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# A WORKING REPORT ON CREDIT CARD DEPARTMENT OF STANDARD CHARTERED BANK

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Independent University, Bangladesh

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A WORKING REPORT ON CREDIT CARD DEPARTMENT OF  
STANDARD CHARTERED BANK

by

Mohibul Hassan Khan  
ID: 0420061

An Internship Working Report Presented in Partial Fulfilment of the Requirement for the  
Degree of Bachelor of Business Administration (B.B.A)

INDEPENDENT UNIVERSITY, BANGLADESH

December 2008

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has been approved

November 2008

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Mr. Md Munir Hossain  
Senior Lecturer,  
Independent University, Bangladesh  
December 1, 2008

# Letter of Transmittal

December 1, 2008

Mr. Md Munir Hossain  
Senior Lecturer,  
School of Business  
Independent University, Bangladesh (IUB)  
Dhaka, Bangladesh.

Subject: Submission of the internship working report.

Dear Sir,

With due respect, I would like to inform you that, it is a great pleasure for me to submit the working report on “The Credit card department of Standard Chartered Bank”, as a requirement for BBA 499 program. While conducting the working report, I have gathered lots of knowledge on credit card in banking industry, especially Standard Chartered Bank, and enjoyed working there.

Sincerely Yours

.....

Mohibul Hassan Khan

ID# 0420061

## **ACKNOWLEDGEMENT**

I would like to take this opportunity to express my sincere gratitude to those who have supported me in completing this report successfully and made it possible for me to gather practical experience and to prepare this internship report.

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I would also like to thank all officials of Banani branch of SCB who provided excellent cooperation during the time of my internship. They have always shown positive attitude towards me and answered spontaneously to my queries. At the same time they provided me with lots of documents, which helped me in preparing this report.

Equally I would also like to express my sincere gratitude and indebtedness to the authority of Independent University, Bangladesh for their kind co-operation.

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## 1. Introduction

### *1.1 The beginning*

Having studied at Independent University, Bangladesh (IUB) for four years, I led out into the real world of jobs, careers and basically having to fend for myself. However, instead of having to go full throttle and dive right in, I had the luxury of going through an Internship Program to see what the real job world looked like and also to act as an indicator as to what path I wish to take in my future careers.

### *1.2 Origin of the report*

The Internship Program is a prerequisite for acquiring the BBA degree at Independent University, Bangladesh. It is a perfect blend of theoretical and practical knowledge. Although I have learned a great deal in my 4 years of BBA, the theoretical is not enough for handling the real business environment. Therefore, internship is an opportunity for the student to know about the field of business, see the application of topics learned in class and also learn and understand new concepts and techniques.

At IUB, I had to undergo an internship program of 12 weeks at an organization of my choice. Thus, I had chosen Standard Chartered Bank for internship program.

### *1.3 Objectives*

The main objectives of the study are as follows -

- To fulfill the requirement of the study.
- To provide an overall picture of Credit Card.
- To present a thorough view of credit card operation.

- Acceptance and usage of credit card round the world.
- Present situation and future prospect of credit card in Bangladesh.
- To find the problems faced by the credit cardholders.
- How Standard Chartered Bank can expand and increase its credit card business.
- What services Standard Chartered Bank is offering to its cardholders
- Present and potential promotional activities of the SCB.

#### *1.4 Methodology*

Following data collection method is used for conducting the study:

- *Secondary Data:* The study is based on secondary data. Data required for the study were collected from the Annual Reports of Standard Chartered Bank, Internet, MasterCard/VISA Card *Member Start-up kit*, Credit Card service directory of Standard Chartered Bank and other instruction booklets.
- *Direct Observation:* About three months observation helps me lot to get a clear concept of the Credit Card.
- *Personal discussion with respective person:* I had discussed with the PSO of Credit Card Division and other officials for relevant and extensive information for this study.

#### *1.5 Scope of the Study*

This report has been concentrated on the following area:

- Gain detailed and thorough knowledge about credit card.
- Acquire knowledge about the system operation of the credit card
- Understanding the selection and management of the merchant.

- Obtain knowledge about how the cardholders are monitored.
- Approval and Authorization Process of the credit card.

### *1.6 Limitation*

This report has some limitations due to various factors. So far the limitations that I felt are-

- As an intern I did not have access to many confidential documents and information which would have enriched the report to some great extent.
- Lack of time to prepare the report.
- Lack of adequate information.

## 2. Standard chartered bank – An overview

The Standard Chartered Bank is an international banking group that is incorporated in the United Kingdom, with its headquarters in London. The group focuses its activities in Asia, Africa and the Middle East and its operation is segmented under six regions: UK & US, Middle East and South Asia (MESA), South East Asia, North East Asia, India and Africa.

Globally, the key resources of SCB include:

- A network of over 1,750 branches and outlets in around 70 countries
- Our 75,000 employees, representing 115 nationalities, are exposed to exciting career opportunities as a result of our unique global footprint.
- Standard Chartered Bank's international businesses in Personal Banking, Corporate Banking and Standard Chartered Markets are its special strengths
- Standard Chartered Bank also maintains correspondent relationship with over 600 banks in 157 countries around the world.

The global strategies of Standard Chartered Bank are:

- To build and grow strong businesses in East and South East Asia - the Asia Pacific Region
- To enhance historical position in the Middle East and South Asia region
- To concentrate operations in the OECD in those activities that support Standard Chartered Bank's remarkable franchise in newly industrialized and emerging markets.

### *2.1 Company Image and Brand Identity*

Standard Chartered Bank is a solid, forward looking, and modern bank with a long record of sound performance. It is discarding its erstwhile conservative mould and in response to the current dynamic trends in worldwide financial activities, adopting an aggressive customer focused banking system. The effort that Standard Chartered Bank makes in order to portray the Bank as a brand image is very strong and successful.

The bank strives to portray in its brand image their five core values:

- ↻ Trustworthy
- ↻ Responsive
- ↻ International
- ↻ Courageous
- ↻ Creative

The bank rejuvenated its 150-year-old logo in 2003 by bringing in colors of green and blue. The logo shows the letters 'S' in blue and 'C' in green, twisted and curled with one another. The logo of the bank depicts the merger of two banks.



Figure 1: Logo of Standard Chartered Bank

## *2.2 Global Business Presence*

With its bold slogan “Leading the way in Asia, Africa and the Middle East”, Standard Chartered focuses its major business activities in the above three regions. Standard Chartered operates in almost all East Asian and Asia Pacific markets with the exception of North Korea. Some 60 per cent of the Group's profit comes from the Asia Pacific region.

Hong Kong continues to be of major importance to the Group and contributes 30 per cent of total profit. With around 80 branches in Hong Kong, SCB recently registered in the Hong Kong Stock Exchange to build a strong representation in China. Standard Chartered - a note issuing bank in Hong Kong - is well placed to continue playing an important part in Greater China's development.

Singapore also contributes a good chunk of profit for the bank, with the bank holding about 25 branches and its regional center. The five regions that Standard Chartered Bank has its presence in total of 48 countries are summarized below:

Table 1: Global Presence: At a Glance

Africa	Asia Pacific	Latin America	Middle East & South Asia	UK & USA
Botswana	Australia	Argentina	Bahrain	Falkland Islands
Cameroon	Brunei Darussalam	Brazil	Bangladesh	Jersey
Gambia	Cambodia	Colombia	India	UK
Ghana	China	Mexico	Iran	USA
Kenya	Hong Kong	Peru	Nepal	
Sierra Leon	Indonesia	Venezuela	Oman	
South Africa	Japan		Pakistan	
Tanzania	Laos		Qatar	
Uganda	Macao		Sri Lanka	
Zambia	Malaysia		UAE	
Zimbabwe	Myanmar			
	Philippines			
	Singapore			
	South Korea			
	Taiwan			
	Thailand			
	Vietnam			



Figure 1: Standard Chartered at Africa



Figure 2: Standard Chartered at Asia & Asia Pacific



Figure 3: Standard Chartered at Middle East & South Asia



Figure 4: Standard chartered at Latin America



Figure 5: Standard Chartered at UK & USA

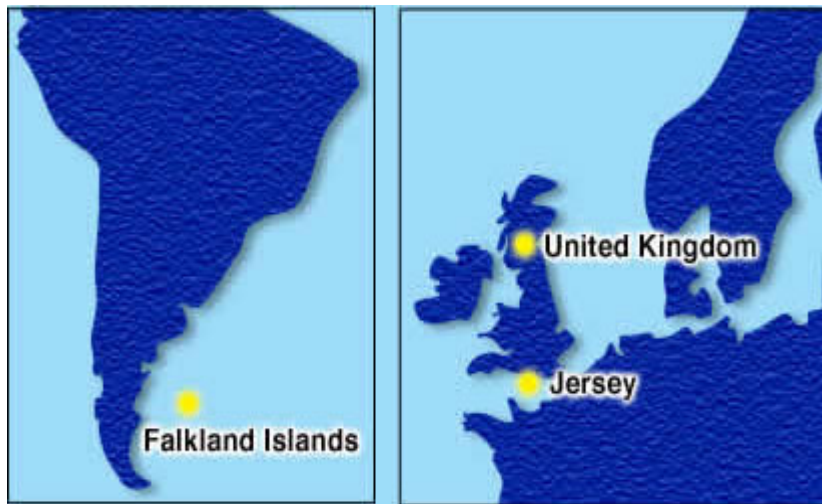
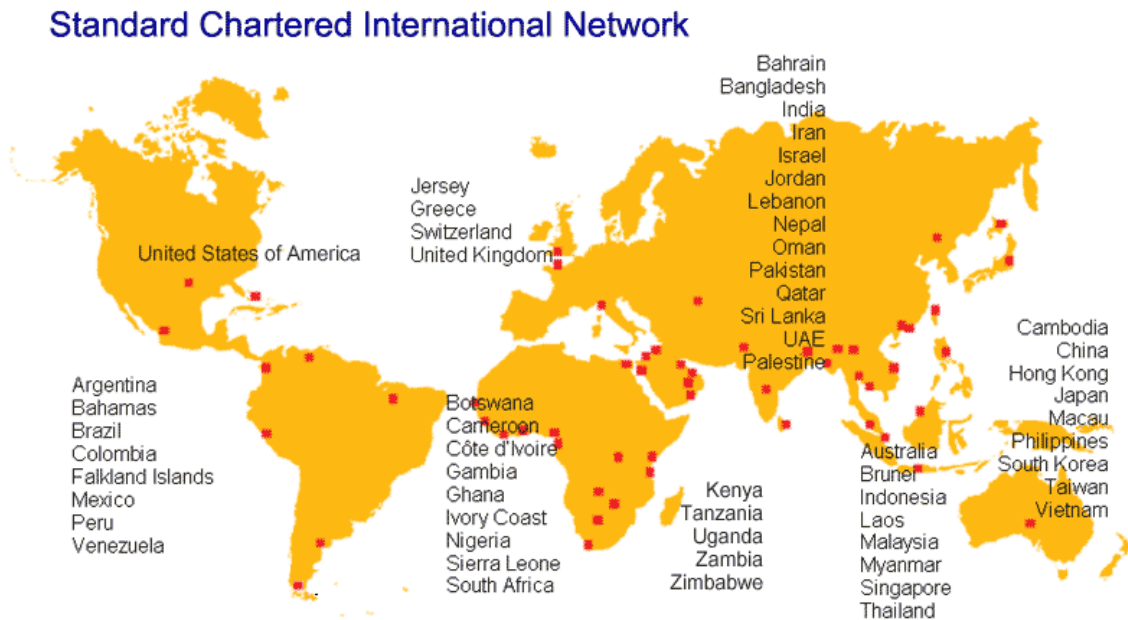


