

Unofficial Translation  
by the courtesy of The Foreign Banks' Association  
**This translation is for the convenience of those unfamiliar with the Thai language.  
Please refer to the Thai text for the official version.**

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28 November 2006

To Manager

All commercial banks registered in Thailand

All branches of foreign commercial banks

No. For Nor Sor. (21) Wor. 184/2549 Re: Dispatch of the Notification of the Bank of Thailand regarding the Undertaking of Credit Card Business of a Commercial Bank

The Bank of Thailand (BOT) dispatches herewith the Notification of the Bank of Thailand Re: Interests and Service Charges which Commercial Banks may Charge in Undertaking Credit Card Business and the Notification of the Bank of Thailand Re: Prescription of Rules, Procedures, and Conditions for Credit Card Business Operation of Commercial Banks dated 13 November 2006 which were published in the Government Gazette, General Version, Volume 123, Special Part 122 Ngor, dated 24 November 2006.

The essentials of these Notifications mentioned are:

1. The increase of ceiling on interests, penalties, service charges, and fees of undertaking credit card business by 2 percent per annum to an aggregate amount not exceeding 20 percent per annum to be in line with the continuous changes in costs of funds. Furthermore, to create fairness for both consumers and commercial banks, any debts arising from the spending via credit cards or cash withdrawal before 1 December 2006 shall be protected in accordance with the previous Notification of the Bank of Thailand where commercial banks shall continue to charge interests, penalties, service charges, and fees at the amount not exceeding 18 percent per annum until 30 June 2007.

However, from 1 July 2007 onwards, commercial banks may charge interests, penalties, service charges, and fees on the new rates (not exceeding 20 percent per annum) under the scope of agreed contract regardless of whether such debts have been incurred prior to or since 1 December 2006 onwards;

2 The amendments on other issues:

2.1 Amend the rules on consideration of qualifications of the cardholders by allowing commercial banks to consider qualifications of the cardholders from the possession of deposits or the investments in debt instruments issued by commercial banks, government agencies or state enterprises established by specific laws;

2.2 Extend the rules on consideration of qualifications of the corporate cardholders by allowing commercial banks to consider qualifications of the corporate cardholders from financial status of the corporations that apply for credit cards instead of qualifications of individual cardholders;

2.3 Amend credit card debt repayment conditions in case of emergency credit line which exceeds 5 times of income by prescribing cardholders to repay debts exceeding 5 times of income within the second payment period according to credit card statement instead of within the first payment period;

2.4 Amend conditions on credit lines of the credit cards issued prior to 1 April 2004 by allowing commercial banks to remain existing credit lines for credit cards issued prior to 1 April 2004 only for the cardholders who have good debt repayment records as prescribed by the Bank of Thailand;

2.5 Prescribe rules by not allowing the pre-approval of any credit cards without requests by customers.

Please be informed and observe accordingly.

Yours faithfully,

- signature -

(Mrs.Tongurai Limpiti)

Senior Director, Financial Institutions Policy Group  
For Governor

- Enclosures:
1. The Notification of the Bank of Thailand Re: Interests and Service Charges which Commercial Banks may Charge in Undertaking Credit Card Business dated 13 November 2006.
  2. The Notification of the Bank of Thailand Re: Prescription of Rules, Procedures, and Conditions for Credit Card Business Operation of Commercial Banks dated 13 November 2006.

Prudential Policy Department

Inquiry on No. 1: Tel. 0-2283-6827, 0-2356-7686

Inquiry on No. 2: Tel. 0-2283-5304, 0-2283-5837

Note:  The Bank of Thailand will arrange a clarification meeting  
on.....at.....

There will be no clarification meeting.

