

Unofficial Translation

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Notification of the Bank of Thailand

No. FPG. 12/2560

**Re: Regulations Procedures and Conditions for Conducting Credit Card Business
for Commercial Banks**

1. Rationale

Credit card business may be regarded as a business that affects the greater public. At present, credit card is increasingly used to facilitate payment from purchase of goods and services in everyday life. The Bank of Thailand has regulated credit card business of commercial banks since 2002 for the benefit of consumer protection, enhancing prudent credit granting process, preventing credit card problems that may befall the public and commercial banks and determining that commercial banks and credit card operators are regulated by the same standard.

Recently, as country's household debt is quite high, such debt though does not directly impact stability of financial institution system but may be one of the factors contributed to household's fragility, affecting overall financial and economic system in the future. Furthermore, although credit card has an insignificant portion in household debt, with its characteristics of easily access such loan may weaken financial well-being of people which may lead to over-indebtedness and loan default especially in low-income earners. The Bank of Thailand hence revised regulations on credit card, particular on limit of credit line and ceiling of interest rate. For credit line limits, granting credit line shall be based on level of cardholder's income to limit amount of debt, not to exceed their ability to repay especially in the segment that is vulnerable to over-indebtedness. Such measure will apply only to new consumers applying for credit card from the effective date of this notification onwards. Nevertheless, in case of temporary credit line in cases of emergency, the Bank of Thailand allows Commercial Banks to grant cardholders the temporary line with a specific credit period depend on their payment ability. For interest rate ceiling, the Bank of Thailand lowered the interest rate ceiling to be inline with current economic situation of lowering financial cost and to enhance commercial banks to focus more on their credit risk management and internal control. However, other essence of the notification do not change.

2. Statutory Power

By the virtue of section 38, section 39, section 40, section 41, section 46 and section 71 of the Financial Institution business Act B.E. 2551, Bank of Thailand hereby issues the Regulations Procedures and Conditions for Conducting Credit Card Business for Commercial Bank to comply with.

3. Repealed Notification

1) The Bank of Thailand Notification No. FPG. 16/2552 Re: Regulations Procedures and Conditions for Conducting Credit Card Business for Commercial Banks dated 9 July 2009.

2) The Bank of Thailand Notification No. FPG. 17/2552 Re: Regulations regarding Interest Rate, Service Charges and Penalty Fees that Commercial Banks May Charge from Conducting Credit Card Business dated 9 July 2009.

4. Scope of Application

This Notification shall apply to all Commercial Banks according to the law on financial institution business.

5. Content

5.1 Definition

“Credit card” means a card issued by a commercial bank to a cardholder or consumer according to the regulations and procedures stipulated by the commercial bank in order to be used for payment of goods, services or any other charge instead of payment by cash or to be used to withdraw cash. However, it shall not include prepaid card and debit card used for withdraw cash or payment of goods and services by deducting from deposit account instantly.

“Primary card” means a credit card issued by a commercial bank to a cardholder or consumer who earns or has financial position sufficiently to pay credit card debt.

“Supplementary card” means a credit card issued by a commercial bank to a cardholder or consumer whom is granted consent by the primary cardholder to utilize his/her card limit while the primary cardholder shall be responsible for all obligations arisen from the supplementary card.

“Business card / corporate card” means a credit card issued by a commercial bank as the request of a government agency, state agency, state enterprise or enterprise which such organization or enterprise shall be responsible for all obligations arisen from the usage of such credit card.

“Interest” means all the monies, properties or other things which can be determined in terms of money, which a commercial bank, or an officer or employee of the commercial bank receives in the course of carrying on business of the commercial bank.

“Service charges” means all the monies, properties or other things which can be determined in terms of money, other than interest that commercial bank receives from the customer due to credit granting, regardless of whether it is called service charges, fees or any other expenses excluded penalties that may be demanded under Section 46 (7) of the Financial Institutions Businesses Act B.E. 2551.

“Enterprise” means a company limited, public company limited, limited partnership, juristic partnership, other juristic person, or partnership which is not a juristic person.

5.2 Regulations for conducting credit card business

In issuing credit card to cardholder or consumer, commercial banks must consider their qualifications according to documents provided with the credit card application where pre-approved card is forbidden if not requested from cardholder.