Figure 6: Worldwide network



### 3. History of Standard Chartered Bank

Standard Chartered Bank has a history of about 150 years. The name "Standard stems from the two original banks from which it was founded - the "Chartered Bank" of India, Australia and China and the "Standard Bank" of British South Africa.

#### *3.1 History of Standard Bank*

The "Standard Bank" was founded by another Scot, John Paterson in 1862. He immigrated to Cape Province in South Africa and became a successful merchant before founding "*The Eastern Province Herald*" which is still published today. Coming from a similar background as Wilson, he also saw great trading possibilities between Europe and his adopted country, and together with local business interest he founded the bank.

#### *3.2 History of Chartered Bank*

The "Chartered Bank" was established in 1853 by a Royal Charter granted by Queen Victoria of England. The main person behind the Chartered Bank was a Scot, James Wilson who had also started "*The Economist*" still one of the most eminent publications today. He foresaw the advantages of financing the growing trade links with the areas in the east, which no other financial institution was doing at that time.

#### *3.3 Standard Chartered Bank: The Merger*

The two banks expanded and prospered with time and decided to merge in 1969. On January 30, 1970 the new shares of the Standard and Chartered Banking Group Limited were listed in the London Stock Exchange. The original building of the Chartered Bank at 38 Bishopgate was demolished in June 1980 and new headquarters of the Standard Chartered

Bank PLC was opened on the same site by Queen Elizabeth II on March 20, 1986. Becoming stronger after the merger, Standard Chartered Bank embarked upon serious expansion in Europe and the United States, The Standard Chartered Merchant Bank was built up from a number of acquisitions made during the 1990s. In the last thirty years, Standard Chartered Bank has experienced continuous growth, which led to its becoming one of the top 100 listed banks in the world. It was also judged the best bank in the Asia-Pacific region in 1993 and 1994 for its rate and excellent service.

#### 4. Standard Chartered Bank in Bangladesh

The Standard Chartered Bank started operating in Bangladesh in 1948, opening a branch in Chittagong. The branch was opened mainly to facilitate the post-war reestablishment and expansion of South and Southeast Asia. The Chartered Bank opened another branch in Dhaka in 1966, where it is still headquartered. After the merger of the Chartered Bank with the Standard Bank in 1969, the Standard Chartered Bank took up a program of expansion. It increasingly invested in people; technology and premises as its business grew in relation to the country's economy. In 1993, there was an organizational restructuring, which led to a substantial expansion of the Bank's business. . At present the bank has 18 branches in Dhaka, Chittagong, Khulna, Bogra and Sylhet, including the country's only offshore banking unit inside the Dhaka Export Processing Zone at Savar.

Bangladesh is under the South Asia region, with the controlling office in Mumbai. Its correspondent relationship with Sonali Bank, the largest bank in Bangladesh, gives its customers access to all major centers in the country. Standard Chartered Bank's worldwide network facilitates convenient connections with foreign trade and remittance business.

Standard Chartered Bank's branch banking license in Bangladesh allows it to offer a full range of banking services.

Since the organizational restructuring in 1993, the amount of deposits and loans in 1997 has increased by more than five times. There is an overall increasing trend of Standard Chartered Bank's market share in terms of deposits and advances. In 1995, the market share in terms of advances was 200/o, which peaked to 290/o in 1996 and fell by 3% in 1997. In the case of deposits, the market share of Standard Chartered Bank increase 16% in 1995 to 18% in 1996, and increased by another 2% in 1997.

In terms of profit before taxes, there is a rise from eight million BDT in 1990 to its highest amount of 750 million BDT in 1998. The largest increase of 438% took place in 1991. Although the growth rate began to decline gradually from 1993 (from a 170% to 5% in 1998) the overall increase reflects a substantial positive trend. Standard Chartered Bank's growth in terms of profit and market share depicts an overall positive trend.

#### *4.1 Acquisition of Grindlays*

Standard Chartered Bank has taken advantage of the expansion opportunities. Buying Grindlays from ANZ now propels it from number five to number one among international banks in India, with some choice extra footholds in the Middle East.

At 1.3bn U.S dollars, it is hard to complaint that Standard Chartered has overpaid. The financial ease is less compelling for ANZ shareholders, as there are advantages to getting out of a strategically peripheral business. This acquisition of Grindlays Bank has added 6000 employees and 4 countries to Standard Chartered's existing network of 27,000 employees and 570 offices in 50 countries.

The end result is that Standard Chartered, which went into the 1997 Asian Crisis with strong business in Hong Kong, Singapore and Malaysia, emerges with additional core markets in India and Thailand.

The deal has made Standard Chartered the largest foreign bank by assets in India, Pakistan and Bangladesh and the second largest in Sri Lanka and the United Arab Emirates. The bank had been seeking to expand in the region since the end of the Asian economic crisis, and has finally become successful in its expansion.

The primary goal of the integration is to combine the best of both companies, and put right people in the right jobs on the basis of fairness and equitability.

#### *4.2 Acquisition of Amex*

Standard Chartered Bank successfully completed the purchase of American Express Bank Ltd's business and branches in Bangladesh on 31st July 2005. Over a three month transition period ended 31st October, 2005, all the assets and liabilities of American Express, including customers deposits and loans had transferred to Standard Chartered. American Express had ceased to operate as a commercial bank in Bangladesh from 1st November, 2005 and all its branches and cash booths had converted to the SCB brand and operating platform as on such date.

#### *4.3 Present Status*

Standard Chartered is the largest foreign bank in Bangladesh with almost 70% of the foreign Bank market share. Not only in Bangladesh, it is also the leading bank in most of the South and Southeast Asian and African countries.

## 5. Organization Structure

Almost all the senior level managers and unit head have two reporting bosses - one country line manager and one group line manager. For example, the Head of Consumer Banking of Bangladesh will report to CEO of Bangladesh and the Head of Consumer Banking of the SA Region.

### 5.1 Group Structure

As mentioned earlier, SCB divides its area of operation into six regions. These six regions have their regional headquarters which are under the control of the London office. For example, Bangladesh, being in the South Asian region, is under the control of the regional center in Mumbai, India.

### 5.2 Departments and Units of SCB Bangladesh

Structurally the bank has two divisions - Business and Support. The Business division consists of three departments -

- ↳ *Consumer Banking*: This department deals with individual deposits and loan services, credit card services, branch networks, credit and collection etc.
- ↳ *Client Relationships (Corporate Banking)*: This department deals with company deposits and loan services, trade services, financial institution services.
- ↳ *Global Markets (Treasury)*: This department deals with money market investments, foreign exchange services, corporate sales, syndicated loans etc.

There is another department named Group Special Asset Management (GSAM) which deals with risky assets such as defaulted loans.



The support division consists of the following departments –

- ↳ *Service Delivery (Operations)*: This department deals with the processing activities of the business departments.
- ↳ *Finance*: This department deals with the financials of the organization and reporting.
- ↳ *Human Resources*: As the name indicates, this department deals with the people of the organization.
- ↳ *Administration*: This department ensures the smooth running of the organization by providing logistic support, etc.
- ↳ *Legal and Compliance*: This department deals ensures compliance with the local (country) and group regulations.
- ↳ *Corporate Affairs*: The corporate affairs department deals with issues like social responsibility, sponsorship etc.
- ↳ *Credit*: This department is responsible for credit rating and approvals of corporate clients.
- ↳ *IT Services*: This department ensures the smooth running of the huge SCB information network and security issues.

### 5.3 Chain Of Command

Standard Chartered Bank in Bangladesh follows a hierarchy pattern of command. The Chief Executive Officer (CEO) for the country reports to the Regional Manager, MESA in Dubai. All other Departmental Heads at the head office report to the CEO. A Manager or Senior Manager reports to the Divisional Heads. The respective Branch Managers or Branch Sales and Service Managers (BSSM) are responsible for the performance of their unit. Each branch is organized functionally along line divisions with some support facilities and the manager assigns tasks to his / her subordinate personnel and supervises their performance.

