

Credit Card Lending Questionnaire

	Yes	No		Yes	No
General Questionnaire					
If the institution acts only as the agent (refer to Thrift Activities Regulatory Handbook Section 218) for a credit grantor, it is not necessary to use the questionnaire.					
<i>Credit Card Policies and Procedures</i>					
1. Has the board of directors adopted written credit card policies that:			5. Are delinquent account past-due notices handled only by persons who do not also handle cash and checks?		
• Establish the type of activity, acceptable return, acceptable level of risk, and level of commitment of resources and assets?			6. Are inquiries about loan balances received and investigated by persons who do not also handle cash and checks?		
• Establish detailed procedures for reviewing credit card applications?			7. Are documents supporting recorded credit adjustment checked or tested subsequently by persons who do not handle cash and checks?		
• Establish standards for determining credit lines?			8. Is a daily record maintained summarizing transaction details, such as charges, cash advances, payments received, and interest and fees collected to support applicable general ledger account entries?		
• Establish minimum standards for documentation?			9. Are two authorized signatures required to effect a status change regarding individual customer accounts?		
• Establish collection procedures?			10. Are file maintenance changes reviewed and compared with approved change requests?		
2. Are credit card policies reviewed by the board and management at least annually?			11. Is an exception report produced and reviewed by management that encompasses extensions, renewals, overlines, or other factors that would result in a change in customer account status? ...		
<i>Credit Card Records</i>					
3. Are preparation and posting of subsidiary credit card records performed or reviewed by persons who do not also:			12. Is an overdue accounts report generated for each billing cycle?		
• Issue official checks and drafts?			<i>Loan interest and merchant discount</i>		
• Handle cash and checks?			13. Are the preparation and posting of interest and fees performed or reviewed by persons who do not also:		
4. Are subsidiary credit card records reconciled daily to appropriate general ledger accounts, and are reconciling items investigated by persons who do not also originate entries or handle cash and checks?			• Issue official checks and drafts?		
			• Handle cash and checks?		
			14. Are sales drafts posted promptly to customer accounts?		

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15. Are merchants carefully screened with credit underwriting criteria?.....			29. Are merchants' discount computations checked periodically by someone other than the person who made the original computations or who prepared the original input data?		
16. Are items missing from a merchant's remittance of sales charged back to the merchant, or otherwise adjusted satisfactorily?			<i>Card Issuance and Control</i>		
17. Are merchants' accounts monitored for number and frequency of missing, rejected, or otherwise unsatisfactory items?			30. Are records of issued cards balanced daily to the electronic data processing report total of new and reissued cards?		
18. Are merchants' accounts subject to holding for collected balances?			31. Is the daily record of issued, spoiled, and on-hand cards at the embossing unit reconciled by someone independent of the embossing unit?		
19. Are all holdover items cleared daily?			32. Is the institution certain that the card manufacturer is financially responsible and reputable?		
20. Are merchants' accounts monitored for unusual volume fluctuations?			33. Is the card manufacturer required to provide adequate security controls over cards during all phases of processing and shipping?		
21. Are all rejected items cleared the following day?			34. Are incoming shipments of cards:		
22. Is a review of rejected drafts and payments made by someone independent of the processing clerks?			• Examined for tampering?.....		
23. Is incoming mail maintained under dual control?			• Placed in joint custody?		
24. Are service charge policies universally applied to accounts?			• Verified to shipping documents under joint custody?		
25. Are all internally prepared entries affecting customer account records approved and reviewed by an officer?			• Properly entered on the record of cards received?		
26. Are records of those entries maintained and reviewed?			35. Are unissued cards kept under effective dual control and accounted for in each of the various steps in encoding, embossing, stuffing, and mailing?		
27. Is there a separate control account for accounting for merchants' accounts payable?			36. Are cards embossed for issuance only upon receipt of properly authorized written instructions?.....		
28. Are the merchants' accounts paid on a regular basis?					