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The Notification of the Bank of Thailand  
Re: Interests and Service Charges which Commercial Banks may Charge  
in Undertaking Credit Card Business

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**Clause 1. Objective of issue the Notification**

**As the Bank of Thailand under the approval of the Minister of Finance prescribed interests and service charges which commercial banks may charge in undertaking credit card business at the amount not exceeding 18 percent per annum on 12 November 2002;**

**At present, the economic and financial conditions of the country have changed and interest rates have increased continuously. As of the third quarter of the year 2006, the policy interest rate of the Bank of Thailand, the average MLR, and the average 3-month deposit rate (the average of five large Thai banks' s rates) are at 5.00, 7.75 and 3.50 per cent, respectively, increasing from the end of the year 2003 by 3.75, 2.00 and 2.50 percent, respectively. Such higher rates affect costs of funds, which have been increasing continuously, of credit card operators. The Bank of Thailand hereby considers that it is appropriate to raise the ceiling of such interests and service charges due to the continuous changes in costs of funds. In addition, the Bank of Thailand will monitor costs of funds of credit card operators closely both the increasing and decreasing for the consideration of adjusting interest ceiling to reflect the financial situation in the future.**

**Clause 2. Statutory Power**

By virtue of the provisions of Section 14 of the Commercial Banking Act B.E. 2505 as amended by the Commercial Banking Act (No. 2), B.E. 2522, the Bank of Thailand under the approval of the Minister of Finance hereby issues the prescriptions as stipulated herein.

**Clause 3. Scope of Application**

This Notification is applicable to all commercial banks under the Commercial Banking Act that undertake credit card businesses.

#### **Clause 4. Contents**

**4.1 Under Clause 5 of this Notification, the Notification of the Bank of Thailand Re: Interests and Service Charges which Commercial Banks may Charge in Undertaking Credit Card Business dated 12 November 2002 shall be repealed.**

4.2 Under Clause 5 of this Notification, in undertaking credit card business, commercial banks may charge the cardholders or consumers for interests on unpaid or overdue debts or interests accrued during default period, or penalties on unpaid or overdue debts, or any other service charges or fees at an aggregate amount not exceeding **20** percent per annum. Commercial banks may calculate the number of days starting from either on the date that the advance payment is paid for the benefit of the cardholders or consumers, or the date that the total transactions are summarized, or the date that the cardholders or consumers must make a repayment or have his/her account debited for payment according to the statement.

The fees or service charges in the first paragraph shall not include operating fees or service charges as prescribed by the Bank of Thailand.

4.3 Commercial banks may charge any service charges related to credit card loans in case of debt collection at the actual payment amount as appropriate.

4.4 In providing cash withdrawal service via the credit card, commercial banks may charge any other service charges or fees at an aggregate amount not exceeding 3 percent of the cash withdrawal amount.

#### **Clause 5. Transitory Provisions**

**For the charges of interests, penalties, service charges, and fees from any debts arising from the spending via credit cards or cash withdrawal prior to the effective date of this Notification (both for the case of customers having agreement to make fully or partial payment), commercial banks shall still comply with the Notification of the Bank of Thailand Re: Interests and service charge which commercial banks may charge in undertaking credit card business dated 12 November 2002 until 30 June 2007. The rates charged shall also be in accordance with the existing agreed contracts, and, afterwards, regardless of whether debts have been incurred prior to or since the effective date of this**

**Notification, commercial banks may charge interests, penalties, service charges, and fees according to this Notification.**

**Clause 6. Effective Date**

**This Notification shall come into force on 1 December 2006 onwards.**

Given on 13 November 2006

- signature -

(Mrs.Tarisa Watanagase)

Governor  
Bank of Thailand

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The Notification of the Bank of Thailand  
Re: Prescription of Rules, Procedures, and Conditions  
for Credit Card Business Operation of Commercial Banks

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**Clause 1. Objective of the Notification**

To protect public interests, to caution and prevent problems that may arise from credit cards in the future, and to prescribe appropriate, clear, and enforceable regulations on undertaking credit card business in the same manner, **as well as to be in accordance with the current situation where interest rates in the market have been increasing.**

**Clause 2. Statutory Power**

The Bank of Thailand, by virtue of the provisions of Section 22 (8) of the Commercial Banking Act, B.E 2505 and the amendments thereof, hereby issues the rules, procedures, and conditions in undertaking credit card business of commercial banks as stipulated herein.

**Clause 3. Scope of Application**

This Notification is applicable to all commercial banks under the Commercial Banking Act that undertake credit card business.