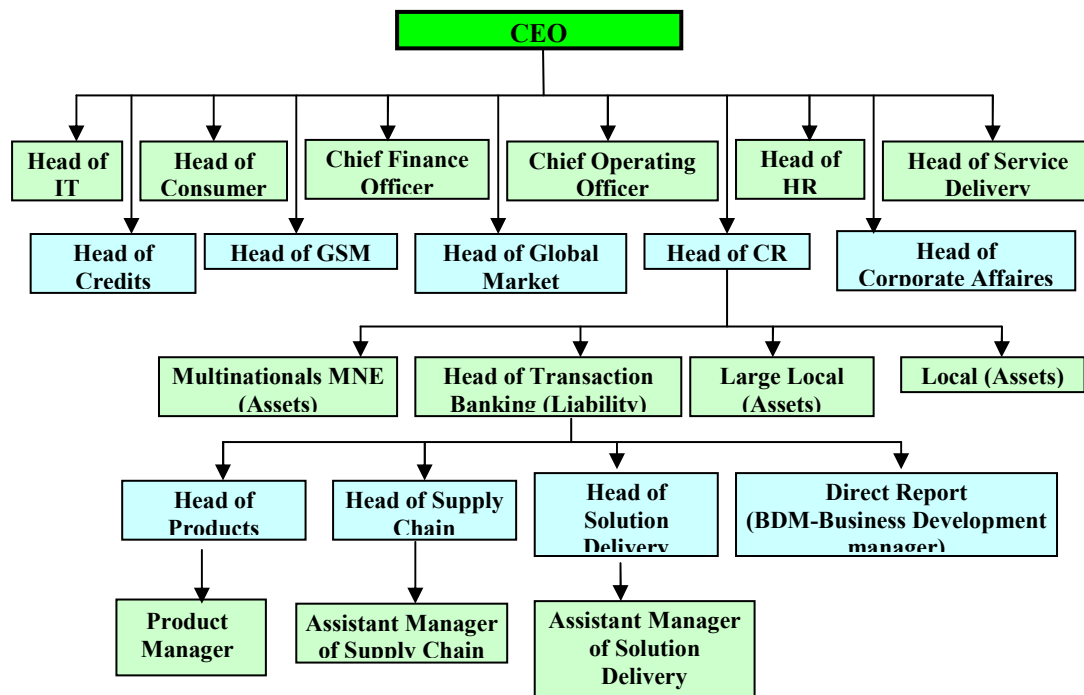


Figure 7: Organization Structure of SCB

#### 5.4 Management

The goal of Standard Chartered Bank is to be the “Bankers of First Choice”. The overall planning in the organization is performed at the head office in Dhaka by a Management Committee (MANCOM), which is headed by the CEO and consists of the business heads of the different divisions.

The committee meets once a month or when any special situation arises, to plan the strategic decisions. The decision making, although apparently a top down approach leaves room for participation down to the level of department heads, who are responsible for carrying out the planning of their department within the broad guidelines set by MANCOM.

## 6. SCB Bangladesh - products and services

SCB Bangladesh activities are focused around its three business units and their respective products and services. The products and services and services of SCB Bangladesh have been discussed in detail according to the three business units.

### *6.1 Consumer banking products*

Consumer banking deals with the banking services to individuals. It includes the following products and services of the bank:

#### *6.1.1 Currents Account*

Tailored to meet the needs of individual and commercial customers, SCB current account offers benefits like free cheque book, ATM service, Phone banking, account access from any branch, and instant fund-transfer (free of charge) amongst various branches in the country. Minimum opening balance required is Tk. 20,000. Minimum opening balance is Tk. 20,000 but minimum average for interest is Tk. 50,000.

#### *6.1.2 Savings Account*

It is an assortment of best benefits available in the market, offering a wide range of special treats free of cost to SCB's retail customers. The most attractive treat is the competitive tiered interest rates, which ensures higher returns for larger deposits. Anyone looking for an opportunity to build a sound saving base can avail this Savings account, which includes the following benefits:

- Free cheque-book, ATM card and phone-banking service
- Account access from all branches in Bangladesh

- Opportunity to apply for - safe deposit locker facility, utility payment service through ATM and any of the SCB's personal finance products.

### *6.1.3 Fixed Deposit*

It is the Ideal product for nesting surplus deposit for future long-term investment. SCB's fixed deposit, known for its high-yield, helps the customer earn the maximum possible return in addition to the following features:

- Can be opened for a term of 3 months, 6 months or 12 months
- Tiered interest rates, offering higher rates for larger amounts
- Interest payable on maturity
- Automatically renewable (with or without interest)
- Can be used as security against personal/ commercial loans

### *6.1.4 Call Deposit*

Call Deposit is an easy way to turn short-term savings into high-yield assets, blending of the flexibility of a current account with the yield of a fixed deposit. Other features include:

- Competitive interest rate
- No withdrawal restriction irrespective of frequency or size subject to seven day's notification.

### *6.1.5 Residents Foreign Currency Deposit (RFCD)*

It is a specially designed foreign currency account for resident Bangladeshis. It offers wonderful opportunity to build a deposit base in foreign currency. Helps make payment for

overseas commitments and dues like credit card bills, traveling expense etc. Main features include:

- Offered in USD, GBP and Yen
- Competitive Interest on deposit
- Can only be opened within 6 months of arrival from abroad
- Deposit can be made in foreign currency only (cash, TC or Drafts)
- Cash withdrawal in local currency only
- Fund Remittance (in both Local currency and Foreign currency) to any place in and out of the country (without restriction)

#### *6.1.6 Foreign Currency Current Account*

Applicable to Bangladeshis working abroad, it can be opened in USD, GBP and Yen without restriction on transaction frequency. This account can be operated through nominees in absence of the accountholder. Fund remains in foreign currency and is freely remittable.

Main features include:

- Deposit can be made in foreign currency only (cash, TC or Drafts or transfer from other Foreign currency account)
- Cash withdrawal from the account is in local currency only
- Fund Remittance (in both Local currency and Foreign currency) to any place in and out of the country (without restriction)
- Fund can be used to make investment in Wage Earners' Development Bond

### *6.1.7 Non- Resident Foreign Currency Deposit*

It is a short-term foreign currency deposit account suitable for Bangladeshis living abroad, offering most competitive interest rates available in both local and international markets. Other features include:

- Interest paid in Foreign currency
- Can be opened for a term of 1 month, 3 months, 6 months or 12 months
- Interest rates are tiered (based on amount and term)
- Interest payable on maturity
- Automatically renewable (with or without interest)
- Can be used as security against personal/ commercial loan
- Remittance in both Local currency and foreign currency to any place in and out of the country.

### *6.1.8 Cashline*

This product permits ready access to cash without disrupting interest-earnings on fixed investments. It provides ready access to cash against quasi-cash investment papers like Terms deposits (Local currency / Foreign currency) Savings Certificates, Wage Earners' Development bonds, ICB units certificates etc.). Other features include:

- Both Revolving & terminating options
- High utilization Limit (based on security value)
- Quarterly payment of Interest (only on the outstanding amount)
- No commitment fee (on unused limit)

### *6.1.9 Money Builder*

Unique savings plan that helps customer build up a sizeable savings base over a period of 5 years. One can begin to save with a small amount, add affordable monthly installments for 5 years and get an amazing return on maturity. On top of all this, client gets a free accident insurance scheme covering the 5-year savings period.

### *6.1.10 Personal Loan*

It is an easy and fast loan product that requires minimum documentation no cash security, no down payment and minimum processing time. Main features include:

- Available for any personal reasons ranging from purchase of consumer durable, educational expenses to medical treatment.
- 3 different repayment-tenor options - 12, 24 or 36 equal monthly installments.
- Can be secured by salary assignment and employer's undertaking or personal guarantee.
- Can be repaid in advance, anytime ahead of maturity date

### *6.1.11 Phonelink*

Phonelink in Bangladesh was inaugurated in March 1997. It helps to bring banking within the dialing distance of the customers, providing access to account information and details, 24 hours a day from the privacy and comfort of their homes, offices and cars.

Phonelink service is offered to all customers free of charge. The Phonelink service includes:

- Automated Services:
- Account-related services

- Foreign currency related information
- Change of Telephone Identification Number (TIN)

Through the Phone bankers one can avail the following services:

- Enquiry on the product services
- Change of account address
- Notification to the bank of lost or captured Moneylink ATM Cards
- Stop Cheque instruction
- Pay Order / Demand Draft preparation (to be collected later by the customer) Status enquiry on remittance
- Renewal of fixed deposit or opening of new fixed deposit
- Other account opening assistance

#### 6.1.12 *Moneylink*

Standard Chartered Bank launched Moneylink ATM in 1994, the first bank to offer this service in Bangladesh. Moneylink ATM service is free of charge, offering the following features:

- Cash Withdrawal & deposit
- Cheque book request
- Change of PIN
- Printing of mini-statement
- Payment of utility bills.



### *6.1.13 Safe Deposit Locker*

SCB safe deposit locker service offered from Dhanmondi, Dhaka and Sylhet branch gives you a modern facility for safekeeping of precious items, confidential documents and other valuables. Other features:

- Personalized service from a dedicated locker officer
- Available to any customers (for an annual fee which depends on locker size)
- Accessibility anytime during the banking hours
- No additional charge for locker visit

### *6.1.14 Priority Banking*

Standard Chartered Bank Bangladesh offers Priority Banking, a special service package for our valued customers. Under this segment an exclusive combination of services are offered to customers who signed up for it. Some of the benefits offered under the program are:

- A Priority Card that recognizes client's Priority Status at all our local branches and also at our global Priority Centers
- Higher withdrawal limit per day from all ATMs in Dhaka, Chittagong & Sylhet
- Privileges associated with the Priority card in reputed hotels, restaurants and stores locally and globally
- Exclusive Priority Center in Dhaka, Chittagong & Sylhet with reserved parking space
- Dedicated Customer Relationship Personnel at the Priority Centers

- And also commission free SCB Visa travelers' cheques against travel quota, swifter transactions, pre-arranged banking services and invitation to special social and cultural events.

