

Unofficial Translation
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This translation is for the convenience of those unfamiliar with the Thai language.
Please refer to the Thai text for the official version.

25th April 2002

To: All Commercial Banks

Ref. No.: ThorPorTor. SorNorSor. (21) Wor. 906/2545 Re: Credit Card Services

In order to enhance ability for the commercial banks to extend the scope of credit card services to all clients with greater flexibility in giving the services, to increase competitiveness and to have a good self supervision system as well as sufficient and appropriate risk management, concurrently the customers may enjoy good services with reasonable expenses and receive credit card facilities which match the spending with repayment ability;

The Bank of Thailand (BOT) therefore deems appropriate to make improvements in the regulations governing credit card services of commercial banks by repealing the letters ref. no.: ThorPorTor. SorNorSor. (11) Wor. 3268/2543 dated 27th November 2000 regarding Credit Card Services and asks that commercial banks comply with the following regulations:

1. In this letter

“Credit card facility” means a credit line of the principal card and all supplementary cards collectively.

“Person related to the commercial bank” means any juristic person which a commercial bank or an agent of the commercial bank holding shares (whether directly or indirectly) from 20% upward or has a power to control the activities or power of management or power to control the major voting rights in a shareholders’ meeting or power to control the appointment or removal of any director.

2. The commercial bank shall establish a policy and operating plan for credit card business and submit it to the Board of Directors of the commercial bank for approval annually. The policy and plan should comprise of directions and guidelines to provide credit card services as well as targets in rendering services to customers according to the income levels of the cardholders.

3. The commercial bank shall establish a risk management system for credit card services. It shall be composed of a system to evaluate the qualification of the applicants for approval and determining the credit card line in accordance with the debt repayment ability and a debt collection system that can alert when a debtor starts to encounter repayment problem or unable to repay debts according to the agreement as well as various strategies in debt collection under various circumstances.

Moreover, there should be a system of monitoring the spending habit and debt repayment of each cardholder for the benefit of revision or adjustment of facility line befitting the habits and patterns of card utilization of each cardholder. There should also be an information technology system for management to determine and revise policies and plans regarding credit card services.

4. Commercial bank shall give importance to and arrange to have accurate and complete information regarding the card applicant in considering approval and affixing a line of facility befitting debtor's repayment ability as follows:

(1) Utilizing information from a central source e.g. companies which engage in credit information business (Credit Bureau), etc. or jointly set up an information center to verify personal information of the applicants, the number of cards, and total credit card lines received as well as other information.

(2) New applicants and the existing cardholders that request for additional facility limit must submit accurate and complete details regarding the credit card and the facility already received when applying for the card or requesting an increase of facility. The commercial banks shall advise the customers of the significance of such information disclosure, which may result in the commercial banks revoking the card holding if the submitted information is later found inaccurate.

5. Qualifications of new cardholders of each category shall be explicitly established e.g. general public, civil servants, state enterprise employees and employees of state organizations, etc. Applicants shall present evidence for the source of income as set forth by the commercial banks. The principal cardholder must be at least 20 years old and the supplementary cardholder must not be less than 18 years old.

6. Minimum instalment payment of each period shall not be less than 5% of the total outstanding balance.

7. Interest charges and discount for good small clients shall be the minimum retail rate plus a margin and shall comply with the Notification of the Bank of Thailand re: Prescription on Interest Rates and Discounts for Commercial Banks dated October 20, 1993 and other related notifications.

8. Credit card statement shall be sent to the cardholder at least 10 days prior to the payment due date or the date the account is to be debited.

9. The costs relating to the utilization of credit card services shall explicitly be disclosed to the service users by a summary table of charges and expenses according to the sample format attached herewith on all distributing advertising documents and posted at the places of business. In addition, in the case of changes which may affect the service users, the commercial

bank shall notify the service users at least 10 days in advance prior to the effective date of such changes.

10. When a service user complains on the use of credit card, commercial bank shall advise the progress of the investigation and procedures of the following steps to the service user within seven days from the date the complaint is received. It shall rectify the complaint and promptly advises the service user.

11. In granting all types of loans and credits, purchasing debt instruments and arranging financial funds for any credit card service operator that can be used abroad, commercial banks shall supervise such operator. Including shall be any person related to the commercial bank that provides credit card service that shall strictly comply with the above provisions.

12. Commercial banks and/or persons related to the commercial banks shall report data of their credit card service on a quarterly basis according to the attached report form and its explanation to the Financial Institutions Data Division, Coordination and Data Collection Department, Database Group within 30 days from the end of the reporting quarter. The reporting according to the new format shall commence from the quarterly period of September 2002 henceforth.