**Clause 4. Contents**

**4.1** The Notification of the Bank of Thailand Re: Rules, Procedures, and Conditions for Credit Card Business Operation of Commercial Banks dated **23 March 2004** shall be repealed.

**4.2** In this Notification:

“Credit card” means the card that commercial banks issue to cardholders or consumers in accordance with the rules and procedures prescribed by such commercial banks, for the payments of goods, services, or any other fees instead



of cash payment, or for cash withdrawal. This shall not include the cards for which payments for goods, services or any other fees are made in advance.

“Basic card” means the credit card that commercial banks issue to cardholders or consumers whose income or financial status is sufficient for making credit card debt repayment.

“Supplementary card” means the credit card that commercial banks issue to cardholders or consumers who the basic cardholders allow to spend within his/her credit line and the basic cardholders will be responsible for all debt repayment arising from such supplementary cards.

**“Corporate card” means the credit card that commercial banks issue to civil servants, or the staff of government agencies, state enterprises, or private companies whereby the said institutions will be responsible for all debt payments arising from such credit cards.**

#### **4.3 Qualification of the credit cardholders**

##### In case of basic cardholders:

Commercial banks shall issue basic cards to cardholders or consumers only when the cardholders or consumers meet either one of the following criteria:

(1) Earning total incomes from various sources at an aggregate amount of not less than 15,000 baht per month or not less than 180,000 baht per annum whereby clear evidence regarding the sources of income must be presented;

(2) Having income or used to earn income from working. In this case, commercial banks shall consider cash flows circulated in deposit accounts **at financial institutions legally taking deposits from people** during at least **the past six months. The minimum cash inflows on average must not be less than 15,000 baht per month**, and commercial banks consider as a qualified person whose financial status is sufficient for making debt payments under credit card;

(3) Pledging deposits at commercial banks, or **investing in debt instruments issued by commercial banks, government agencies, or state enterprises established by specific laws**, as collateral for full amount of the approved credit line;

**(4) Possessing fixed deposits at such commercial banks at the amount not less than 500,000 baht for the period of at least 6 months;**

**(5) Possessing either fixed deposits or savings deposits at such commercial banks or investing in debt instruments issued by any commercial banks, government agencies, or state enterprises established by specific laws where such commercial banks are a trustee of such investment, at an amount or an aggregate amount not less than 1,000,000 baht for the period of at least 6 months. Commercial banks shall consider qualification of credit cardholders according to documents supporting the application for credit cards of a customer. In addition, commercial banks are not permitted to pre-approve any credit cards to customers without request.**

In case of supplementary cardholders:

Commercial banks may issue supplementary cards to any person whose qualifications do not meet the criteria specified in (1) – (5) above or any person who does not have regular income under the same contract with the basic cardholder. Credit line of all supplementary cardholders shall be included in the limit of the basic cardholder. The basic cardholder must be responsible for the repayment of all debts arising from all supplementary cards.

**In case of corporate cards:**

**Commercial banks shall consider financial status of a corporate or a company that applies for credit cards and do not need to consider qualification of the cardholder in the name of such company individually.**

In case of existing cardholders:

Commercial banks are permitted to renew credit cards for the existing cardholders that hold the cards **before 1 April 2004** and earns income from various sources at an aggregate amount of not less than 15,000 baht per month or not less than 180,000 baht per year. Commercial banks are allowed to do so if such existing cardholders have good repayment records in the previous year and never unpaid or overdue the debt repayment more than 2 payment periods, where each period is not more than 30 days.

**4.4 Interests, penalties, service charges, and fees concerning the use of credit card**

In respect of interests, penalties, service charges, fees, and other charges concerning the use of credit cards, commercial banks shall proceed as follows:

(1) Announcing in public places at all offices the details of interest rates, service charges, fees, and other charges concerning the use of credit card which are currently effective in the form set forth herein by the Bank of Thailand, and notify the cardholders or consumers at least 30 days in advance of the changes of such rates or conditions;

(2) Informing the cardholders or consumers who wish to apply for credit cards the details according to the form set forth herein by the Bank of Thailand under (1) for their considerations before applying for credit cards;

(3) Complying with the Bank of Thailand Notification Re: Interests and Service Charges which Commercial Banks may Charge in Undertaking Credit Card Business dated **13 November 2006** and the amendments thereof for interest, penalties, service charges and fees regarding the use of credit card;

(4) Obtaining the permission from the Bank of Thailand before charging any service charges or expenses from the cardholders or consumers other than those items specified in the form set forth herein by the Bank of Thailand under (1).