All one need to do is to meet the priority criteria (set in terms of deposit value), and sign up the relevant forms and the client will immediately be eligible for all the benefits

## *6.2 Corporate banking products*

Corporate banking products and services are designed to cater the needs of the corporate clients. Some mentionable are:

### *6.2.1 Lending*

Two types of lending facility are provided to client at present:

- *Loan Structure and Syndication:* this facility helps borrowers to meet substantial financing needs by enabling them to reach the banks most interested in lending to their particular industry, geographic location and structure through syndicated debt offerings.
- *Working Capital/Term Loan:* To help the client meet their financial obligations and operate effectively, the bank offers assistance in the form of working capital loans, overdrafts, term loans (including real estate loans and other secured debt), backstops and revolvers.

### *6.2.2 Cash Management*

Standard Chartered is highly recognized as a leading cash management supplier across the emerging markets. SCB's Cash Management Services cover local and cross border

payments, collections, information management, account services and liquidity management for both corporate and institutional customers. Its features include:

- Manage the availability of client's funds efficiently
- Monitor and control the movement of funds
- Settle payments to client's suppliers in a timely and cost-effective manner
- Capture every investment opportunity to increase client's income.

### *6.2.3 Trade Finance*

Standard Chartered possesses 140 years of experience in Trade Finance. The bank has presence in over 40 countries, in addition to our extensive network of overseas banking partners and correspondents. The bank obtained ISO9002 accreditation for its quality service. Dedicated trade and payment systems are in place to make sure that every transaction, even across different currencies, will be professionally executed.

### *6.2.4 Structured Finance*

Standard Chartered provides Commodity, Structured Trade and Export Finance global group ("Structured Finance") service. Many financial institutions have been retreating from these markets. Standard Chartered stands out as the only bank which is committed to financing Commodity and Export Credit Agency supported trade flows while being focused entirely on emerging markets oriented business. More and more clients are taking advantage of Standard Chartered's unique combination of Structured Finance expertise and presence on the ground in Asia, India, Middle East, Africa and Latin America through its network of branches.

As a result, Standard Chartered has gained a reputation as a market leader in Structured Finance. It fields 70 professionals globally operating out of New York, London, Zurich, Singapore, Tokyo, South Korea, Hong Kong and Singapore. This team results from significant acquisitions of Structured Finance businesses from UBS and CIBC over the last 2 years which is further testimony to Standard Chartered's commitment to this core business.

Its key features include:

- Access to long establish expertise in Commodity Finance and willingness to accept the credit risks associated with approved counterparts.
- Access to structuring skills for emerging markets medium term financing and to country limit availability for many countries in Asia, India, Middle East, Africa and Latin America.
- Presence on the ground in many emerging markets which facilitates transactions through local knowledge and the provision of local commercial banking infrastructure.

## 7. Credit card – An overview

### *7.1 Credit Card*

The 'credit card', though a new phenomenon in business and the transaction arena, has been able to win the hearts of millions across the globe. It has now set its foot in this part of the world with its magical power and becoming a way of life here by offering its handy feature and usefulness. In the advent of Information Technology and globalization, now shoppers need not worry about money, all they need is willingness and a credit card to buy anything they want at any places across the 'Global Village'. Worldwide access, acceptability and popularity as well of credit cards have rose to such an extent that it is now posing a threat to theory of old 'hard-cash' possession of currencies amid growing sense of insecurity worldwide. The forward march of 'plastic money', the other name of the credit card, is so rapid that the whole concept of monetary system needs immediate review as it has put a question mark in the very existence of paper money.

### *7.2 Brief History*

The card facility was first introduced in the United States in the beginning of the 20th century. Western Union, a US money transfer company, started issuing an embossed metal plate to its preferred customers in 1914. The cardholder had to pay an annual subscription to join the club. This was the beginning of the charge card.

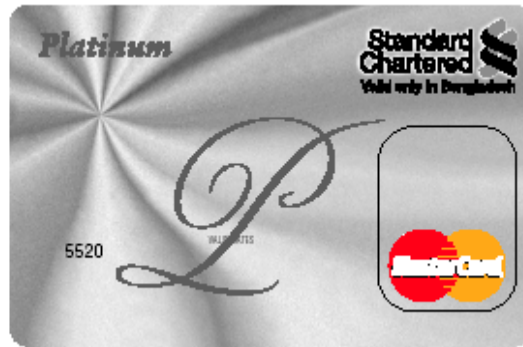
In the 1920s, a shopper's plate - a "buy now, pay later" system - was introduced in the USA. It could only be used in the shops, which issued it. In 1950, Diners Club and American Express launched their charge cards in the USA, the first "plastic money". In 1951, Diners Club issued the first credit card to 200 customers who could use it at 27 restaurants in New

York. But it was only until the establishment of standards for the magnetic strip in 1970 that the credit card became part of the information age. In 1958 American Express Bank, like Dinner Club, started card on travel and entertainment. By 1959 the system evolved in great magnitude. A cardholder was allowed to pay off the full amount at the end of the month or to spread payment to suit his or her requirements. The customer's monthly payment included a finance charge on the unpaid balance. In 1960 Bank of America introduced its own card, the Bank America card and offered license to other banks in 1966 that brought this system into world arena. A good number of banks across the world bought the license and marketed credit cards.

On the other hand, in 1967 four California banks changed their name from the California Bankcard Association to Western State Bankcard Association (WSBA). WSBA opened its license to other financial institutions. Its bankcard product was known as Master Charge. Numerous financial institutions became Master Charge members to compete with Bank America card. In 1977 Bank America card was renamed as Visa USA/Visa International and in 1979 master Charge changed its name to Master Card maintaining the lofty standard to meet up the customers' expanded needs.

### *7.3 Physical Feature*

The credit card is rectangular and looks like a phone card. It is a layered piece of hard plastic with holograms and security features. It also carries a strip of magnetic tape on the back, which is loaded with electronic data including the cardholder's details. The strip is read electronically by specialized machines called Point of Sale (POS) Terminals at merchants or Automatic Teller Machines (ATM).



#### 7.4 Types of Credit Card

Credit cards are used as a medium of payment at different Point of Sale (POS). There are various types of cards being used around the world. The main categories are as follows:

- *Standard Card:* It is the original MasterCard (known as Silver card) or the VISA Classic Card. It allows a cardholder to make purchases or draw cash against a credit line. Now days it often includes value-added services, which used be offered only to gold card customers. To increase the card's competitiveness the issuer adds these enhancements.
- *Gold Card:* The gold card also known as Gold Master card or VISA Gold, generally has higher minimum credit lines than the standard card. It offers additional features such as travel insurance and purchase protection plans.
- *Business Card:* It is used for commercial accounts, allowing businesses to provide employees with cards for business travel and entertainment expenses. Business card statements are itemized by employee account, thus making expense auditing and accounting procedures easier.
- *Purchasing Card:* These are designed to help companies maintain control of small purchase, while reducing the administrative cost associated with authorizing, tracking, paying and reconciling those purchases.

- *Affinity Card*: These cards provide a method for members of the group or organization to financially support the organization. The issuer will generally pay the organization for each card issued and/or on a position of the issuer's income from card use.
- *Co-branded Card*: This is customized card issued by a financial institution bearing the logo of a specific retailer or service provider that wishes to solicit its customer.

### *7.5 Security & Fraud:*

An efficient security program will minimize the risk exposure and protect the profitability of the business. Therefore, every business involving credit card operation must establish a security program that includes:

- staff trained in card security and fraud
- physical protection of all plastics
- internal control procedures
- merchant and cardholder education
- fraud prevention measures
- early warning systems

### *7.6 Importance of Credit Card*

A credit card is a great financial tool. It can be more convenient to use and carry than cash, and they offer valuable consumer protections. Paper money and coin are risky and burdensome for carrying. One can avoid the toll of finger-counting changes in this system. Dollars, Pounds or Taka can be plundered, lost or stolen. But there is no such fear for card. The cardholder is given a code number called PIN (Personal Identification Number) without which the card cannot be used at sales or services points where the PIN is required. Only the



owner of the card will be entitled to use it. In case the card is stolen or lost the clients' bank will issue a fresh card.

### *7.7 Criteria to be a cardholder*

A person has to fulfill some criteria to be a cardholder. Every bank has its own array of criteria by which the qualification of an applicant is assessed. The criteria may range over such factors as income range, social status, place of living, education, designation etc. It's quite natural that if the selection criteria for the members are more flexible then their clients would be more. On the other hand, if the selection criteria are more conditional and harsh then its operation would be limited.

### *7.8 Limitations*

There are many business centers, which do not give card facilities causing troubles to the cardholders. The most disadvantage of the card is that all the people wishing to be cardholders cannot enjoy card facilities because of ceiling-touch income bracket along with other criteria, only a certain section of people fulfilling criteria can be cardholders.

### *7.9 Defaulter*

There are number of credit cardholders who do not give the money to the bank after finishing the card limit. In this case, the banks have to fall in troubles and expansion of credit cards is naturally discouraged. Again, there are some people who try to take illegal advantage over credit cards. A person was arrested on charge of possessing fake credit cards. The person is the owner of a departmental store providing with credit card facilities to the customers. It is expected that credit cards will be used in a fair way in our country and credit cardholders having ill motive should be prosecuted to check the malpractice.

## 8. Credit Card in Bangladesh

Credit Card is a relatively new product in the commercial sector of Bangladesh. So far this phenomenon has only been able to attract the rather smaller part of the mass population which is the elite and affluent people. Slowly it is becoming popular among the upper class of the society. General people are reluctant to use credit card and enjoy the credit facility. There are some limitations and economic constraints, which have resulted in general peoples' lack of interest and lack of chance for using a credit card. In many cases they do not have a clear concept of credit card, how it operates, what facilities it provides. That is why the usage rate of credit card in Bangladesh is quite low in comparison with other developed countries.

