
Credit Card Lending Questionnaire

Yes No

If the savings association acts only as the agent (refer to [Handbook Section 218](#)) for a credit grantor, it is not necessary to use the questionnaire.

Credit Card Policies and Procedures

1. Has the board of directors adopted written credit card policies that establish:
 - The type of activity, acceptable return, acceptable level of risk, and level of commitment of resources and assets?
 - Detailed procedures for reviewing credit card applications?
 - Standards for determining credit lines?
 - Minimum standards for documentation?
 - Collection procedures?
2. Do the board and management review credit card policies at least annually?

Underwriting Standards

1. Do audit and/or internal loan review staff test compliance with underwriting standards?
2. Are underwriting standards periodically reviewed and revised?
3. Are data from applications tested for input accuracy to the account processing system?
If so, what is the sample size and frequency of the test?
[Click&type]
4. Does an independent person periodically review line of credit increases to determine compliance with the association's policies and procedures?
5. Does an independent person periodically review credit lines for appropriateness of amount?

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	Yes	No
6. Are procedures in effect to review credit lines when the association becomes aware of a change in financial status or creditworthiness of a cardholder?	<input type="checkbox"/>	<input type="checkbox"/>
7. Does the association have procedures covering the establishment and periodic review of employee accounts?	<input type="checkbox"/>	<input type="checkbox"/>
8. Is the information on fraud claims reviewed to determine whether: an employee was involved; a breakdown in the savings association's control of issued cards occurred; or the card may have been taken before it left the association?	<input type="checkbox"/>	<input type="checkbox"/>
9. Is an officer required to sign off on the conclusion of a fraud investigation?	<input type="checkbox"/>	<input type="checkbox"/>
10. Does the credit card operation prepare a budget by: function (e.g., collections, application processing), program (e.g., secured card, private label), and overall operations?	<input type="checkbox"/>	<input type="checkbox"/>
11. Are actual results compared to budget at least quarterly?	<input type="checkbox"/>	<input type="checkbox"/>
12. Are significant trends and deviations adequately explained in the financial review process?	<input type="checkbox"/>	<input type="checkbox"/>
13. If assets are securitized, do asset securitizations receive appropriate approval?	<input type="checkbox"/>	<input type="checkbox"/>
14. Does the association have appropriate collection programs for securitized loans?	<input type="checkbox"/>	<input type="checkbox"/>
15. Does management have a plan to ensure adequate funding for maturing securitizations and in the event of early amortization?	<input type="checkbox"/>	<input type="checkbox"/>

Credit Card Records

- | | | |
|--|--------------------------|--------------------------|
| 1. Are preparation and posting of subsidiary credit card records performed or reviewed by persons who do not also: | | |
| • Issue official checks and drafts? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Handle cash and checks? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Are subsidiary credit card records reconciled daily to appropriate general ledger accounts? | <input type="checkbox"/> | <input type="checkbox"/> |

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		Yes	No
3.	Are reconciling items investigated by persons who do not also originate entries or handle cash and checks?	<input type="checkbox"/>	<input type="checkbox"/>
4.	Are delinquent account past-due notices handled only by persons who do not also handle cash and checks?	<input type="checkbox"/>	<input type="checkbox"/>
5.	Are inquiries about loan balance received and investigated by persons who do not also handle cash and checks?	<input type="checkbox"/>	<input type="checkbox"/>
6.	Are documents supporting recorded credit adjustments checked or tested subsequently by persons who do not handle cash and checks?	<input type="checkbox"/>	<input type="checkbox"/>
7.	Does the association maintain a daily record summarizing transaction details, such as charges, cash advances, payments received, and interest and fees collected to support applicable general ledger account entries?	<input type="checkbox"/>	<input type="checkbox"/>
8.	Are two authorized signatures required to effect a status change regarding individual customer accounts?	<input type="checkbox"/>	<input type="checkbox"/>
9.	Are file maintenance changes reviewed and compared with approved change requests?	<input type="checkbox"/>	<input type="checkbox"/>
10.	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?	<input type="checkbox"/>	<input type="checkbox"/>
11.	Is an overdue accounts report generated for each billing cycle?	<input type="checkbox"/>	<input type="checkbox"/>

Loan Interest and Merchant Discount

- | | | | |
|----|--|--------------------------|--------------------------|
| 1. | Are the preparation and posting of interest and fees performed or reviewed by persons who do not also: | | |
| | • Issue official checks and drafts? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Handle cash and checks? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Are sales drafts posted promptly to customer account? | <input type="checkbox"/> | <input type="checkbox"/> |

