



BUY NOW PAY LATER MODULE



MODULE	Buy Now, Pay Later
CHAPTER	Table of Contents

**Date Last
Changed**

BPL-A Introduction

- BPL-A.1 Purpose
- BPL-A.2 Module History

BPL-B Scope of Application

- BPL-B.1 Scope of Application

BPL-1 General Requirements

- BPL-1.1 Capital Requirements
- BPL-1.2 Promotion, Marketing and Offerings
- BPL-1.3 Fees, Charges and Commissions
- BPL-1.4 Customer Dealings

BPL-2 Digital Security

- BPL-2.1 Digital Security Requirements

BPL-3 Complaints Handling

- BPL-3.1 Complaints Handling Framework



MODULE	Buy Now Pay Later
CHAPTER	Introduction

BPL-A.1 Purpose

Executive Summary

- BPL-A.1.1 This Module sets out requirements applicable to licensees that undertake a Buy Now Pay Later credit activity (Buy Now Pay Later, “BNPL”) described in more detail in BPL-B.1. The Rules contained in this Module aim to ensure that licensees conduct their activity using responsible lending practices and manage the associated risks prudently.
- BPL-A.1.2 The Module establishes a proportionate and tailored approach to regulating and supervising Buy Now Pay Later business models driven by innovative technology within the digital ecosystem in the Kingdom of Bahrain.
- BPL-A.1.3 This Module should be read in conjunction with the requirements in other parts of the CBB Rulebook, Volume 5, applicable to BNPL licensees particularly:
- (a) Authorisation Module (Module AU);
 - (b) Fit and Proper Requirements Module (Module FP);
 - (c) Principles of Business Module (Module PB);
 - (d) High Level Controls Module (Module HC);
 - (e) General Requirements Module (Module GR);
 - (f) Operational Risk Management Module (Module OM);
 - (g) CBB Reporting Requirements Module (Module BR);
 - (h) Public Disclosure Module (Module PD);
 - (i) Auditors and Accounting Standards Module (Module AU);
 - (j) Financial Crime Module (Module FC); and
 - (k) Enforcement Module (Module EN).

Legal Basis

- BPL-A.1.4 This Module contains the CBB’s Directive (as amended from time to time) applicable to Buy Now Pay Later licensees and is issued under the powers available to the CBB under Article 38 of the CBB Law.



MODULE	Buy Now Pay Later
CHAPTER	Introduction

BPL-A.2 Module History

Evolution of Module

BPL-A.2.1 This Module was first issued in [Month] 2025. All subsequent changes to this Module are annotated with the month in which the change was made.

BPL-A.2.2 A list of recent changes made to this Module is provided below:

Module Ref.	Change Date	Description of Changes



MODULE	Buy Now Pay Later
CHAPTER	Scope of Application

BPL-B.1 Scope of Application

BPL-B.1.1 This Module applies to all licensees offering Buy Now Pay Later (BNPL) credit with repayments to be made within a period of 12 months or less from the date of disbursement of the financing.

BPL-B.1.2 Buy Now Pay Later credit refers to interest-free (profit-free for sharia compliant) credit arrangements where:

- A merchant supplies goods or services to a customer;
- A third person (the buy now pay later provider) pays the merchant, directly or indirectly, some or all the price for that supply of goods or services;
- A contract exists between the customer and the BNPL provider to provide credit to the consumer in connection with that supply of goods and services; and
- The customer repays the credit to the BNPL provider in installments not exceeding twelve months.

BPL-B.1.3 The following are excluded from the definition of Buy Now, Pay Later:

- Deferred credit extended by the merchants to their customers with no credit arrangements with another intermediary financing company;
- The merchant is a related company of the Buy Now Pay Later provider or the merchant supplies a service to the customer; or
- Deferred credit extended to employees of a company to be recovered from salary or other dues payable to the employees.



MODULE	Buy Now Pay Later
CHAPTER	General Requirements

BPL-1.1 Capital Requirements

BPL-1.1.1 Licensees undertaking Buy Now Pay Later credit activity must maintain adequate financial resources to support its activities, a minimum capital of Bahraini Dinar 250,000 or equivalent in United States Dollars.

Risk based capital

BPL-1.1.2 In addition to the requirements outlined in Paragraphs BPL-1.1.1 licensees must ensure that the total exposures do not exceed 5 times the aggregate shareholders' equity. If the licensee is expected to breach or has breached this threshold, it must notify the CBB within 5 business days of such occurrence. The notification must include a written action plan setting out how the licensee proposes to restore the required minimum level.