5.2.1 Qualification of cardholder

(1) Primary cardholder

Commercial banks may issue primary card if the cardholder or consumer meets any one of the following qualifications:

(1.1) He/she has a total income from various sources of no less than THB 15,000 per month or no less than THB 180,000 per annum. Evidence clearly demonstrated the sources of income must be disclosed.

(1.2) He/she has income or has previously derived income from his/her work. Consideration shall be made from the cash flow in the past not less than 6 months which at least there must be average cash inflow of no less than THB 15,000 per month and commercial banks have considered that such person has sound financial status for credit card payments.

(1.3) He/she has deposits at commercial banks or debt instruments issued by commercial banks, state agency or state enterprise established under special law as collateral for the full credit line approved.

(1.4) He/she has fixed deposits at a financial institutions authorized to accept deposits of no less than THB 500,000 for a period not less than 6 months.

(1.5) He/she has fixed deposits at a saving cooperatives of no less than THB 1,000,000 for a period not less than 6 months.

(1.6) He/she has either fixed deposits or savings deposits at a financial institutions authorized to accept deposits or investment in debt instruments or investment in mutual funds or in aggregate of no less than THB 1,000,000 for a period not less than 6 months

(1.7) He/she has investment in private funds of no less than THB 1,000,000 for a period not less than 6 months.

For credit cardholder before 1 April 2004 whose total income is less than THB 15,000 per month or less than THB 180,000 per annum, commercial banks may renew the credit card to those cardholders if they have consistently good repayment records whereby within the past 1 year, there are no more than 2 late payments and each time is less than 30 days.

(2) Supplementary cardholder

Commercial banks may issue a supplementary card to a person without qualifications under section 5.2.1 (1.1) - (1.7) specified above, under agreement made with primary cardholder, whereby the spending limit of the supplementary cardholder must be within the credit line of the primary cardholder only. In addition, the primary cardholder must be responsible for all debt repayment arisen from the supplementary card.

(3) Corporate card

In issuing corporate card Commercial banks must consider the stability and financial position of the organization or enterprise applying for the card without having to examine the personal qualifications of the corporate cardholders.

In this regard, commercial banks must monitor that the regulations regarding qualifications of corporate cardholder is complied with such that it would not become a loophole to circumvent the credit card regulations regarding qualification of cardholder under section 5.2.1 (1) and credit line under section 5.2.2 (1).

5.2.2 Setting and increasing credit line

(1) Primary cardholder

(1.1) Setting credit line

Each commercial bank may approve credit line for each cardholder not over than following ratios or amounts:

(1.1.1) If the cardholder meets the qualifications under 5.2.1 (1.1) and (1.2), credit line to each cardholder shall not exceed the following ratio or amounts

(a) 1.5 times of the monthly average income or cash inflow in the deposit account, if cardholder has monthly average income or cash inflow in the deposit account less than THB 30,000 per month.

(b) 3 times of the monthly average income or cash inflow in the deposit account, if cardholder has monthly average income or cash inflow in the deposit account from THB 30,000 per month to below THB 50,000 per month.

(c) 5 times of the monthly average income or cash inflow in the deposit account, if cardholder has monthly average income or cash inflow in the deposit account not less than THB 50,000 per month.

(1.1.2) If the cardholder meets the qualifications under 5.2.1 (1.3), credit line shall not more than the deposits amount at commercial banks or the value of debt instruments as collateral.

(1.1.3) If the cardholder meets the qualifications under 5.2.1 (1.4) and (1.5), credit line shall not more than 10 percent of the fixed deposit amount.

(1.1.4) If the cardholder meets the qualifications under 5.2.1 (1.6), credit line shall not more than 10 percent of the fixed deposits amount, saving deposit amount, value of investment in debt instruments and those in mutual funds.

(1.1.5) If the cardholder meets the qualifications under 5.2.1 (1.7), credit line shall not more than 10 percent of investment in private funds.

In this regard, in the case where a person has or used to have credit card before the effective date of this notification, financial institution may maintain or increase the credit line to such person in aggregate of not exceeding 5 times of the average monthly income or cash inflow in their deposit account unless in cases of granting temporary credit line for emergency cases under section 5.2.2 (1.3)

(1.2) Increasing credit line

The applicants who require to increase credit line must provide full and correct information regarding their qualifications, credit card and credit lines granted at the time of the application. Commercial banks must inform the cardholders the significant in providing such information as such information may cause the commercial banks to revoke the card if subsequently it should be discovered that the information is false.