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	Yes	No
3. Are merchants carefully screened with credit underwriting criteria?	<input type="checkbox"/>	<input type="checkbox"/>
4. Are items missing from a merchant's remittance of sales charged back to the merchant, or otherwise adjusted satisfactorily?	<input type="checkbox"/>	<input type="checkbox"/>
5. Are merchants' accounts monitored for number and frequency of missing, rejected, or otherwise unsatisfactory items?	<input type="checkbox"/>	<input type="checkbox"/>
6. Are merchants' accounts subject to holding for collected balances?	<input type="checkbox"/>	<input type="checkbox"/>
7. Are all holdover items cleared daily?	<input type="checkbox"/>	<input type="checkbox"/>
8. Are merchants' accounts monitored for unusual volume fluctuations?	<input type="checkbox"/>	<input type="checkbox"/>
9. Are all rejected items cleared the following day?	<input type="checkbox"/>	<input type="checkbox"/>
10. Is a review of rejected drafts and payments made by someone independent of the processing clerks?	<input type="checkbox"/>	<input type="checkbox"/>
11. Is incoming mail maintained under dual control?	<input type="checkbox"/>	<input type="checkbox"/>
12. Are service charge policies universally applied to accounts?	<input type="checkbox"/>	<input type="checkbox"/>
13. Does an officer review and approve all internally prepared entries affecting customer account records?	<input type="checkbox"/>	<input type="checkbox"/>
14. Are records of those entries maintained and reviewed?	<input type="checkbox"/>	<input type="checkbox"/>
15. Is there a separate control account for accounting for merchants' accounts payable?	<input type="checkbox"/>	<input type="checkbox"/>
16. Are the merchants' accounts paid on a regular basis?	<input type="checkbox"/>	<input type="checkbox"/>
17. Does someone other than the person who made the original computations or who prepared the original input data periodically check merchants' discount computations?	<input type="checkbox"/>	<input type="checkbox"/>

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Yes No

Card Issuance and Control

- | | | | |
|-----|--|--------------------------|--------------------------|
| 1. | Does the association balance daily the records of issued cards to the electronic data processing report total of new and reissued cards? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. | Does someone independent of the embossing unit reconcile the daily record of issued, spoiled, and on-hand cards at the embossing unit? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. | Is the association certain that the card manufacturer is financially responsible and reputable? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. | Is the card manufacturer required to provide adequate security controls over cards during all phases of processing and shipping? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. | Are incoming shipments of cards: | | |
| | • Examined for tampering? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Placed in joint custody? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Verified to shipping documents under joint custody? | <input type="checkbox"/> | <input type="checkbox"/> |
| | • Properly entered on the record of cards received? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. | Are unissued cards kept under effective dual control and accounted for in each of the various steps in encoding, embossing, stuffing, and mailing? | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. | Are cards embossed for issuance only upon receipt of properly authorized written instructions? | <input type="checkbox"/> | <input type="checkbox"/> |
| 8. | Are adequate controls maintained over any cards that were embossed and not issued to customers? | <input type="checkbox"/> | <input type="checkbox"/> |
| 9. | Is the embossing area restricted to prevent unauthorized access? | <input type="checkbox"/> | <input type="checkbox"/> |
| 10. | Does the embossing machine have a key controlled counter? | <input type="checkbox"/> | <input type="checkbox"/> |
| 11. | If so, is it locked when not in use? | <input type="checkbox"/> | <input type="checkbox"/> |

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	Yes	No
12. Are there adequate controls over the use of encoding equipment?	<input type="checkbox"/>	<input type="checkbox"/>
13. Is locked storage space provided for cards during employee meals and coffee breaks?	<input type="checkbox"/>	<input type="checkbox"/>
14. Are cards spoiled during the embossing process destroyed under dual control?	<input type="checkbox"/>	<input type="checkbox"/>
15. Are both employees present during destruction required to sign the destruction register?	<input type="checkbox"/>	<input type="checkbox"/>
16. Are at least two persons present while cards are being processed?	<input type="checkbox"/>	<input type="checkbox"/>
17. Do employees embossing cards maintain a record of:		
• Cards received from master supply?	<input type="checkbox"/>	<input type="checkbox"/>
• Cards embossed on a daily basis?	<input type="checkbox"/>	<input type="checkbox"/>
• Cards spoiled and subsequently destroyed?	<input type="checkbox"/>	<input type="checkbox"/>
• Cards returned to master supply?	<input type="checkbox"/>	<input type="checkbox"/>
18. Is certification of blank cards made at least monthly by someone who is not involved in card handling?	<input type="checkbox"/>	<input type="checkbox"/>
19. Is the reserve supply of blank cards under dual custody?	<input type="checkbox"/>	<input type="checkbox"/>
20. Are cards placed in envelopes for mailing under joint custody and checked to the issuance register at the same time?	<input type="checkbox"/>	<input type="checkbox"/>
21. Are cards maintained in joint custody before, during, and after mail processing until they have been delivered to the U.S. Post Office?	<input type="checkbox"/>	<input type="checkbox"/>
22. Are cards sent by no forwarding mail?	<input type="checkbox"/>	<input type="checkbox"/>
23. Is control established over cards returned from the Post Office as undeliverable so that:		
• The mail is opened under joint custody?	<input type="checkbox"/>	<input type="checkbox"/>