MODULE	Buy Now Pay Later
CHAPTER	General Requirements

DPC-1.2 Promotions, Marketing and Offerings

- BPL-1.2.1** Any information provided by the licensee to the customer in their product promotion or advertisement is not presented in a manner that is, or is likely to be, misleading, deceptive, or confusing and meet the following criteria:
- Is clear, fair, accurate and not misleading;
 - Is simple to understand and presented in a way that is likely to be understood by the average person to whom it is directed;
 - Clearly presents any comparison or contrast (if any) in a fair and balanced way and avoid making direct comparisons of their products with those of their competitors;
 - Does not make use of the name of CBB in any advertisement in such a way that would indicate endorsement or approval of its products or services; or
 - Does not use any statement such as “the best in”, “the most competitive”, “the best rate in”, “the first in”, ‘the highest’ or ‘the lowest’ or ‘the best’ in the market unless it is fully supported by evidential documents.
- BPL-1.2.2** Licensees must ensure that digital /social media advertisements are in accordance with the requirements in this Section. Where a licensee publishes customer feedback/review on the internet/social media, it must display both positive and negative feedback/review.
- BPL-1.2.3** Licensees must ensure that customers or prospective customers have given informed consent before receiving promotional or advertisement material through email, SMS, WhatsApp or other communication means from the licensee. Where customers have opted in for receiving such promotions messages, they must be given the means to opt-out if they wish to opt-out.
- BPL-1.2.4** Licensees must ensure that the licensee is transparent in dealings with their customers and ensure that the customer understands the product structure and the risks associated with the financing product prior to entering into an agreement. The licensee must also advise customers of any charges both before a product or service is provided and at any time the customer asks.



MODULE	Buy Now Pay Later
CHAPTER	General Requirements

DPC-1.3 Fees, Charges and Commissions

BPL-1.3.1 Licensees must comply with the following with respect to interest rates, where applicable:

- (a) Disclose any late payment charges and or interest, where applicable;
- (b) Not charge interest on interest (penalties on profit in case of Sharia compliant financing) for delayed repayments; and

BPL-1.3.2 Licensees must ensure that all fees, commissions or other charges are reasonable and justifiable for the service and products provided to customers. The licensee must disclose all applicable fees, commissions or other charges on its website/platform /application and in customer agreements. Licensees must not charge any early repayment fees.



MODULE	Buy Now Pay Later
CHAPTER	General Requirements

BPL-1.4 Customer Dealings

Acceptance of Customers

BPL-1.4.1 Licensees must ensure the following upon onboarding a customer for **Buy Now Pay Later** offering:

- Make reasonable assessment of customer's background, source of income and whether the customer will be able to repay, in addition to customer due diligence as per Module FC;
- Ensure that the Buy Now Pay Later facility does not exceed the total repayment ratio of 50% for customers who have a gross income of less than BD3,000 per month (calculated as a ratio between the borrower's total monthly repayments on all consumer finance commitments and the customer's monthly gross income) at the time of disbursing the financing;
- Ensure that the customer is not in default at the time of disbursement of financing;
- Ensure necessary information has been received from the BCRB to ensure compliance with (b) and (c);
- Obtain consent of the customer and safe authentication measures are used for onboarding on the platform or application; and
- Provide key product information, including repayment obligations and key terms and conditions of the credit facility (See BPL-1.4.2).

Customer Agreements

BPL-1.4.2 Licensees must ensure that the customer agrees to the terms of business in writing or digitally for each **BNPL** credit given. The customer agreement must include:

- The licensee's standard terms and conditions (the terms and conditions are clear, concise, truthful, unambiguous and complete to enable customers to make a fully informed decision in Arabic and English and, if relevant, any other language necessary for customers to fully understand);
- The number of instalments, the amount of each instalment, due dates, and details of any direct debit arrangements;
- Instructions on how to make payments, including options for early repayment;
- Notification that the facility details will be reported to the Bahrain Credit Reference Bureau (BCRB);
- A warning that credit may be suspended if repayment obligations are not met;
- Procedures for early repayment should the customer choose to repay before the end of the facility term;



MODULE	Buy Now Pay Later
CHAPTER	General Requirements

BPL-1.4 Customer Dealings (continued)

BPL-1.4.2 (Cont'd).

- g) Full details of any fees, commissions or other charges that apply (or may apply) to the product or service;
- a) Process for debt collection in case of default; and
- b) Information on how the customer may contact the licensee for further information; and
- c) The dispute resolution processes available to the customer if they wish to make a complaint.