#### **4.5 Demand for debt repayment and the process of debt collection**

In demanding for debt repayment and collecting debt, commercial banks shall proceed as follows:

(1) Setting up rules on debt installment payment under which the card holder or consumer shall repay the debts for each installment period at a minimum amount, in case where commercial banks would like the cardholders or consumers to make debt repayment in an installment, as follows:

(a) For the new cardholders who hold cards since 1 April 2004, the minimum debt repayment shall not be less than 10 percent of the total outstanding balance for each installment period. **For debts arising from temporary credit lines in case of emergency, cardholders shall fully repay the total outstanding balance according to 4.7 (3);**

(b) For the existing cardholders, who hold cards before 1 April 2004, the debt repayment shall not be less than 5 percent of the total outstanding balance for each installment period, and starting from 1 April 2007

onwards, the minimum debt repayment shall not be less than 10 percent of the total outstanding balance for each installment period. **For debts arising from temporary credit lines in case of emergency, the cardholders shall fully repay the total outstanding balance according to 4.7 (3).**

(2) Notifying the cardholders or consumers in form of warning letter not less than 20 days in advance prior to pursuing legal execution of debt repayment;

(3) Sending a statement to notify the cardholders or consumers not less than 10 days in advance prior to the due date or debit date, and demonstrating the details of interests and expenses calculations in such statement in case where there are any interests or expenses charged on the overdue or unpaid debts;

(4) Canceling the credit cards immediately if the cardholders do not repay the debts for more than 3 months from the due date.

#### **4.6 Change of debt category**

Commercial banks are not allowed to transfer or reclassify any debts from the use of credit cards to debts from current account agreements or debts from other types of loan agreement unless the banks proceed through the following conditions:

(1) The letter of consent from the cardholder or consumer must be received prior to such action;

(2) Rules on debt repayment must be set at the minimum of 10 percent of the total outstanding balance for each installment period except for the case of debt restructuring for the benefit of the cardholders especially the decrease of interests, penalties, service charges, and fees. Complete and legally enforceable documents or contracts related to debt restructuring shall be prepared by commercial banks;

(3) The charge of interests, penalties, service charges, and any fees shall be in accordance with 4.4 (3) and (4) of this notification;

(4) The cancellation of the credit cards and credit card accounts of such cardholders shall be done promptly:

(5) Such transfer or reclassification of debts shall not be done to avoid the rules on assets classification and making provision which then will result in incorrect assets and liabilities reporting.

The interests on debts arising from the use of credit cards that have not yet been transferred to be the debt from current account agreements shall not be compounded with the principal amount for charging interests on the compounded amount.

#### **4.7 Practice and management of information of cardholders or consumers**

(1) Commercial banks shall pay attention to and make available of the accurate and complete information of card applicants to support the consideration of approval and the determination of credit lines which is appropriate and in accordance with debt repayment ability of debtors, by using information from reliable central sources such as companies undertaking credit information businesses or jointly forming up an information center for joint use of information in order to verify the personal record of the card applicants, number of cards, total credit lines, and other information.