The aforementioned is for acknowledgement and compliance.

Yours sincerely

[signature]

(M.R. Pridiyathorn Devakula)
Governor

Enclosures: 1. Table of Charges and Expenses for Utilization of Credit Card Service.
2. Table of Credit Card Services of Commercial Bank.

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Note [] Bank of Thailand will arrange a clarification meeting on.....at.....
[/] There will be no clarification meeting

Table of Charges and Expenses Summary for Use of Credit Card Service

Charges/Expenses	Type of Credit Card			
	Gold	Silver
1. Fees				
1.1 entry : principle card				
supplementary card				
1.2 annual : principle card				
supplementary card				
2 Service Fees				
2.1 cash advance fee				
2.2 normal interest rate if				
making payment within due date				
..... %				
(MRR + Margin%)				
2.3 interest rate in case of				
breach of conditions%				
2.4 Minimum monthly instalment				
rate.....%				
2.5 Other (if any)				
3. Penalty Fees				
3.1 breach of conditions				
3.2 others (if any)				

Table of Credit Card Services by Commercial Bank and/or Persons Related to the Commercial Bank

Bank..... Public Company Limited

Credit Card of Commercial Bank and/or Persons related to the Commercial Bank 1/

For Quarter ending Month.....Year.....

Other Credit Card issued by the Commercial Bank and/or Persons Related to the Commercial Bank 2/

Total Income of Carholder	Information on Cardholder			Total Spending						Cash Avance ^{10/}	Debtor Defaulting on Payment	
	No. of A/C ^{3/} per income	Average Amount per A/C	Total Outstanding Credit ^{4/}	Local ^{5/}		Overseas ^{6/}		Total ^{7/}			Number of Accounts ^{12/}	Outstanding ^{13/}
				Volume ^{8/}	Value ^{9/}	Volume ^{8/}	Value ^{9/}	Volume ^{8/}	Value ^{9/}			
Less than 5,000												
5,001 - 6,000												
6,001 - 7,000												
7,001 - 8,000												
8,001 - 9,000												
9,001 - 10,000												
10,001 - 11,000												
11,001 - 12,000												
12,001 - 13,000												
13,001 - 14,000												
14,001 - 15,000												
15,001 - 20,000												
20,001 - 30,000												
30,001 - 40,000												
40,001 - 50,000												
Over 50 000												
Total												

Remarks:

- 1 Credit Card of Commercial Bank or Persons Related to the Commercial Bank means a local card owned by a commercial bank or persons related to the commercial bank as well as local credit cards issued jointly with local juristic persons.
- 2 Other Credit Card issued by Commercial Bank or Persons Related to the Commercial Bank as an agent means a credit card of overseas credit card companies which the commercial bank or persons related to the commercial bank jointly issues the Affinity Card or is an agent in issuing the card.
- 3 Number of accounts per income means accumulated number of principal card already issued to customers by the commercial bank or persons related to the commercial bank in accordance with the number of accounts for which the customer applies for the card. "Account" means a type of card that the CB has issued to the customer, e.g. customer that has a VISA Card and a Mastercard is to be counted 2 accounts, etc.
- 4 Total Outstanding Balance of credit means outstanding balance of accumulated credit of the credit card debtors as of the last day of reporting quarter.
- 5 Local spending means total spending and accumulated Sales Slip originating from local spending during the reporting quarter.
- 6 Overseas spending means total spending and accumulated Sales Slip originating from overseas spending during the reporting quarter.
- 7 Total spending means total spending in items 5 and 6
- 8 Volume mean quantity of sales slip as at Statement Date of each cardholder accumulated during the reporting quarter.
- 9 Value means total spending as shown in the sales slip as at Statement Date of each cardholder accumulated during the reporting quarter.
- 10 Cash Advance means amount of cash advance accumulated during the reporting quarter.
- 11 Debtor Defaulting on Payment means credit card debtors that defaults on payment in accordance with the debt repayment agreement from 30 days on commencing from the payment due date.
- 12 Number of accounts means number of accounts defaulting on payments accumulatedly as at end of reporting quarter. Where a customer has 2 accounts, e.g. Visa and Mastercard, and only defaults on the payment of the VISA card from 30 days on, only 1 account shall be reported.
- 13 Outstanding means total credit outstanding only for the defaulted accounts from 30 days on accumulated as at end of reporting quarter. It shall be the sum of both the claimed and unclaimed outstanding amounts.