Customer Access and Notifications

BPL-1.4.3 Licensees must enable their customers to access their statement, view their purchases and the total outstanding balance of their purchases through its application or website. A licensee must put in place systems to notify the customer:

- a) When instalments are due;
- b) When instalments are overdue;
- c) When instalment payments have been received;
- d) When the customer has exceeded the credit limit
- e) When charging a fee for whatever reason, providing adequate details of the fee or charge; or
- f) When a default has occurred resulting in penalties or other action by the licensee.

Direct debits

BPL-1.4.4 Licensees holding direct debit consents from customers must not:

- a) Hold multiple direct debit forms signed by the customer;
- b) State or imply to the customer that the customer cannot cancel a direct debit; or
- c) Continue to receive money from the customer by direct debit after the loan has been fully paid.

Financial difficulties

BPL-1.4.5 Where a customer is having repayment difficulties and is engaging with the licensee to try to resolve them, the licensee must provide necessary assistance and not request or arrange for the customer's repayments to be automatically deducted from their benefit or wages before these are deposited into the customer's account, unless the licensee has reasonable grounds to believe that the customer in their current circumstances could reasonably expect to be able to discharge their repayment obligations while also meeting necessities and other financial commitments.



MODULE	Buy Now Pay Later
CHAPTER	General Requirements

BPL-1.4 Customer Dealings (continued)

- BPL-1.4.6** When a customer is facing repayment difficulties, the licensee must take into account the customer's preferred means of repaying the debt. In some cases, the customer may prefer that the licensee realise the proceeds of selling the secured good before taking further steps, and the licensee must do so if that is commercially reasonable and can be done reasonably promptly.
- BPL-1.4.7** Licensees must, in relation to a BNPL agreement with a customer, treat the customer and his property (or property in their possession) reasonably and in an ethical manner.
- BPL-1.4.8** Licensees must always endeavour to discuss financial difficulties with their customers before taking legal proceedings. Where possible, licensees must consider alternative arrangements to enable customers to overcome their repayment difficulties. Licensees must provide customers with a minimal level of counselling on debt problems. The licensee must not institute insolvency proceedings against the customer.
- BPL-1.4.9** A licensee must not hold a customer's passport, credit or debit cards, driver's licences or other critical personal documents; (this does not affect the rights of a licensee to hold or repossess a credit or prepaid card issued by that licensee to the customer, in accordance with the terms and conditions of the customer agreement; or contact or communicate with anyone other than the client or their authorised representative, beyond the minimum extent necessary to reach the customer.

BCRB Credit Checks and Reporting

- BPL-1.4.10** All enquiries for new or additional credit in Bahrain must be submitted to the Bahrain Credit Reference Bureau ('BCRB'). BNPL licensee must meet the following requirements and incorporate them into their policies and procedures:
- (a) Establish an electronic monitoring system to detect, monitor and maintain records and a log of all access to BCRB data by its employees;
 - (b) Report all BNPL credit given, monthly repayment instalments and outstanding amounts to BCRB in the format prescribed by it on a real time basis; and
 - (c) Require the sign off of the designated employees on their legal obligations concerning the confidentiality of BCRB data and that any violation of the CBB Law would subject them to an enforcement action.



MODULE	Buy Now Pay Later
CHAPTER	Digital Security

BPL-2.1 Risks, Systems and Controls

Internal Controls

BPL-2.1.1 The Board of Directors or equivalent authority of the licensee must take responsibility for the establishment and oversight of effective risk management and internal controls.

BPL-2.1.2 Consistent with Module PB: Principles of Business, Paragraph, PB-1.1.10, licensees must establish adequate internal controls to safeguard the business, its customers and licensees to which they have online access to. The internal controls must include, but not be limited to, those relating to the following:

- (a) The development and or acquisition of the technology solutions to conduct the activity;
- (b) Testing of the solutions and application program interfaces;
- (c) Standards of communication and access and security of communication sessions;
- (d) Safe authentication of the users;
- (e) Processes and measures that protect customer data confidentiality and personalised security credentials consistent with Law No. 30 of 2018, Personal Data Protection Law (PDPL) issued on 12 July 2018;
- (f) Tools and measures to prevent frauds and errors;
- (g) Security policy;
- (h) Information security testing including web applications testing, configuration reviews, penetration testing and smart device application testing;
- (i) Risk management controls;
- (j) Prevention of anti-money laundering (AML) and combating terrorist financing (CTF);
- (k) Record keeping and audit trails; and
- (l) Operational and financial controls.



