. 232, March 23, 2000]

CREDIT CARD OPERATIONS OF BANKS

The Monetary Board, in its Resolution No. 335, dated 3 March 2000, approved the amendments of the Manual of Regulations for Banks and Manual of Regulations for Non-Bank Financial Institutions on the applicability of DOSRI rules to credit card operations of banks and non-bank financial institutions authorized to engage in quasi-banking functions:

SECTION 1. Subsection X328.1 of the Manual of Regulations for Banks is hereby amended to read as follows:

"Subsection X328.1 **Applicability to credit card operations.** — The credit card operations of banks shall not be subject to these regulations where the credit cardholder is a director, officer, stockholder of the bank or their related interests (DOSRI): Provided, That (a) the privilege of becoming a credit card holder is open to all qualified persons on the basis of selective criteria which are applied by the bank to all applicants thereof; and (b) the bank director, officer, or stockholder/related interest concerned reimburses/pays the bank for the billed amount in full on or before the payment due date in the billing or statement of account, as set by the bank for all other qualified credit card holders on availments made for the same period on their credit cards. However, the transaction shall be subject to applicable DOSRI regulations if the director, officer, or individual stockholder/related interest concerned:

- (i) fails to reimburse/pay the bank within the period mentioned herein; or
- (ii) on the outset, opts for deferred payment scheme, and the availment is booked by the bank.

SECTION 2. Section 4328Q (or Section 4358Q under the New MOR) of the Manual is hereby amended by adding a new Subsection 4328Q.1 (or Subsection 4358Q1) to read as follows:

"Subsection 4328Q.1 **Applicability to credit card operations.** — The credit card operations of non-bank financial institutions authorized to engage in quasi-banking functions shall not be subject to these regulations where the credit cardholder is a director, officer, or stockholder of the non-bank financial institution or their related interests (DOSRI): Provided, That (a) the privilege of becoming a credit card holder is open to all qualified persons on the basis of selective criteria which are applied by the non-bank financial institution to all applicants thereof; and (b) the director, officer, or stockholder/related interest concerned reimburses/pays the non-bank financial institution for the billed amount in full on or before the payment due date in the billing or