(2) Credit line approved for each individual cardholder shall not exceed 5 times of average income per month or **average** cash inflows circulated in deposit accounts according to 4.3 (1) and (2), or not exceed **10 percent of total outstanding balance of fixed deposits according to 4.3 (4), or not exceed 10 percent of fixed deposits, savings, and debt instruments according to 4.3 (5).**

**For the existing cardholders, who hold the cards before 1 April 2004 and has a continuously good repayment record whereby in a previous year there were no more than 2 late repayments, with less than 30 days in each, commercial banks shall not extend the credit lines for such cardholders except for case (3) or the case that the existing credit lines are lower than 5 times of average income per month or average cash inflows circulated in deposit accounts**

(3) **Commercial banks shall extend temporary credit lines exceeding the credit lines according to 4.7 (2) as mentioned above to the cardholders in emergency cases if commercial banks already consider debt repayment ability of the cardholders, specify the responsible person in the approval of credit lines extension, and make special agreement with the cardholders to fully repay the amount exceeding the credit lines according to 4.7 (2) within the due date specified in the second period statement of which the spending amount is shown. For the repayment of debts at the amount not exceeding the credit line according to 4.7 (2), commercial banks shall still comply with the rules specified in 4.5.**

(4) The applicants of new cards and the existing cardholders applying for the extension of credit lines shall declare the correct and complete details of credit cards and existing credit lines while filing the application for credit cards or the extension of credit line. Commercial banks shall explain to the customer about the importance of providing such information which will result in the cancellation of such credit cards if commercial banks subsequently discover that the information given is incorrect.

(5) Commercial banks must keep strictly confidential the information of the cardholders or consumers, except for the following cases:

- (a) Disclosure with the consent in writing from the cardholders or consumers;
- (b) Disclosure according to duty or for the purpose of investigating or case hearing;
- (c) Disclosure to the auditor of such commercial banks;
- (d) Submission of the credit information to the credit bureau;
- (e) Disclosure for the purpose of legal compliance.

#### **4.8 Practice regarding complaint**

Commercial banks shall conduct examination when the cardholders or consumers make complaints regarding the use of credit cards and advise the progress thereof as well as subsequent processes to the cardholders or consumers within 7 days from the date of receipt of such complaint. In this regard, such commercial banks shall rectify the complaint and inform the cardholders or consumers promptly.

#### **4.9 Risk management of credit card business**

(1) Commercial banks shall determine the policies and plans for undertaking credit card business and propose to the Board of Directors of such commercial banks for the approval every year. Such policies and plans shall comprise directions and guidelines for credit card services as well as target in providing the services to customers in accordance with income levels of cardholders.

(2) Commercial banks shall put in place the rules and procedures for banks' officers or specify in the representative appointment contracts

to act on behalf of commercial banks in contacting the new cardholders or the existing cardholders to offer new types of loans, and shall proceed the followings:

(a) Contact to the new cardholders or the existing cardholders shall conduct during 8.00 a.m. – 20.00 p.m., Monday to Friday; except for public holidays, the contact shall conduct during 8.00 a.m. – 18.00 p.m.;

(b) No cash, presents, or complementary cards shall be offered or distributed in the acceptance of new customers or in the approval of new customers except for the case that the cardholders have spent by using credit cards at least one period.

(3) Commercial banks shall put in place the risk management system in undertaking credit card business as follows:

(a) A system to evaluate the qualifications of credit card applicants for approval and determination of credit lines in accordance with the debt repayment ability;

(b) A debt collection system that can alert the commercial bank when any debtors start to encounter repayment problem or are incapable of repayment debts as agreed, as well as strategies for debt collections under various circumstances;

(c) A monitoring system to observe the spending and debt repayment nature of each cardholder for the purpose of reviewing, and adjusting the credit lines in accordance with behavior and card using manner of each cardholder;

(d) An information technology system to determine and review policies and plans concerning credit card services.

#### **4.10 Accounting and reporting**

Commercial banks must prepare the report in the form prescribed in the Circular of the Bank of Thailand No. Sor Nor Sor. (03) Wor. 2203/2546 dated 30 September 2003 Re: Revision of the Form and Method of Submitting Call Reports to the Bank of Thailand and the amendments thereof.

4.11 The terms herein shall not govern the issuance of debit cards for cash withdrawal or debiting for payments of goods and services from deposit accounts while such cards are being used.

4.12 In case where commercial banks have already issued the credit cards to the cardholders or consumers on the effective date of this notification, if the qualifications of the cardholder do not meet the criteria set forth herein, such credit cards are still effective until the expiry date of the cards or until commercial banks cancel the cards in accordance with contracts of such credit cards.