MODULE	Buy Now Pay Later
CHAPTER	Digital Security

BPL-2.1 Risks, Systems and Controls (continued)

BPL-2.1.3 Licensees must maintain an up-to-date security policy document containing the following information:

- a) Detailed documentation of the technology architecture and of the systems and the network elements providing:
 - i. Description of the IT systems supporting the business activities;
 - ii. The type of authorised connections from outside, such as with partners, service providers, entities of the group and employees working remotely, including the rationale for such connections;
 - iii. For each of the connections, the logical security measures and mechanisms in place, specifying the control the licensee will have over such access as well as the nature and frequency of each control,
 - iv. Process for the opening/closing of communication lines, and description of security equipment configuration, generation of keys or client authentication certificates, system monitoring, authentication, confidentiality of communication, intrusion detection, antivirus systems and logs;
- b) The logical security measures and mechanisms that govern access to IT systems;
- c) The physical security measures and mechanisms of the premises and the data centre of the licensee, such as access controls and environmental security; and
- d) Ensure that the information systems, (both hardware and software) including the aggregation website(s)/portals, and the data centres hosting the website(s)/Portal(s) are subject to cyber security risk management measures.

BPL-2.1.4 Licensees must document the process by which they identify, prioritise and manage their operational risks.

BPL-2.1.5 Operational risk include financial loss or reputational loss and the risk of loss of confidential customer data resulting from inadequate or failed internal processes, people, technology and systems, or from external events including risks of internal and external frauds and cyber threats. In assessing potential operational risk, the following are some of the factors that may affect the licensee's risk exposure:

- (a) Lack of governance, board and management oversight;
- (b) Inadequate internal controls;
- (c) Insufficient transaction monitoring;
- (d) Failure of information technology through breakdown, incompatibility of legacy systems and poor scalability, poor security, etc.;
- (e) Failure or insufficient cyber and information security controls;
- (f) Failure of processes and procedures;
- (g) Internal and external fraud



MODULE	Buy Now Pay Later
CHAPTER	Digital Security

BPL-2.1.5 (cont'd)

- (h) Legal risks;
- (i) Outsourcing risk;
- (j) Business continuity and disaster recovery; and
- (k) Reputational risks.

BPL-2.1.6 Licensees must establish comprehensive procedures for monitoring, handling and following up on security and fraud incidents and related customer complaints including but not limited to the following:

- a) Organisational measures and tools for the prevention of such incidents;
- b) Details of the individual(s) and bodies responsible for assisting customers in cases of the incidents and technical issues and/or claim management;
- c) Reporting lines in cases of such incidents;
- d) The contact point for customers, including a name and email address;
- e) The procedures for the reporting of incidents, including the communication of these reports to internal or external bodies, including notification of major incidents to national competent authorities; and
- f) The monitoring tools used and the follow-up measures and procedures in place to mitigate security and fraud risks.

BPL-2.1.7 Licensees must ensure they have an up-to-date business continuity plan and arrangements consisting of the following information:

- a) A business impact analysis, including the business processes and recovery objectives, such as recovery time objectives, recovery point objectives and protected assets;
- b) The identification of the back-up site, access to IT infrastructure, and the key software and data to recover from a disaster or disruption;
- c) An explanation of how the licensee will deal with significant continuity events and disruptions, such as the failure of key systems; the loss of key data; the inaccessibility of the premises; and the loss of key persons; and
- d) The frequency with which the licensee intends to test the business continuity and disaster recovery plans, including how the results of the testing will be recorded.



MODULE	Buy Now Pay Later
CHAPTER	Complaints Handling

BPL-3.1 Complaints Handling

Key Principles for Complaint Handling

BPL-3.1.1 Licensees must adhere to the following principles is required for effective handling of complaints:

- (a) Fair, equitable and proper treatment: Complaints must be addressed in an equitable, objective, unbiased and efficient and prompt manner and without any charges to the customer;
- (b) Visibility: “How and where to complain” must be well publicised to customers and other interested parties, in both English and Arabic languages;
- (c) Accessibility: A complaint handling process must be easily accessible to all customers and must be free of charge.
 - a. All financial services products intended for retail customers must include a statement informing the customer of the availability of a simple and easy-to-use guide on customer complaints procedures;
 - b. Support for customers in interpreting the complaints procedures must be provided, upon request; and
 - c. Information and assistance must be available on details of making and resolving a complaint.
- (d) Responsiveness: Complaints must be addressed promptly and courteously using a customer focused approach in accordance with their urgency and the customers must be kept informed of the progress of their complaint;
- (e) Escalation: If a customer is not satisfied with a licensee’s response, the licensee must advise the customer on how to take the complaint further within the organisation.