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37. Are adequate controls maintained over any cards that were embossed and not issued to customers?			49. Are cards placed in envelopes for mailing under joint custody and checked to the issuance register at the same time?		
38. Is the embossing area restricted to prevent unauthorized access?			50. Are cards maintained in joint custody before, during, and after mail processing until they have been delivered to the U.S. Post Office?		
39. Does the embossing machine have a key controlled counter?			51. Are cards sent by registered mail?		
40. If so, is it locked when not in use?			52. Is control established over cards returned from the Post Office as undeliverable so that:		
41. Are there adequate controls over the use of encoding equipment?			<ul style="list-style-type: none"> • The mail is opened under joint custody? • The returned cards are placed under dual control? • Cards for which a correct address can be found are immediately remailed? • Cards for which no address can be found are destroyed? • The same controls are also established on cards returned by the customer for cancellation? • An expiration date is printed on each card? • A system is established to retrieve cards if a problem develops? 		
42. Is locked storage space provided for cards during employee meals and coffee breaks?			53. Are test or demonstration cards adequately controlled?		
43. Are cards spoiled during the embossing process destroyed under dual control?			54. If cards are issued at more than one location (such as at branches) have card control procedures been established for these locations?		
44. Are both employees present during destruction required to sign the destruction register?			55. If cards are produced by vendors, have the contracts for services been reviewed by legal counsel?		
45. Are at least two persons present while cards are being processed?					
46. Do employees embossing cards maintain a record of:					
<ul style="list-style-type: none"> • Cards received from master supply? • Cards embossed on a daily basis? • Cards spoiled and subsequently destroyed? • Cards returned to master supply? 					
47. Is certification of blank cards made at least monthly by someone who is not involved in card handling?					
48. Is the reserve supply of blank cards under dual custody?					

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56. Are cards mailed to customers in envelopes with a return address that does not identify the institution's name or usual place of business?.....			a. transmitted over public access telephone lines?		
			b. stored in computer files?.....		
57. Are returned cards controlled and accounted for by individuals other than those with card issuer or system operations responsibilities?			66. Has all documentation relating to encryption, decryption, and PIN generation been properly secured?		
58. Is it against policy for the institution to mail unsolicited cards?			67. In the unlikely event that management insists on having access to both customer account numbers and PINs, have adequate compensating controls been implemented?		
59. Are cards that were left inadvertently or captured at Remote Service Unit (RSU) locations properly controlled?			68. If PINs and corresponding account numbers appear in a format where they could be matched, are controls maintained to prevent compromising situations?		
60. Are plastic cards and personal identification numbers (PINs) always mailed separately and on different dates?			<i>Application Review</i>		
61. After the card is issued, is there a follow-up mailing to inquire if the customer received the card and the PIN?.....			Review the following control procedures for each type of RSU application, such as: ATM, POS, telephone bill paying, transfers, and debit cards.		
62. Are "hot" card lists and expiration dates used to limit the period of exposure when a card is lost, stolen, or otherwise misused? ..			<i>Interchange or Terminal Sharing</i>		
<i>Personal Security Identifiers (PSIs)</i>			69. If terminals are shared, does the written agreement among institutions clearly identify the rights and responsibilities of all parties, including installation, maintenance, and training of employees and customers?		
63. Are PSIs or Personal Identification Number (PINs) controlled with system-access controls and printed only in blind envelopes?			70. Does the agreement cover responsibilities in the event of equipment failure?.....		
64. In the event a customer's PIN is lost or forgotten:			71. Have data storage and forward procedures been established to update records after a system pause in operations?		
a. Have adequate control procedures been established for old PIN cancellation and new PIN issuance? ...			72. Can the institution identify the terminal or communications device from which data are entering?		
b. Is there accountability on the persons initiating such transactions?.....			73. Is there a daily settlement procedure for each shared device?.....		
65. Is the PIN encrypted or disguised when:					

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