At present about 11 financial institutes are giving credit card facilities in our country, they are- Standard Chartered, HSBC, National Bank Ltd., Eastern Bank Ltd., Prime Bank Ltd., Arab Bangladesh Bank Ltd., UCBL, Southeast Bank Ltd., City Bank Ltd., Lanka Bangla, Vanik. Standard Chartered Bank, took a pioneering role in introducing credit card in Bangladesh. It started acquiring Visa and Master card nearly 10 years back. Because of the limited numbers of users and limited market, these institutions cannot go for a very aggressive marketing. Yearly fees and sufficient securities are required by the banks for issuing credit card to individuals. Not every big shopping centers or departmental stores have the machines to accept payment by credit cards let alone the small corner shops. Even in big shops with credit card facility, often the system does not work or the staff creates problem in handling the transaction; that is why most customers feel more comfortable in paying their bills in cash. Because of the small numbers of card issuing authority, there is not a great competition in this sector and therefore there are not a range of offers directed to capture new users. People in all levels of society are more inclined to handle their transactions in cash rather than in 'plastic money'. To an ordinary person, cash will be preferred to credit card in

the issue of credibility. In order to expand this business more other banks, financial institutes should come forward. Enough advertisements and offers should be extended for capturing new customers not only from the elite group of the society but also from the middle class group. More steps should be taken to bring to the attention of the general public about the concept of credit card, its uses, its operations and its advantages.

## 9. Credit card of Standard Chartered Bank

Standard Chartered Bank took a pioneering role in introducing credit card in Bangladesh. It started acquiring Visa and MasterCard nearly 10 years back. In the first few years, its operational area was very limited and concentrated only on the large hotels and restaurants. In 1997 the bank decided to launch full-scale card operation and very realistically brought a wide range of people under its service system. It is now giving a wide range of card services through multifarious quality facilities.

The bank has mainly two types of cards such as local cards (Visa Silver, Visa Mini, Master Card Cricket, Soccer Card, Master Card Silver, Master Card Gold, Master Card Platinum) and international cards (Visa Silver, Visa Gold). Master Card Gold is targeted to high-end customer bases that have a higher income. Silver cards have lower credit limits. The minimum income requirement for Silver is Tk.14, 000 per month and for Gold is Tk.50,000 per month. The income of the applicant along with other financial data is the preliminary consideration in deciding the limit of credit. Standard Chartered Bank offers air travel accidental insurance to its cardholders and this is maximum of Tk1, 00,000 for Silver and a maximum of Tk.5, 00,000 for Gold. The bank has ATM machines in Dhaka, Chittagong and khulna. Several more new machines will be installed in phases. Standard Chartered Bank has initiated for the cardholders' benefit that a cardholder can withdraw maximum 50% of his

card's limit in cash on 30% interest. Earlier a cardholder could withdraw only 20% of his card limit on the same interest.

### 9.1 Types of credit card in Standard Chartered Bank

Standard Chartered Bank provides two types of credit cards one is local another is international.

#### 9.1.1 Local Credit cards

Under local cards there are mainly three types of card:

- Master card
- Master card silver
- Master card gold
- Master card platinum
- Visa card, which is also known as Visa Silver

Master card gold has a credit limit of BDT 100,000 to BDT 300,000. Master card platinum has a credit limit of more than 400,000 BDT. Master card silver has credit limit of BDT 10,000 to BDT 90,000, and Visa Silver credit card has a credit limit of BDT 10,000 to BDT 90,000. Limits are based on job grades or income per month.



**Master card silver**



**Master card gold**

### 9.1.1 International credit cards

To apply an international Visa gold or Visa classic card one must have an US\$ account, either RFCD (resident foreign currency deposit) or ERQ (Exporters retention Quota) FCY account. Any Bangladeshi after returning from abroad can open a RFCD account, within 30 or 180 days of arrival respectively. Under international card SCB and SCG use one brand that is visa card, they use two types of Visa card, they are:

- Visa gold
- Visa classic

Visa gold has credit limit of \$5000 to \$ 20,000 and for lien card Visa gold has limit of \$556 to \$ 5000. Visa classic has a credit limit of \$500 to \$ 4,500 and for lien card visa classic has credit limit of \$ 5,556 to \$ 22,223. These cards are being accepted in more than 150 countries around the world including Bangladesh. Accepted at over 556,000 ATMs worldwide displaying Visa log.

New system appeared in Standard chartered, which is known as fast card, to make this fast card one doesn't need any document, but must have a security such as Shanchaya Patra and a stamp worth TK. 150 attached authorization letter.



**Visa Card Gold**

## *9.2 Type of Credit Card holders*

### *9.2.1 Primary Card holder*

The primary cardholder is a person who signs the Standard Chartered printed application form for a Standard Chartered Visa/ Master Credit Card. The Primary Cardholder must be at least 21 years of age. The account is established based on his/her credit information such as 6 months bank statement passport etc., also the Primary cardholder is responsible for all charges incurred on the account and statements are sent only to the Primary Cardholders.

### *9.2.2 Additional Card Holder*

The additional card, which is known as supplementary card can be taken by a spouse/ child/ Parent/ brother/ sister of a primary cardholder. And those who can get these supplementary cards are known as additional/ supplementary cardholder. The supplementary cardholders must be at least 18 years of age. This account is based on the primary cardholder's credit information. The responsibility for the payment of dues for the supplementary cardholder lies with the primary cardholder. There is one limit applied to the local cardholders account under which all cards operation. But for international supplementary cards limit varies.

## **9.3 Card holder's eligibility criteria**

- Permanent residence of those cities in Bangladesh where Standard Chartered has Branches.
- Minimum Income for Visa Silver/Master card local is BDT 10,000 (Gross) Per Month.

- Minimum Income for local Master card Gold is BDT 55,000 (Gross) Per Month.
- The amount of RFCD account must be above \$5000 to have and international card.
- Age from 21 years to 70 years (At the time of application)
- Passport Holder
- Valid Residence/ Business Address
- Valid Telephone Nos. Residence/ Business
- Visa international cards are given against RFCD account balance (to be kept under lien) and against exporter's retention quota FCY account balance (to be kept under lien)

## 9.4 Documentation

### *9.4.1 Service holder*

- Passport Size Photo
- Salary Certificate/ pay slip
- Bank Statement for the last six months, with stamp of bank
- Verification of duration of employment

Note: For local company employee who have salary above BDT 25,000 they need to submit latest Income tax assessment order IT 88

### *9.4.2 Self Employed*

- Passport Size Photo
- Bank Statement for the last six months, with stamp of bank
- Latest Income Tax Assessment Order IT 88
- Partnership Deed (incase of the partnership firms)
- Bank/ letter/ Certificate confirming Proprietorship (in case of Proprietorship)

- Memorandum of Association/ Articles of Association (in case of public/ private Ltd. Company)
- Financial Statement (In case of Private/ Public Ltd Company)

Note: If the Bank Statement is Typed/ Handwritten/ Photocopied they should contain the following:

- Bank Stamp
- Signature of the Authorized Signatory
- Code of the Authorized Signatory and Copy 1<sup>st</sup> six pages of passport are needed.

#### *9.4.3 Lien*

- FDR receipt (original)
- Stamp worth 150 attached authorization letter.

#### *9.4.4 Expatriate or Foreigner*

- Work permit from the ministry
- Photocopy of the passport (original)
- Salary certificate

### 9.5 Regulation regarding the credit card

- i) The card is and will be, at all times, the property of the Bank and must be surrendered to the Bank immediately upon request by the Bank or its duly authorized agent.



- ii) The card may be collected by the Cardholder or sent by post or courier to the address notified to the bank by the cardholder at the risk of the cardholder.
- iii) Upon receipt of the card, the cardholder shall sign the card immediately and such signature and/or activation and/or the use of the card will constitute binding.  
Conclusive evidence of the confirmation of the cardholder to be bound by these terms and conditions for which purpose the primary cardholder hereby appoints all Supplementary cardholder(s) as his agent for this purpose, notwithstanding that the Bank is not notified of the Cardholder's receipt of the Card.
- iv) In the event the cardholder does not wish to be bound by these Terms and Conditions, the Cardholder shall cut the Card in halves and return both halves to the Bank and Clause 8 hereof shall henceforth be operative.
- v) The Card is not transferable and will be used exclusively by the cardholder. The cardholder under no circumstances whatsoever will allow the card and/or PIN to be used by any other individual. The cardholder as Security may not pledge the card for any purpose whatsoever.
- vi) The Cardholder shall at all times ensure that the Card is kept in a safe place.

## 9.6 Regulation regarding use of credit card

- i. The use of this card is confined to Bangladesh only. Use of the card outside Bangladesh shall make the card liable for immediate cancellation and any other appropriate action as stipulated by Bangladesh Bank or other regulatory body. The cardholder will also be liable to clear all outstanding without prejudice to any right, remedy or action against him, by the Bangladesh Bank, the Bank, court or any regulatory agency.
- ii. The card may be used for Card Transactions.

- iii. Within the credit Limit notified by the Bank to the Cardholder.
- iv. Until the expiry date embossed on the Card.
- v. The Cardholder undertakes to act in good faith at all times in relation to all dealings with the card and the Bank.
- vi. The Cardholder shall and undertakes to stay within the prescribed Credit Limit assigned by the Bank unless prior approval in writing to exceed this limit is obtained by the Cardholder from the Bank and further undertakes to affect no purchase or transactions which may cause the aggregate outstanding Balance under all such purchases and transactions to exceed such credit limit. If in contravention of this provision, the Cardholder exceeds the Credit Limit, then the Cardholder must pay the amount exceeding the Credit Limit in full and the Minimum Amount Due and also in addition an Over limits Charge.
- vii. Notwithstanding that the Cardholder's Credit Limit has not been exhausted, the Bank shall be entitled to, at any time and without notice and without giving any reason and without liability towards the Cardholder, withdraw and restrict the Cardholder's right to use or to refuse to authorize any Card Transaction.