(1.3) Temporary credit line in cases of emergency

Commercial banks may grant a temporary credit line in excess of the limit, set under section 5.2.2 (1.1) above, to the cardholder in cases of emergency upon having considered the cardholder's repayment capabilities. For debt collection, commercial banks must comply with the section 5.2.2 (1.3)

In this regard, commercial bank must develop written on policy for granting credit line in cases of emergent and vital to life event situation including characteristics of situations regarded as emergent and vital to life event situation, credit approval criteria such as credit limit and term, including process for verification of such credit limit utilization. In addition, the commercial bank must specify authorities and responsibilities of persons in charge of approving such limit. Furthermore, the commercial bank must monitor to ensure that such temporary credit line granting does not circumvent the regulations under section 5.2.2 (1.1)

(2) Corporate card

The commercial banks shall set appropriate credit lines by exercising the same prudence as they would have done in granting credits to corporate debtors in general.

5.2.3 Interests, service charges and penalty fees related to credit card

Commercial banks must comply with the regulations on collection of interest, service charges and penalty fees related to credit card as follows :

(1) Commercial banks may collect interest on the outstanding balance of loans or interest over the default period of loans or may collect service charges or penalty fees for late payment from the cardholders or consumers. The sum of Interests, service charges and penalty fees that commercial bank collects from a particular cardholders or consumers have not to exceed 18 percent per annum (effective rate). In addition, commercial banks may calculate interest from the date of that payment is advanced on behalf of the cardholder or consumer, the posting date of the transaction, or

the due date that the cardholder or consumer must make payment or that the payment is deducted from his/her account according to the billing statement.

(2) Commercial banks may charge a fee on cash advance drawn by credit card in addition to the interest, service charges and penalty fees under 5.2.3 (1). The total additional charges shall not exceed 3 percents of the cash advance.

(3) In addition to interest, service charges and penalty fees under 5.2.3 (1) and (2), commercial banks may charge various expenses that are actually paid and are reasonable. However, these charges shall be in accordance with the list prescribed by the Bank of Thailand on the table attached to this notification and are of the following natures.

(3.1) It is an expense which causes commercial bank's operating cost to increase as regards to the using credit card to pay taxes, duties and fees to government agencies that have the duty to collect official taxes, duties and fees; whereby such agencies are unable to pay service charges to commercial banks as other commercial stores. In this regard, commercial bank shall take the following actions.

(3.1.1) Consent from the cardholder or consumer must be obtained or it is clearly specified in the agreement that the cardholder or consumer agrees to pay fees related to credit card usage on behalf of the government agencies.

(3.1.2) Service charges collected by commercial banks shall be no greater than 2 percents of the amount of taxes, duties and fees paid via credit card.

(3.2) It is an expense which causes commercial bank's operating cost to increase due to services provided to the cardholder or consumer or due to debt collection upon default, as specific to each case, that already contract cardholder or consumer via mails, phone, or customer visiting to collect the default debt.

(3.3) It is an expense that commercial bank must pay to a third party or outsider, provided that there is verifiable evidence of payment and is reasonable. Excluded are general expenses that occur regularly as part of the business such as cost of the automatic debt collecting system, utility expenses or employees' salaries, etc.

Moreover, commercial banks may not double charge the same service charge under two categories of expenses under (3.2) and (3.3).

(4) In the case where any commercial bank wishes to collect service charges from cardholder or consumer above and beyond the items listed prescribed by the Bank of Thailand under 5.2.3 (3), prior approval must be obtained from the Bank of Thailand. In this regard, commercial banks must submit a written notice specifying rationale and the details related to those charges to the Financial Institution Applications Department on a case by case basis. The Bank of Thailand shall complete its consideration within 45 business days from the date the Bank of Thailand receives the application and all relevant documents.

(5) Commercial banks are prohibited from adding Interests, penalty fees, service charges and other fees under 5.2.3 (1) to (4) and the value added tax (VAT) related to the cash advance drawn by credit card services under 5.2.3 (2) to the outstanding debt in order to recalculate the interests and penalty fees.

