



MEMORANDUM

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

To: All *Comptroller's Handbook* Subscribers

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The enclosed booklet, "Credit Card Lending" is part of an ongoing revision of the *Comptroller's Handbook*. This booklet provides detailed guidance to assist in understanding and evaluating the effectiveness of a bank's credit card lending process.

This booklet extends the OCC's Supervision by Risk philosophy to credit card lending. The introduction describes the various risks associated with credit card lending: credit risk, interest rate risk, liquidity risk, transaction risk, compliance risk, strategic risk and reputation risk. This booklet also includes information on types of credit card programs, credit scoring models, marketing and underwriting of new accounts, account management, collections, allowance for loan losses, reserving for rebate programs, profit analysis, securitization, and purchased credit card relationships.

The examination procedures are to be used in conducting a review of a national bank's credit card lending process. Because the nature and scope of credit card lending differs among banks, examiners should use their own judgment in deciding which procedures are relevant to a particular bank.

If you have questions regarding this booklet, please contact the Office of the Chief National Bank Examiner at (202) 874-5350.

To order more copies of this booklet, please send your request and \$15 for each booklet to the Comptroller of the Currency, PO Box 70004, Chicago, Illinois 60673-0004.