## 9.7 Cash Advance

The Cardholder may obtain Cash Advance up to a maximum of 50% of the Credit Limit subject to availability of adequate credit and as may be acceptable to the Bank from time to time at its absolute discretion by the following means:

- i. Presenting the Card at any of the Branches of the Bank or at any member institution of VISA/MasterCard together with evidence of his identity and signing the necessary transaction record.

- ii. Use of the Card at any ATM of the Bank or of any other Bank or Institution with whom the Bank has an Agreement for the use of the ATM of the said Bank or Institution in which case the amount of each advance will be further subject to the applicable daily withdrawal limit of the ATM.
- iii. The Bank will provide a PIN to be used in conjunction with the Card when effecting a transaction at an ATM. The cardholder may under no circumstances whatsoever disclose the PIN to any other person.
- iv. The Bank's record of any transaction effected in conjunction with a PIN shall be binding on the Cardholder as to its consequences.
- v. The use of the Card by the Cardholder to obtain a cash advance shall be deemed to constitute the agreement of the Cardholder to pay a Finance Charge on the amount of cash advance as prescribed by the Bank from time to time. Finance Charge shall be levied on each cash advance from the date of the advance, until repayment in full. The Bank may from time to time, vary the amount of finance charges payable by the Cardholder.

## 9.8 Payment of Credit card

Details of all fees and charges referred to in this section are listed in the Service and Guide. This service and Price Guide may be amended from time to time usually giving advance notice to the Cardholder.

- i. The Cardholder agrees to pay the Bank upon the request of the Bank an annual fee as prescribed by the Bank for the Card when issued or renewed and an annual fee prescribed by the Bank for each Supplementary Card when issued or renewed.

- ii. The Cardholder agrees to pay the total amount of all charges described as the current Balance specified in the Statement of Account which is due in full and payable not later than the date specified on the Statement of Account and the Cardholder shall incur no financial charge (including for cash advance) if the payment of the Current Balance is received by the Bank on or before the Payment Due Date.
- iii. The Card holder may choose not to settle the Current Balance in full, in which case the cardholder must pay at least 5% of the current Balance or Tk 500/-, whichever is higher, (hereafter referred to as “Minimum Amount Due”) on or before the Payment Due Date. If the current Balance is less than Tk 500/- then Current Balance becomes fully due. However, if the Payment Due Date or only party paid does not pay the minimum amount due, then the unpaid amount will be added to the next statement’s Minimum Amount Due.
- iv. If the Cardholder fails to pay the minimum amount due by the payment due date, a flat late payment charge as prevailing from time to time will be levied.
- v. If the cardholder pays to the Bank an amount less than the Current Balance by the Payment Due Date or no payment is made or payment is made but after the Payment Due Date, a finance charge calculated on an average daily basis will be applied to the Current Balance and new card transaction until any payments are credited to the Card account and thereafter on the reduced balanced.
- vi. All payments received by the Bank from the cardholder may be applied in the following order of payment or such other order of priority as the Bank may think fit:
- vii. All unpaid finance Charges, Fees, Cash Advances, Charges, and other cost shown on any previous Statement of Account.
- viii. All unpaid cash Transaction as shown on any previous Statement of Account.

- ix. All unpaid Finance Charges, Fees, Cash Advances, Charges and other costs shown on the Current Statement of Account.
- x. All unpaid Card Transactions shown on the current Statement of Account.
- xi. All finance charges, fees, and cash advances, charges and card transactions not yet shown on the current Statement of Account.
- xii. The Bank shall be entitled at its sole discretion to vary the rate or method of calculation of the annual fees, handling charges, additional charges, finance charges, the specified Minimum Amount Due and/or late payment charges or any other charges.
- xiii. A Replacement charge as prescribed by the Bank is payable by the cardholder to the Bank immediately upon a request to the Bank to issue a Replacement Card.  
Additional charges as prescribed by the Bank are payable by the Cardholder to the Bank immediately upon the request to the Bank for the provision of copies of sales voucher/cash advance slip and any further services the Bank may provide from time to time.
- xiv. Without prejudice to the Bank's rights at any time to take the appropriate legal action, the Bank may charge fees for any returned unpaid cheques drawn by the cardholder in full or partial payment of the outstanding amount.
- xv. The cardholder hereby expressly agrees that if any sum shall be due from the cardholder to the Bank at any time under the Card Account, or the Cardholder shall be liable to the Bank at any banking account. Or any other account, current or otherwise, in any manner or if default is made by the Cardholder in the provisions of such accounts or in any other Banking facilities granted by the Bank to the Cardholder, then. In such event, the whole outstanding balance on the cardholder's account shall

become immediately due and payable and the provisions of clause 8 shall be applicable.

- xvi. A Cheque deposit shall be acceptable for collection and the proceeds shall not be available until the Cheque has been cleared and the proceeds paid to the Bank the Bank. Any cash deposits may only be regarded as having been received by the Bank upon crediting the same to the card account.
- xvii. Payments will be treated as made from the date on which the payments are actually received by the Bank in the ordinary course of Business and not from the posting date on the statement. At least 3-4 days should be allowed for the payment to be credited to the Card Account.
- xviii. Payments made by cheques drawn on a location where the Bank does not have a branch will be subject to a processing and handling fee as determined by the Bank from time to time.
- xix. The Bank may at any time demand that the cardholder deposits an undated Cheque and/or pledge cash collateral in favor of the Bank for the amount, which the Bank may require even when such a cheque was not demanded when the card was issued to the cardholder. The Cardholder, in such an eventually will be deemed to have authorized the Bank to insert the date on the said cheque and to present it for payment on the inserted date against any amount due to the Bank.
- xx. Non- receipt of Statement of Account shall not be constructed by the Cardholder to be sufficient reason for non-payment of dues in time. The Bank cannot be held liable for non-receipt of Statement due to unforeseen circumstances and circumstances outside the Bank's Control.

- xxi. If the Cardholder is traveling or out of town, it would be the responsibility of the Cardholder to arrangements to ensure that at least the Minimum Amount Due is paid to the Bank or on before the Payment Due Date.
- xxii. The Bank will credit the Cardholder's Card Account with the amount of any refund only upon receipt of a property issued credit voucher from the merchant establishment.
- xxiii. Cardholders can also pay their due amount through bills pay machine which is available in Banani and Gulshan ATM booth.

The payment by the cardholder of any sum to the Bank in respect of any statement of Account shall constitute binding and conclusive evidence of the acceptance by the cardholder of the entries shown on the Statement of Account.

## 9.9 Supplementary card

- (i) The Bank may at its absolute discretion issue a Supplementary Card to a person nominated by the Cardholder and Approved by the Bank. The supplementary cardholder must be of 18 years of age or over. The issue of the Supplementary Card(s) shall be subject to such terms and conditions, which the Bank may deem necessary.
- (ii) The credit limit assigned to the Cardholder is inclusive of the Credit Limit of the Supplementary Cardholder and the Primary Cardholder and the Primary cardholder shall not permit the total of the charges incurred through their respective Cards to exceed the said Credit Limit.
- (iii) The validity of the Supplementary Card is dependent on the validity of the primary card. The termination of the supplementary card shall not terminate the Primary Card.

- (iv) The undertakings, liabilities and obligations of the Primary cardholder and the Supplementary Cardholder to the Bank and the Bank's rights herein shall not be affected in any way by any dispute or counter claim which the primary Cardholder and the Supplementary Cardholder may have against each other.
- (v) The Supplementary Cardholder is bound by all terms and conditions except that he or she is not liable for payment in respect of any transaction on the Card Account. The Primary Cardholder will be responsible to the bank for all transactions on the Supplementary Card.
- (vi) The Primary Cardholder may withdraw the authority of the Supplementary Cardholder by sending a written intimation to the Bank accompanied by the Supplementary Card.
- (vii) All transactions authorized by the Supplementary Cardholder prior to the date the Supplementary card is received by the Bank, are valid and treated as binding upon the Primary Cardholder and are the liability of the Primary Cardholder.

#### 9.10 Lost card & pin number

- (i) The Bank may issue a PIN for the Cardholder for use at any ATM, which will accept the card and the cardholder agrees that post or courier may send the PIN to the Cardholder at his risk.
- (ii) The cardholder shall be fully liable for all card transactions made with the PIN whether with or without the knowledge of the Cardholder.
- (iii) The Cardholder shall use all reasonable precautions to prevent the loss or theft of the card and shall not disclose the PIN to any party.
- (iv) In the event that the card is lost or stolen or the PIN is disclosed to any other party, the Cardholder shall immediately notify the said loss, theft or disclosure together with the



particulars thereof to the Bank and the police of the country where such loss or theft or disclosure occurred.

- (v) The Cardholder shall be and remain fully liable to make payment to the Bank for any debit to the Card Account arising from any Card Transaction, goods or services supplied by Merchants, Cash advances or ATM transactions affected through the use of the card by any person whether with or without knowledge of the Cardholder and irrespective of whether they were authorized by the cardholder or not.
- (vi) The Bank may at its absolute discretion issue a replacement for any lost or stolen Card or a new PIN on the terms and conditions that the Bank may deem it.
- (vii) In the event that the Cardholder recovers the lost or stolen Card, he/ she shall immediately return the same cut in halves to the Bank without using it. The Cardholder shall not use the PIN after reporting to the Bank of the disclosure of the same to any other party.

## 9.11 Termination

- (i) Notwithstanding the payment provisions outlined under clause 5. All amounts outstanding on a card account (including that of all Supplementary Cards) together with the amount incurred by the use of the card but not yet charged to the Cardholder's Account shall be payable immediately in full upon the termination of this agreement.
- (ii) The Cardholder may at any time notify the Bank of his intention to close the Card Account and terminate the use of all Cards by giving the notice in writing and returning all Cards cut into halves to the Bank. The Card Account shall be closed only after the receipt by the Bank of all cards cut in Halves and full payment of all charges and liabilities under the Card Account.

