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New OCC Handbook Provides Examiner Guidance
To Assess Bank Credit Card Operations

WASHINGTON, D.C. -- The Office of the Comptroller of the Currency (OCC) today published new guidance for examiners in evaluating national bank credit operations. The new Credit Card Lending booklet, which is part of the Comptroller's Handbook, consolidates all examiner guidance on assessing bank credit card activities into a single document.

The booklet focuses on the risks associated with credit card lending, which include credit, transaction, liquidity, strategic, reputation, interest rate and compliance risks. It discusses the nature of each risk as it applies to the credit card business and how banks are expected to measure, monitor and control these risks.

Credit Card Lending is based in part on the results of a major review of the credit card industry initiated by the OCC in 1994. The review, which included the 15 largest national bank credit card issuers, was designed to identify any significant changes in the way national banks conduct their credit card activities.

The procedures in the booklet address specific issues identified in that review, including these specific recommendations by OCC examiners:

- More detailed guidance for analyzing allowances for loan losses;
- Revised underwriting procedures to include separate procedures for the solicitation process, the approval process, and existing and new account review;
- Procedures on cardholder acquisition and retention programs; and
- Additional guidance on profitability.

In addition to providing detailed examination procedures for credit card operations, the booklet includes a review of all major elements of the credit card business, including: overall management and oversight, risk management control systems, scoring models, marketing and underwriting of new accounts, account management, collections, allowance for loan losses, profit analysis, securitized assets, and purchased credit card relationships.

Copies of the booklet are being sent to OCC examiners and to national banks. To order copies of Credit Card Lending, please send your request and a \$15 check for each booklet to:
Comptroller of the Currency, P.O. Box 70004, Chicago, IL 60673-0004.

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The OCC charters, regulates and supervises approximately 2,800 national banks and 66 federal branches and agencies of foreign banks in the U.S., accounting for more than half the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.