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• The returned cards are placed under dual control?	<input type="checkbox"/>	<input type="checkbox"/>
• Cards for which a correct address can be found are immediately remailed?	<input type="checkbox"/>	<input type="checkbox"/>
• Cards for which no address can be found are destroyed?	<input type="checkbox"/>	<input type="checkbox"/>
• The same controls are also established on cards returned by the customer for cancellation?	<input type="checkbox"/>	<input type="checkbox"/>
• An expiration date is printed on each card?	<input type="checkbox"/>	<input type="checkbox"/>
• A system is established to retrieve cards if a problem develops?	<input type="checkbox"/>	<input type="checkbox"/>
24. Are test or demonstration cards adequately controlled?	<input type="checkbox"/>	<input type="checkbox"/>
25. If the association issues cards at more than one location (such as at branches), does it have card control procedures for these locations?	<input type="checkbox"/>	<input type="checkbox"/>
26. If vendors produce the cards, does legal counsel review the contracts for services?	<input type="checkbox"/>	<input type="checkbox"/>
27. Are cards mailed to customers in envelopes with a return address that does not identify the association's name or usual place or business?	<input type="checkbox"/>	<input type="checkbox"/>
28. Are returned cards controlled and accounted for by individuals other than those with card issuer or system operations responsibilities?	<input type="checkbox"/>	<input type="checkbox"/>
29. Is it against policy for the association to mail unsolicited cards?	<input type="checkbox"/>	<input type="checkbox"/>
30. Are cards that were left inadvertently or captured at Remote Service Unit (RSU) locations properly controlled?	<input type="checkbox"/>	<input type="checkbox"/>
31. Are plastic card and personal identification numbers (PINs) always mailed separately and on different dates?	<input type="checkbox"/>	<input type="checkbox"/>
32. After the card is issued, is there a follow-up mailing to inquire if the customer received the card and the PIN?	<input type="checkbox"/>	<input type="checkbox"/>

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- | | Yes | No |
|---|--------------------------|--------------------------|
| 33. Are "hot" card lists and expiration dates used to limit the period of exposure when a card is lost, stolen, or otherwise misused? | <input type="checkbox"/> | <input type="checkbox"/> |

Personal Security Identifiers (PSIs)

- | | | |
|--|--------------------------|--------------------------|
| 1. Are PSIs or Personal Identification Number (PINs) controlled with system-access controls and printed only in line envelopes? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. In the event a customer's PIN is lost or forgotten: | | |
| • Are there adequate control procedures for old PIN cancellation and new PIN issuance? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Is there accountability on the persons initiating such transactions? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Is the PIN encrypted or disguised when: | | |
| • Transmitted over public access telephone lines? | <input type="checkbox"/> | <input type="checkbox"/> |
| • Stored in computer files? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Is all documentation relating to encryption, decryption, and PIN generation properly secured? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. In the unlikely event that management insists on having access to both customer account numbers and PINs, have adequate compensating controls been implemented? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. If PINs corresponding account numbers appear in a format where they could be matched, are controls maintained to prevent compromising situations? | <input type="checkbox"/> | <input type="checkbox"/> |

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Yes No

Application Review

Review the following control procedures for each type of RSU application, such as: ATM, POS, telephone bill paying, transfers, and debit cards.

Interchange of Terminal Sharing

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|--|--------------------------|--------------------------|
| 1. If terminals are shared, does the written agreement among associations clearly identify the rights and responsibilities of all parties, including installation, maintenance, and training of employees and customers? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Does the agreement cover responsibilities in the event of equipment failure? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Has the association established data storage and forward procedures to update records after a system pause in operations? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Can the association identify the terminal or communications device from which data are entering? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Is there a daily settlement procedure for each shared device? | <input type="checkbox"/> | <input type="checkbox"/> |

Operational Controls

- | | | |
|---|--------------------------|--------------------------|
| 1. Are transactions promptly posted to customer accounts? | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. Are "hot" card and suspect lists properly updated and distributed? | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. Do exception reports meet the needs of management, user, and audit departments? | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. Do exception reports receive appropriate daily review? | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. Are customer names and addresses protected from unauthorized changes? | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. Are procedures manuals adequate to ensure continuity in the maintenance of control procedures? | <input type="checkbox"/> | <input type="checkbox"/> |

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Comments

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