5.2.4 Disclosure of interest rate, service charges and penalty fees related to credit card

Commercial banks shall comply with regulations regarding the disclosure of interest rate, service charges and penalty fees related to credit card as follows.

(1) The table regarding interest rate, service charges and penalty fees related to credit card attached to this notification shall be posted in a public area of every office on the same day that the commercial bank issues the announcement or modifies the content.

In this regard, in case of changing such rates or any conditions, commercial bank must inform cardholders or consumers in advance not less than 30 days.

(2) Post the table attached to this notification as specified in 5.2.4 (1) on the website of the commercial banks before the effective date of the such interest rate, service charges and penalty fees related to credit card.

(3) Inform cardholders and consumers the current interest rate, service charges and penalty fees related to credit card as specified in 5.2.4 (1) in the prospectus, application and contract in order to assist their decision making regarding credit card application.

5.2.5 Demand for debt repayment and debt collection

Commercial banks must comply with regulations on debt collection as follows:

(1) If commercial banks intend for cardholders or consumer to be able to pay in installment, they must set a rule regarding minimum payment per installment that the cardholder or consumer must make, which shall not be less than 10 percent of the total outstanding amount.

(2) Warning letter must be issued to the cardholder or consumer no less than 20 days in advance prior to undertaking a legal enforcement on debt settlement.

(3) Invoice must be delivered to the cardholder or consumer no less than 10 days in advance prior to the date of payment or of account deduction. In addition, the calculation of interest, service charges and penalty fee must be demonstrated in details within the invoice when such charges are made.

(4) Where any cardholder misses payment for 3 consecutive months from the due date, commercial banks shall promptly revoke the credit card of such cardholder.

5.2.6 Changing debt type

Commercial banks are prohibited from transferring debt or change the type of debt arisen from credit card usage to current account debt or other type of credit agreements, except the following actions are undertaken.

(1) Consent must be first obtained from the cardholder or consumer.

(2) A minimum payment of 10 percent of the total outstanding amount must be required except in the case of debt restructuring that is favorable to the cardholder, in particular where the interest, service charges and penalty fee are reduced. Additionally commercial banks must prepare full documents of various contracts relevant to the debt restructuring which are enforceable by law.

(3) Collection of interest, service charges and penalty fee must be in accordance with Section 5.2.3.

(4) Card usage and credit card account of such cardholder or consumer must be promptly revoked.

(5) Such debt transfer or type change must not be undertaken to avoid the classification and provision regulation, or to be the cause of incorrect disclosure of assets and liabilities.

Regarding debt from credit card usage that has not been transferred to current account debt, interest cannot be aggregated with the principal to be further charged with interest again.

5.2.7 Managing of cardholders' or consumer's information

(1) Commercial banks must give special importance to the card applicant's information and ensure that the information is correct and comprehensive to enable appropriate approval and limit setting process such that it would fit the debtor's repayment capability. Information from reliable central information sources may also be used such as the credit bureau, etc. Alternatively commercial banks may pool together to set up an information center to verify the card applicant's personal history, number of cards and limits granted in total as well as other information.

(2) Commercial banks must keep the cardholder's or consumer's information confidential except for the following cases.

(2.1) Disclosure with a written consent of the cardholder or consumer.

(2.2) Disclosure in the line of duty or to facilitate an investigation or a court proceeding.

(2.3) Disclosure to the auditor of such commercial bank.

(2.4) Submitting information to the credit bureau company.

(2.5) Disclosure to facilitate compliance as stipulated by law.

5.2.8 Practices for handling consumer complaints

Commercial banks must conduct an investigation upon the receipt of complaints by cardholder or consumer and notify progress of the investigation and further process to the cardholder or consumer within 7 days from the day the complaints have been received. The complaints must be fully resolved and the cardholder or consumer shall be notified promptly.

In this regard, commercial banks must establish the procedure for cash rebates to cardholders or consumer in case of inaccurate collection. Commercial bank must provide cardholders or consumer an opportunity to choose how to receive such cash rebates through various channels such as cash, cheque or saving deposit account, apart from credit cash in credit card account.