BPL-3.1.2 Licensees must disclose publicly the contact details for dealing with complaints.



MODULE	Buy Now Pay Later
CHAPTER	Complaints Handling

BPL-3.1 Complaints Handling (Continued)

Complaint Handling Policies and Procedures

BPL-3.1.3 Licensees must have documented customer complaints handling procedures and systems for effective handling of complaints made by customers. The procedures must include:

- (a) The organisational and reporting structure for the complaints handling function ensuring also independence from parties to the complaint;
- (b) The procedures and policies for:
 - (i) Receiving and acknowledging complaints in writing;
 - (ii) Investigating complaints;
 - (iii) Responding to complaints within appropriate time limits;
 - (iv) Recording information about complaints;
 - (v) Monitoring of complaints handling to maintain objectivity;
 - (vi) Identifying recurring system failure issues;
- (c) The types of remedies available for resolving complaints.

BPL-3.1.4 The complaints handling system and process must be customer focused and objective and ensure the following:

- (a) The employee responsible for the resolution of complaints is fully aware of the process and has the necessary authority to resolve complaints or has ready access to an employee who has the necessary authority;
- (b) The complaints officer must distinguish between fact and opinion and find the relevant facts, talk to both sides, establish common ground and verify explanations wherever possible;
- (c) Each complaint takes into account any sensitivities paying due care to individual circumstances;
- (d) Customer information and customer's identity must be protected and not disclosed, unless the customer consents otherwise; and unless it is reasonable to disclose;
- (e) The process must be free of charge to customers;
- (f) Recurring system failures are identified, investigated and remedied and subject to continued improvement.



MODULE	Buy Now Pay Later
CHAPTER	Complaints Handling

BPL-3.1 Complaints Handling (Continued)

BPL-3.1.5 In the event that the licensee is unable to resolve a complaint, it must outline the options that are open to that customer to pursue the matter further, including, where appropriate, referring the matter to the Consumer Protection Unit at the CBB.

Response to Complaints

BPL-3.1.6 Licensees must ensure the following when receiving a complaint from customers:

- a) Acknowledge in writing customer written complaints within 3 working days of receipt and respond.
- b) Respond in writing to a customer complaint within 14 working days of receiving the complaint, explaining their position and how they propose to deal with the complaint.
- c) Decide and communicate how it proposes (if at all) to provide the customer with redress. Where appropriate, the licensee must explain the options open to the customer and the procedures necessary to obtain the redress;
- d) Where a licensee decides that redress in the form of compensation is appropriate, it must provide the complainant with fair compensation and must comply with any offer of compensation made by it which the complainant accepts;
- e) Where a licensee decides that redress in a form other than compensation is appropriate, it must provide the redress as soon as practicable; and
- f) Should the customer that filed a complaint not be satisfied with the response received as per (b) above he can forward the complaint to the Consumer Protection Unit at the CBB within 30 calendar days from the date of receiving the letter.



MODULE	Buy Now Pay Later
CHAPTER	Complaints Handling

BPL-3.1 Complaints Handling (Continued)

Recording of Complaints

- BPL-3.1.7** A licensee must maintain a record of all customers' complaints. The record of each complaint must include:
- (a) The identity of the complainant;
 - (b) The substance of the complaint;
 - (c) The status of the complaint, including whether resolved or not, and whether redress was provided; and
 - (d) All correspondence in relation to the complaint. Such records must be retained by the licensees for a period of 5 years from the date of receipt of the complaint.

Reporting of Complaints

- BPL-3.1.8** A licensee must submit to the CBB's Consumer Protection Unit, 20 days after the end of the quarter, a quarterly report summarising the following:
- (a) The number of complaints received during the quarter and outstanding, even if nil;
 - (b) The substance of the complaints during the quarter;
 - (c) The number of days it took the licensee to acknowledge and to respond to the complaints received during the quarter;
 - (d) The status of all complaints received during the quarter, including whether resolved or not, and whether redress was provided; and
 - (e) The status of all unresolved complaints received in previous quarters.
- BPL-3.1.9** The report referred to in Paragraph BPL-3.1.8 must be sent electronically to complaint@cbb.gov.bh.