- (iii) In the event that Supplementary Cardholder terminating his/her Card, all cardholders including the Supplementary Cardholder whose use of the Card has been terminated shall be and shall continue to be jointly and severally liable to the Bank for all Charges and other liabilities in accordance with these terms and conditions save that Supplementary Cardholder whose use of the card has been terminated shall not be liable for charges and other liabilities incurred by the cardholder and other Supplementary Cardholders (if any) after the Bank's receipt of the Cut Supplementary Card.
- (iv) The Bank may at any time recall all or any Card(s) and cancel its/ their use with or without giving prior notice to the Cardholder. The Cardholder shall immediately after such recall; return such card(s) cut in halves to the Bank and make full payment of all Charges and liabilities to the Bank.
- (v) The Bank shall terminate the use of the card without notice upon the death, bankruptcy or insolvency of the cardholder or when the whereabouts of the cardholder become unknown to the Bank due to any cause not attributable to the bank.
- (vi) The cardholder and/or his estate will be responsible for repaying in full any outstanding balance on the Card Account and shall keep the Bank indemnified for all costs (including legal fees and charges) and expenses incurred in recovering such outstanding Balances.
- (vii) The Bank shall not be liable to refund the annual fee or any membership fee or any part thereof in case of the termination of the Card Account.
- (viii) In the event that any security is held by the Bank as collateral for the issuance of the Card. The Bank reserves the right to retain such Security for a period of at least 45 days following the card being cancelled and returned to the Bank whether cancelled by the cardholder or the Bank or following the Agreement being terminated.

## 9.12 Disclosure of information

- (i) The Cardholder irrevocably authorize and permits the Bank to disclose and furnish such information that it deems fit concerning the Cardholder and its affairs including but not limited to this Agreement to the Bank's associates, branches, assignees, agents or other parties.
- (ii) The Cardholder also irrevocably authorizes and permits the Bank to disclose information about Card Account to any credit rating/ reference agency, bank, financial institution, leasing company, any government regulatory agencies or to any one else when the Bank deems it is in its interest to do so. The Bank will immediately comply with disclosure of information to any authority under any law.

The Bank shall have the right to check the credit standing of the applicant for the card and/ or check credit standing of the Cardholder at any time as and when the Bank deems fit without reference to him.

## 9.13 Indemnity

The Cardholder undertakes and agrees to indemnify to the Bank against any loss, damage, liability, and costs and expenses whether legal or otherwise which the Bank may incur by reason of these Terms and Conditions or Breach therefore the enforcement of the Bank's right as herein provided. All costs and expenses in such regard may be debited to the Card Account and shall be payable by the Cardholder.

## 9.14 Notices

- (i) The Cardholder must promptly notify the Bank in writing of any change in employment or business or address (Office and/ or residence) or if Cardholder intends to be away from Bangladesh for more than 30days.
- (ii) Should the Cardholder be away from Bangladesh for more than a month, the Card Account should be settled 7 days prior to departure.
- (iii) If the Cardholder leaves Bangladesh to take up residence elsewhere, both the Primary and Supplementary Card(s) shall be returned to the Bank 14 days prior to the Cardholder's departure and the use of the Card and Supplementary Card(s) shall be deemed to be terminated and clause 8 shall apply.
- (iv) All cards, which do not have any payments pending for over a month or more, will be renewed automatically. In case the cardholder does not want his/her card to be renewed or any supplementary card to be renewed, written information should be sent to card services two months in advance. Intimations sent earlier than two months or less than 30 days before the expiry cannot be accepted.
- (v) Instructions sent by the Cardholder to the Bank through facsimile communication considered should be valid and binding on the Cardholder & the bank may act upon instruction conveyed through the method. The bank may use the originals of the facsimile transmissions received by the bank and printed out on its receiving machine as evidence in any court of law.
- (vi) All Cards, Pin, Statement of account, demands or any other communication under these terms & conditions may be delivered personally or sent courier or ordinary post to the last known billing or any other address to the Cardholder and such communication shall be deemed to be to have been served on the Cardholder on the

day of delivery if delivered by hand and on the next business day after dispatch, if sent by courier or post.

- (vii) All communications under these terms and conditions sent to the Primary Cardholder or the Supplementary Cardholder shall be deemed to be communication sent to both.

### 9.15 Variation of terms

- (i) The Bank may from time to time change the Terms and Conditions of this Agreement. Subject to the requirements of statute, notification of any such change shall be given to the Cardholder by the Bank either in writing or by publication thereof. Such changes shall apply to all unpaid Finance charges, Fees, Cash Advances, Costs and Card Transactions.
- (ii) Retention or use of the Card after the effective date of any such change of Terms and Conditions shall be deemed to constitute acceptance of such changes without reservation by the Cardholder. If the Cardholder does not accept the proposed change, the Cardholder must terminate use of the Card by giving prior written notice to the effective Date and clause 8 shall henceforth be operative.

### 9.16 Governing Law

The terms and conditions are governed by and shall be construed in accordance with the laws of the land and the cardholder hereby submits irrevocably to non- exclusion jurisdiction of the courts of the country. Such submission however not prejudices the rights of the bank to bring proceedings against the cardholder in any other jurisdiction.

## 9.17 Features & benefits of credit card

### *Local acceptability*

Standard Chartered Visa/ Master card is one of the most locally acceptable cards welcomed all locations displaying the VISA/ MASTER CARD logo. The card can be used at in 5 cities around country, with over 2,800 establishments in Bangladesh.

### *International acceptability*

Standard Chartered International Visa card is a acceptable card in more than 150 countries around the world displaying the VISA CARD logo. This card is accepted over 18m establishments worldwide including 3,000 merchants in Bangladesh.

### *Air accident insurance*

The Standard Chartered Credit card gives free air accident insurance coverage up to TK. 100,000(for silver card) TK. 500,000(for gold card). This coverage is also applicable for supplementary cardholder.

### *Auto debit facility*

If a person have any account in SCB or SCG, he/she can fill up a form of standing instruction, by which the amount which is being due will be automatically debited from that account and credit card payment will automatically done.

### *Cash advance facility*

The cardholder has the facility to withdraw up to 50% of his/ her credit limit as cash advance at any of the Standard Chartered branches or participating Banks displaying Visa/ Master logo.

### *Security versus cash*

Security is a very important factor especially when traveling. Carrying a large amount of cash can be risky and not very practical. The credit card provides the cardholder security against cash because of the zero loss liability.

### *Extended customer service*

8 hours service is available over the Phone from 9:00AM to 5:00PM. Also from 9:00AM to 5:00PM Customer Service will be available for all walks in Customers at the Card Centers in Dhaka & Chittagong respectively. And by phone banking one will get 24 hours customer service.

### *(45) Days interest free payment*

Maximum 45 days is interest free. If a customer fully paid his/her bill before the due date next 45 days will be free for them again.

For international visa card: Monthly minimum repayment of 5% or US\$ 10, whichever is greater. One may get instant cash advance 50% of credit limit.

### *Supplementary (additional) card*

Supplementary Cardholders enjoy the same benefits and services as the Primary Cardholder. Charges incurred by the supplementary card will be reflected in the Monthly Statements. The min. age to qualify for a supplementary card is 18 years. Each cardholder can have a max of 3 Supplementary Cards. However, it is to be noted that if supplementary cards are issued for local cardholders, then all Supplementary Cards must operate within the Limit assigned to the Primary Cardholder. For international credit card 4 supplementary cards are given and also separate spending limits for supplementary card(s).

#### *Revolving credit facility*

Standard Chartered Visa/Master Cardholders have the flexibility to make their payments through a revolving credit facility, in which the Cardholder needs only to pay as little as 10% of the Outstanding balance, or BDT. 500 which ever is greater and revolve the rest. Full payment will incur no further charges. For international visa card customer have to replay monthly minimum 5% or \$ 10, which ever is greater.

#### *Lost or stolen card*

Cardholders are covered for all fraudulent charges made on their Visa/Master card as soon as it has been reported Lost/Stolen cards immediately on discovery. In doing so a cardholder becomes completely secure against loss and theft.

#### *Telephone calls*

The Consumer Banking Cards Customer Services also receive telephone calls relating to card queries. The Dhaka Card Centre has an 8-hour Customer Services UAN number. And by phone banking one will get 24 hours service.

- All Calls Answered Within 3 Rings.



- Always greet the caller with a proper way.
- Listen to the caller.
- Confirm the Details.
- Provide Accurate Information.

## 9.18 Cost to the Credit cards

Local cards:

*Visa silver / Master Silver:*

*Table # 2, Annual and replacement fee of local (silver) cards*

<b>Joining Fee (Primary)</b>	<b>Nil</b>
<b>Annual Fee (Primary)</b>	<b>BDT 1,500</b>
<b>Annual Fee (Supplementary)</b>	<b>BDT 1,000</b>
<b>Card Replacement (Primary/supplementary)</b>	<b>BDT 500</b>

*Master Card Gold*

*Table # 3, Annual and replacement fee of local (gold) cards*

<b>Joining Fee (Primary)</b>	<b>Nil</b>
<b>Annual Fee (Primary)</b>	<b>BDT 3,000</b>
<b>Annual Fee (Supplementary)</b>	<b>BDT 1,000</b>
<b>Card Replacement (Primary/supplementary)</b>	<b>BDT 1,000</b>

## ➤ International cards:

*Visa Gold**Table # 4, Annual and replacement fee of international (gold) cards*

<b>Joining Fee (Primary)</b>	<b>Nil</b>
<b>Annual Fee (Primary)</b>	<b>US\$120</b>
<b>Annual Fee (Supplementary)</b>	<b>US\$60</b>
<b>Card Replacement (Primary/supplementary)</b>	<b>US\$15</b>

*Visa Classic**Table # 5, Annual and replacement fee of international (silver) card*

<b>Joining Fee (Primary)</b>	<b>Nil</b>
<b>Annual Fee (Primary)</b>	<b>US\$70</b>
<b>Annual Fee (Supplementary)</b>	<b>US\$35</b>
<b>Card Replacement (Primary/supplementary)</b>	<b>US\$15</b>

*9.18.1 Cash Advance Fee*

A flat charge BDT 350 will be charged off us on each Cash Advances taken by the Cardholder of other Bank. Waiver for Standard Chartered cardholders. For international visa card cash advance charge is 50% of the credit limit.

