



# Credit Cards – Vendor Due Diligence Tool

*Sheshunoff's Online Compliance Consulting* has compiled this resource tool that users may find helpful when performing due diligence on credit card vendors. The applicable regulation and commentary should be consulted for specifications where appropriate.

<b>Institution:</b>	<b>Date:</b>
	<b>Prepared by:</b>

Component	Company A	Company B	Company C
<b>Vendor Name</b>			
<b>Years in Business</b>			
<b># Institutions Served</b>			
<b>Portfolio Size ( # / \$ )</b>			
<b>Financial Status (review of audited financial statements)</b>			
<b>Target Market</b>			
<b>Products Offered (secured, unsecured, low intro rate)</b>			
<b>Add-on Products Offered (payment protection, credit insurance, ID theft, rewards)</b>			
<b>Typical Contract Specs:</b> <ul style="list-style-type: none"><li>• <i>Term</i></li><li>• <i>Cancellation Policy</i></li><li>• <i>Other - _____</i></li></ul>			

<b>Service Level Agreement / Performance Standards:</b> <ul style="list-style-type: none"> <li>• <i>What Reports or Metrics are Provided</i></li> <li>• <i>What Client Monitoring is Permitted</i></li> <li>• <i>Compliant Handling of Applications</i></li> <li>• <i>Compliant Disclosures</i></li> <li>• <i>Complaint Management</i></li> </ul>			
<b>References</b>			
<b>Any Strategic Plans for Expansion / Changes</b>			

## Detailed Analysis

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**The responsibility of handling various compliance-related components should be clearly defined and included in your detailed analysis. Consider these areas:**

- Reg. B Timely Credit Decisioning and Notices of Adverse Action
  - *How are credit decisions made? Are there auto-accepts and auto-rejects? How are exceptions handled? How is the timeliness of handling applications monitored?*
  - *Who sends notices of adverse action?*
- Fair Lending
  - *Is there any monitoring of fair lending performed? Has the company received any fair lending-related complaints?*
- Reg. Z Ability to Repay (1026.51)
  - *What is the process for ensuring consumers demonstrate an ability to repay before opening an account or increasing a line?*
- Reg. Z Limitations on Fees (1026.52)
  - *Does the vendor observe and comply with limitations on fees during the first year after account opening?*
- Reg. Z Allocation of Payments (1026.53)
  - *Does the vendor observe and comply with allocation of payment rules when a payment in excess of the required minimum payment is made?*

- Reg. Z Limits on Finance Charges, Increasing APRs, Fees & Charges (1026.54 & .55)
  - *Does the vendor comply with limitations on the imposition of finance charges as a result of the loss of a grace period?*
  - *Does the vendor comply with rules regarding increasing APRs, fees and charges?*
  
- Reg. Z Over-the-Limit Requirements (1026.56)
  - *How does the vendor handle over-the-limit transactions? Do they comply with opt-in and notice requirements?*
  
- Reg. Z Application and Solicitation Rules (1026.60)
  - *Does the vendor comply with application and solicitation rules, including format and disclosure provisions?*
  
- Reg. Z Account Disclosures (1026.6 & .9)
  - *Does the vendor provide account opening and subsequent disclosures in compliance with regulatory requirements?*
  
- Reg. Z Periodic Statements (1026.7 & .8)
  - *Does the vendor provide periodic statements and identify transactions in compliance with regulatory requirements?*
  
- Reg. Z Billing Error Resolution (1026.13)
  - *Does the vendor have a billing error resolution process in place?*
  
- Complaint Management & Monitoring
  - *How does the vendor manage complaints? What monitoring is in place to determine specific weaknesses?*
  
- UDAAP - Marketing, Add-on Products and Collection Processes
  - *Does the vendor do any marketing? If so, what forms of marketing are provided and how are they reviewed? Does the vendor do any prescreened offers of credit? If telephone marketing calls are made, are those scripted?*
  - *Does the credit card include any add-on products? If so, have there been any complaints related to those add-ons?*
  - *How are collections managed?*
  
- Security, Confidentiality & Record Retention
  - *How does the vendor provide for the security and confidentiality of information?*
  - *In what form are records retained and how are they stored?*
  
- Disaster Recovery / Business Continuity
  - *Does the vendor have a contingency plan in place?*