



BANK OF THAILAND NEWS

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The Bank of Thailand announces the regulation on credit card services

Dr. Tarisa Watanagase, Deputy Governor (Financial Institutions Stability), Bank of Thailand (BOT) , announces that the Ministry of Finance has issued a notification on the Permission to Operate Credit Card under Section of the Announcement of National Executive Council No. 58. In this regard, BOT issues 3 BOT's notifications for banks and non-financial institutions on the operation of credit card business.

Key points under the BOT's notification can be summarized as follows:

Each cardholders must provide documents of minimum monthly income of 15,000 baht or annual income of 180,000 baht, or maintain deposits in accounts at financial institutions up to an amount which credit card issuers consider adequate.

Credit card issuers can charge cardholders the following interest and expense items:

1. Cash advance fee of up to 3% of the amount withdrawn,
2. Actual but justified amount of expenses on debt collection,
3. Fees for check return not exceeding 200 baht per return for credit card issuers which are non-financial institutions,
4. Operating fees as per the list specified by the BOT or with further approval by the BOT,
5. Interests and other expenses other than 1.-4. not exceeding 18% per annum.

Apart from the above items, credit card issuers must publicly disclose their interest rates, operating charges, and other details as specified by the BOT, and must inform their cardholders accordingly.

Cardholders can repay their debt obligations in installments. Each payment, however, must be at least 5% of the remaining outstanding balance.

Non-financial institutions which are currently operating in the credit card business are required to seek for operation permission from the Ministry of Finance by submitting the application form at the Bank of Thailand within 60 days, starting from November 12, 2002.

The above regulations are effective from November 12, 2002 onwards, except for items 1, 4, and 5 which will be effective 60 days following November 12, 2002.

The Bank of Thailand

November 12, 2002