



BANK OF THAILAND NEWS

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Changes to Regulations Governing Credit Card Services

Mrs. Tasna Rajatabhothi, Assistant Governor, Financial Institutions Policy Group, Bank of Thailand (BOT), revealed that the BOT has issued a circular to commercial banks informing them of changes to rules and regulations governing credit card services in order to promote competitiveness and improve business services.

These changes place extra emphasis on allowing commercial banks the possibility of setting regulations more freely and according to their own business practices. The BOT has also cancelled its regulations governing minimum income requirements, credit limits, and the issuance of subsidiary cards. The BOT is also allowing each commercial bank to set its own prerequisites for both credit card applications and the credit card holders themselves, on condition that a risk management system is in operation, at least in line with standards set by the BOT.

In addition to this, the BOT has reduced minimum monthly payments from no less than 10 % to no less than 5% of the outstanding credit amount, while lowering the minimum age of credit card holders from 22 to 20 years.

However, to avoid losses that tend to occur in the credit card business, the BOT still requires that commercial banks employ an effective self-management system, such as a clear business plan for credit card services, approval from the board of directors, and comprehensive information and history of individuals requesting the use of a credit card, for instance.

The BOT believes that the new regulations will allow commercial banks to expand the base of their credit card services to clients, increase the efficiency of these services, increase client choice, set appropriate charges for such services and to have credit limits that are appropriate for the payment ability of each client.

Bank of Thailand

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