**Clause 5. Effective Date**

**This Notification shall come into force from 1 December 2006 onwards.**

Given on 13 November 2006

- signature -

(Mrs. Tarisa Watanagase)

Governor  
Bank of Thailand



## **Lists of related Notifications and Circulars of the Bank of Thailand**

### The operation of credit card services and the appointment of an agent to take credit card payments:

1. The Circular of the Bank of Thailand No. BOT. Nor Gor. (Wor) 785/2534 Re: the Operation of Credit Card Services dated 20 May1991;
2. The Circular of the Bank of Thailand No. BOT. Sor Nor Sor. (31) Wor. 1959/2545 Re: Appointment of an Agent to Take Money Deposits, Credit Payments, and Credit Card Payments dated 21 August2002;

### Interests and fees in the use of credit cards and information disclosure:

1. The Circulation of the Bank of Thailand No. BOT. Sor Nor Sor. (21) Wor. 2541/2545 Re: Operating Fees concerning Credit Card Services of Commercial Banks dated 12 November 2002;
2. The Circular of the Bank of Thailand No. BOT. Sor Nor Sor. (22) Wor. 49/2546 Re: Clarification regarding the Rules, Procedures, and Conditions for Credit Card Business Operation by Commercial Banks dated 7 January 2003;
3. The Circular of the Bank of Thailand No. For Nor Sor. (21) Wor. 768/2549 Re: Fees for the Use of Credit Cards for Tax and Fee Payments to Government Agencies dated 14 June2006;
4. The Circular of the Bank of Thailand No. BOT. For Nor Sor. (21) Wor. 963/2549 Re: the Revision of the Disclosure of Fees and Interests of Commercial Banks for the Interests of Consumers dated 17 July 2006;
5. The Notification of the Bank of Thailand Re: Interests and Service Charges which Commercial Banks may Charge in Undertaking Credit Card Business dated 13 November 2006.

**Bank \_\_\_\_\_**  
**Details concerning interest rates, service charges, fees, and other expenses for the use of credit card**  
**Effective from \_\_\_\_\_**

<b>1. Interests, penalty, fees, and other service charges:</b>												
Interest							..... % per annum					
Credit line usage fee							..... % per annum					
Penalty for overdue payment							..... % per annum					
Fee or other service charges							..... % per annum					
Commencing date for interest calculation	from [ ] date of payment to stores						[ ] date of summary of total transactions [ ] due date for payment					
<b>2. Minimum installment payment rate</b>	..... % of the total amount according to the monthly statement, or Minimum payment of ..... Baht											
<b>3. Cash withdrawal fee</b>	..... % of the total amount of cash withdrawn											
<b>4. Interest-free repayment period if paying when due</b>	Maximum ..... days from the date of summary of total transactions											
<b>Operating fee</b>	<b>Type of Card...</b>		<b>Type of Card...</b>		<b>Type of Card...</b>		<b>Type of Card...</b>		<b>Type of Card...</b>		<b>Type of Card...</b>	
	... card	... card	... card	... card	... card	... card	... card	... card	... card	... card	... card	... card
<b>5. Fee for each type of card (baht per annum):</b>												
Initial fee												
Annual fee												
<b>6. Payment fee</b>	Payment by debiting from bank accounts				Baht ..... / time		Payment by cheque or postal money order				Baht ..... / time	
	Payment at the bank's counters				Baht ..... / time		Payment via ATM machines				Baht ..... / time	
	Payment at other bank's counters				Baht ..... / time		Payment via automatic telephone system				Baht ..... / time	
	Payment at payment service point				Baht ..... / time		Payment via internet system				Baht ..... / time	
<b>7. Fee for issuance of a new card in case of loss / damage</b>	Baht ..... per time											
<b>8. Application fee for statement report</b>	Baht ..... per time											
<b>9. Application fee for copy of sales slip</b>	Baht ..... per time											
<b>10. Application fee for new credit card PIN code for replacing the existing PIN code</b>	Baht ..... per time											
<b>11. Application fee for transaction examination</b>	Baht ..... per time											