*9.18.2 Late Charge*

- The Cardholder must pay the Minimum Monthly Payment of 10% of the statement balance on a regular basis. Late charge is levied in case of non-payment of the minimum

due/ payments made after the due date/ payment done less than the minimum appearing on the statement.

- The Minimum Payment Due is to be paid within 15 days from the statement date.
- The late payment fee is BDT 500 for Gold and BDT 350 for Silver local cards and for international visa card late payment fee is US\$15.

The card will be suspended in case of non-receipt of payment within 90 days from the due date.

#### *9.18.3 Replacement Charge*

There will be replacement card fee charged to the cardholder for BDT 1,000 for Gold and BDT 500 for Silver. There will be replacement card fee charged to the international cardholder for US\$15 for Visa gold and Visa classic.

#### *9.18.4 Over limit Fee*

If a card account exceeds the limit by a minimum of a 10% (Over limit), an over limit fee of BDT 500 and BDT 300 will be charged. And for international credit card US\$ 15 is charge.

#### *9.18.5 Returned Cheque Fee*

If a cardholder's cheque payment is returned due to any reason or an auto-debit is reversed, a return cheque fee of BDT 500 will be charged for Gold & Silver both, and an advice sent to the customer.

#### *9.18.6 Out Station Cheque Collection Charge*

If a cardholder's cheque is outside the city, then a fee of BDT 100 will be charged.

*Transfer Charge*

There will be no charges for any upgrades/ transfers, but the cardholders will be liable to pay the annual fee irrespective of the transfer.

*Voucher Retrieval Fee*

For any sales slip that is retrieved for disputed transactions a fee will be charged at the rate of BDT 100 for local Transactions.

*Table # 6, Schedules of Charges of local and international cards of SCB*

<b>Charges</b>	<b>Local cards</b>	<b>International cards</b>
<b>Interest charge</b>	BDT 2.5% per month for Visa & Master	2.5% per month
<b>Late payment Fees</b>	BDT 500 for Gold & 350 for Silver Card	US\$15
<b>Cash Advance Fees</b>	BDT 300	50% of credit limit
<b>Cheque Return Fee</b>	BDT 500	US\$15
<b>Over limit Fee</b>	BDT 500	US\$15
<b>Card Replacement Fee</b>	BDT 1000 for Gold & BDT 500 for Silver	US\$15
<b>Statement retrieval fee</b>	BDT 50	US\$5
<b>Certificate Charge</b>	BDT 100 (per request)	US\$15
<b>Pin replacement fee</b>	BDT 500	US\$15

Standard Chartered credit card is now acceptable worldwide; one doesn't have to carry cash if he or she has a credit card. In other countries like Japan, if a customer have an account with the bank they are given a credit card to, the customer don have to pay for anything except interest. So for being an international and having competitors SCB should lower other charges that being charges for credit card. And they don have to charge for both card and pin. When the customers apply for a credit card they get the card after 1 month or so. As demand for credit card in increasing year after year they should increase their supply too.

## 10. Recommendation

- i. An easy and understandable booklet:

A booklet should be given to customer letting them know about the payment system and charges, so customer don't need to come to bank to know how they are charging, what the procedure is, and what the amount is. Then they will not come to ask customer service what is written in statement and why they charged and what for.

- ii. A separate counter for the Credit Card payment:

As bank is planning to get large number of customers, they should have a separate counter for payment of credit card, or they must show the customer how easily they can pay by ATM service, which other banks don't have.

- iii. Proper care of the ATM machine:

A big problem of the bank is that most of the time in a week machine becomes out of order. And sometimes everything is ok but the card doesn't work, not for magnetic reason, it also

happens with new card too, because of machine's problem. Cardholders suffer a lot for the retained card to take and cash advance to draw. As a result, these machines need immediate upgrade. And if credit card is captured by ATM machine say as in Uttara branch they have to collect it from head office (Motijheel Branch) after 3 days, which is a negative point for SCB. It should make such a way that customer can get their card in the branch where it's captured. A separate person must be kept in every booth to repair and every branch must have a right to give the capture card back to the customer so that they don't have to go all the way to head office.

iv. Limit should be lower:

Limit is a limitation for some customer. So limit should be perfectly delegated as customer can apply for a credit card.

v. Credit Card trainer:

All the customer service employee must be trained about the credit card not only the credit card officer. If SCB appoint a person to train the customer service of all branches about the Conditions of Use of the Credit Card, it would have given positive impact for the credit card holder.

vi. Improved Courier Service:

The courier service should improve their work of delivery. Many cardholders didn't get the card, as the card was not delivered to the assigned person. Sometimes they get card but they don't get the pin. Usually pins were mailed before the card.

vii. Fast service:

The credit card and the pin may give to the customer as they are giving the debit card to the customer. It's very risky the way they send the credit card to the customer. It's better if customer gets the card from where they are applying. That time they can activate it suddenly.

## 11. Conclusion

This report tries to figure out most of the indicators of problems and strengths of the Credit Card division of SCB through data gathered from primary observation and secondary source. These data and their analysis can be of importance if they are critically and feasibly implemented in the Bank's culture. These data also indicate some distinguishing features of weak and strength circumstances of the Bank's strategy.

Standard Chartered Bank is taking necessary steps to enhance its position in context of Bangladesh. They are now coming out of being restricted in a selective type of customers to the broad range of retailers as they are having international Visa card. But still they are not up to the task yet. They should advertise more on Credit card to create any real chance against other foreign banks that are very proactive in their business. Customers often complain about their service, they have to take necessary action for Credit Card service. The suggestion and policy framework revealed through the survey are of importance since they are recommended on the basis of theoretical aspect and realistic approach.

To be the leader of the market, Standard Chartered Bank should try to achieve the following objectives-

- Differentiate SCB credit card from its competitors by the superior quality and efficiency.
- Provide best possible service to the cardholders at the lower cost.

- Introduce new technology, which will perform many routine jobs so that more concentration can be given to the challenging jobs.
- Adopt new, advanced technology to maintain the competitive position in the market.
- Increase revenue volume.
- Strengthen SCB relationship with individual and corporate customers.
- Enhance the "image" of the bank as a forward thinking one.
- Maintain the existing customer base against the competitive initiatives of other banks.



## 12. Reference

- ✓ Card Service Directory, Standard Chartered Bank Ltd.
- ✓ Brochure of Standard Chartered Bank Ltd.
- ✓ MasterCard and VISA Card *Member Start-Up Kit*
- ✓ [www.wikipedia.org](http://www.wikipedia.org)
- ✓ [www.standardchartered.com/bd/index.html](http://www.standardchartered.com/bd/index.html)

## 13. Appendix A

### Glossary

- ATM means an automated teller machine or any card operated machine or device whether belonging to the Bank or other banks or financial institutions nominated from time to time by the Bank, which accepts card.
- Card Account means the credit card account opened by the bank for the purpose of entering all credits and debits received or incurred by the Primary Cardholder and the Supplementary/Additional Card Holder, if any, under these Terms and Conditions.
- Cardholder means an individual whose name is in a card account and who is responsible for all transactions and liabilities on the card account. It includes Primary and any Supplementary Cardholder.
- Card Transaction means the purchase of goods and/or services, benefits or reservations.
- Cash Advance means any amount obtained by the use of the card, the card number or the PIN or in any manner authorized by the Cardholder from the Bank or any other Bank or financial institutions for debit to the card account.
- Charges means amount payable by the Cardholder arising from the use of the Card or the Card number or the PIN or under these Terms and Conditions and includes without limitation all card Transactions, Fees, Finance charges, additional expenses, damages, legal costs and disbursements. This charge will be debited to the Card Account and form part of the Current Balance.
- Credit Limit means to the maximum debit Balance permitted by the Bank for the card account for the Primary and the Supplementary Card, if any, and notified to the Primary Cardholder from time to time.

- Current Balance means the total debit balance (inclusive of all Charges which shall be debited to the Card Account) outstanding on the Card Account payable to the Bank according to the Bank's records on the date the Statement of Account is issued.
- "Deposit" means the amount in cash placed with the Bank as specified by the Bank as security for the performance of the Cardholder's obligation.
- Electronic Banking Terminal means any authorized terminal or device in which Card and/or PIN can be used. This includes ATM's, Point of Sales terminal through which Card Transactions can be performed or any other authorized terminal or device connected to Standard Chartered Electronic Banking system from time to time.
- Fast card are Visa or Master card credit cards issued by the bank against lien or cash securities such as fixed deposits, government savings certificate issued through the bank or transactional accounts held with bank.
- Merchant means any corporate entity, person or other establishment, supplying goods and/or services, which a Card Scheme Member Bank has approved and made arrangements to accept the Card or the Card numbers as a mode of payment or reservation by the cardholder.
- Minimum Amount Due is 5% of the current balance subject to a minimum of Tk. 500, which if paid by the Payment Due Date will avoid any late fee charges.
- Payment Due Date means the date specified in the Statement of Account by which date, payment of the Current Balance or any part thereof or the Minimum Amount Due is to be made to the Bank.
- PIN means in relation to a cardholder the Personal Identification Number issued to the Cardholder to enable the Card to be issued at an ATM.
- Primary Cardholder means a person other than a Supplementary Cardholder who is issued a primary card and for whom the Bank first opens the card Account.

- Security means the deposit. For example. Any type of Savings Certificate.
- Statement of Account means the Bank's monthly or other periodic statements sent to the cardholder showing particulars of the Current Balance payable to the Bank.
- Supplementary/Additional/ Add-on Cardholder means the person who has been issued a Supplementary/ Additional/ Add-on card.
- Supplementary/Additional/Add-on Card means a Card issued by the Bank to a third party nominated by.
- Over limit charges is a charge levied once per statement of Account, if the Cardholder exceeds his Credit Limit.