5.2.9 Policy, operating plan, advertisement and risk management

Commercial bank must establish policy, operating plan, advertisement and risk management of credit card business as follows :

(1) Commercial banks must establish policy and action plan for the credit card business. They are to be submitted for approval of the board of directors annually. Such policy and plan should consist of direction and guidance for providing credit card service as well as target in providing services to customers according to the income level of the cardholders.

(2) Commercial banks must establish rules or procedures for their staff or specify in the contract for appointing of agent to act on behalf of commercial bank in soliciting new cardholders or soliciting existed cardholders for new types of credits. The following shall also be complied with.

(2.1) New or existed cardholders may be solicited between 8:00 – 20:00 hours on Monday – Friday and 8:00 – 18:00 on public holidays.

In this regard, commercial bank must give cardholders or consumer an opportunity to decline further solicited from the commercial bank. The commercial bank shall also have in-place internal processes to aggregate information of cardholders or consumer who choose to decline further solicited from commercial bank and ensure that agents acting on commercial bank's behalf also comply with such procedures. Moreover, the commercial bank must maintain record of such information for the Bank of Thailand's examination.

(2.2) In case of using marketing media to promote credit card, the contents must be easy for customer to understand , must not be exaggerated and provide complete facts including interest rate, service charges, penalty fees and expenses that actually paid and reasonable for each type of credit card.

(2.3) It is prohibited to award any money, product or gift coupon to new applicants or upon new customers' card approval except after the card is used for at least 1 period

(3) Commercial banks must establish the following systems for managing risk associated with credit card service.

(3.1) System for considering qualifications of credit card applicants for the purpose of approval and setting credit card limit consistent with debt repayment capability.

(3.2) System for debt collection able to alert when a debtor starting to have problem making repayment or unable to make contractual payment as well as collection strategies for various circumstances.

(3.3) System for monitoring spending and repayment behavior of each cardholder to facilitate the review and change of credit card limit to fit the behavior and card usage characteristics of each cardholder.

(3.4) Information technology system in managing rules, policies and plans related to credit card service.

5.2.10 Accounting and report

Commercial banks must prepare reports or compile data in the format prescribed by the Bank of Thailand and submit the report or data to the Bank of Thailand from time to time or at the intervals stipulated by the Bank of Thailand.

6. Transitional Provision

For debts with specific credit term that arising from the credit card transactions before the effective date of this notification, commercial banks are able to calculate the interests, service charges and penalty fees specified in the contract until such debts are repaid completely.

7. Effective Date

This Notification shall come into force as from 1 September 2017

Announced on 17th July 2017

(Mr. Veerathai Santiprabhob)
Governor
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..... Bank

Details of Interest Rate, Penalty Fee, Service Charges and Other Fees Chargeable by Commercial Banks in Credit Card Business
Effective from (Date)...

1. Interest, penalty fee, service charge and other charges										
Interest % per annum									
Credit facility usage fee % per annum									
Late payment fee % per annum									
Service charge and other charges % per annum									
Beginning date of interest calculation	Beginning from [] date advance is made to merchant [] posting date [] payment due date									
2. Minimum payment required % of total monthly billing statement or At least THB ...									
3. Cash advance fee % of the total cash advance amount									
4. Interest fee period	Up to days from the posting date									
Operating fees	... card		... card		... card		... card		... card	
	Type	Type	Type	Type	Type	Type	Type	Type	Type	Type
5. Fees by card type										
Joining fee										
Annual fee										
6. Payment charges	Deducting from bank ac		THB / transaction		Cheque or money order		THB / transaction			
	Bank's counter service		THB / transaction		ATM		THB / transaction			
	ATM of other banks		THB / transaction		Phone		THB / transaction			
	Other's counter service		THB / transaction		Internet		THB / transaction			
7. Replacement card fee	THB / transaction									
8. Copy of statement fee	THB / transaction									
9. Copy of sales slip fee	THB / transaction									
10. Replacement of credit card PIN fee	THB / transaction									
11. Transaction verification fee	THB / transaction									
12. Debt collection fee (specify unit)									
13. Fees related to payment to governmental agency of the amount of taxes, duties and fees paid via credit card									
14. Cost of FX risk % of									

Remark: Commercial banks shall disclose to the cardholders of all other expenses related to credit card usage overseas charged by the overseas operators through commercial banks in Thailand, for example, fee for using ATM abroad, etc.