

Unofficial Translation

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Notification of the Bank of Thailand

No. FPG. 11 / 2563

**Re: Regulations, Procedures and Conditions for Undertaking
Credit Card Business**

1. Rationale

Credit card business is one of the business that facilitates payment, instead of cash payment, for daily purchases of goods and services; therefore, it is the business that involve large number of people. Government sectors by the Ministry of Finance and the Bank of Thailand, thus, have regulated the credit card business since 2002, in order to maintain the household debt at an appropriate level, to not promote consumers to overload their debts, and to protect consumers from being charged unfair interest and fees, as well as, to regulate credit card operators, which are commercial banks and non-bank, by the same standard.

The amendment made to the Bank of Thailand Notification herein is to prescribe qualifications and prohibited characteristics of credit card operators' major shareholders, directors, persons with management authority, as well as the directors, managing partners, persons with management authority of a non-bank credit card operators's parent company. The purposes are to promote good corporate governance and to reduce the maximum total interest rates, fines, service charges, and any fees that financial institutions and non-bank credit card operators may charge from their debtors to 16 percent per year according to the Financial Institutions Business Act B.E. 2551 (2008) and its amendments, and the Ministry of Finance Notification Re: Business Subject to Approval under Clause 5 of the Declaration of the Revolutionary Council No. 58 (Credit Card Business) which stipulate that the Bank of Thailand has the power to prescribe the regulations on the maximum total interest rates, fines, service charges, and any fees that financial institutions and non-bank credit card operators may charge from debtors as appropriate to the economic conditions. In addition, the Bank of Thailand has

incorporated the regulations applicable to both financial institutions and non-bank credit card operators into the same notification.

2. Statutory Power

2.1 By the virtue of Section 38, Section 39, Section 40, Section 41, Section 46, Section 47 and Section 71 of the Financial Institution Business Act B.E. 2551 (2008), the Bank of Thailand hereby issues the Regulations, Procedures, and Conditions for Undertaking Credit Card Business for Financial Institutions to comply with as prescribed in this notification.

2.2 By the virtue of Clause 2, Clause 4, Clause 7, Clause 10, Clause 11 and Clause 16 of the Ministry of Finance Notification Re: Business Subject to Approval to Clause 5 of the Revolutionary Council Decree 58 (Credit Card Business), the Bank of Thailand hereby issues the Regulations, Procedures and Conditions for Undertaking Credit Card Business for non-bank credit card operators to comply with as prescribed in this notification.

3. Repealed Notification

3.1 The Bank of Thailand Notification No. FPG. 12/2560 Re: Regulations, Procedures, and Conditions for Undertaking Credit Card Business for Financial Institutions dated 17 July 2017 (B.E. 2560).

3.2 The Bank of Thailand Notification No. FPG. 13/2560 Re: Regulations, Procedures, and Conditions for Undertaking Credit Card Business for Non-Bank dated 17 July 2017 (B.E. 2560).

3.3 Circular No. BOT.RPD. (21) C.17/2563 Re: Clarification Regarding Regulations, Procedures and Conditions for Undertaking Credit Card Business dated 7 January 2020 (B.E. 2563).

4. Scope of Application

This Notification shall apply to commercial banks according to the Financial Institutions Businesses Act and non-bank credit card operators according to the Ministry of Finance Notification Re: Business Subject to Approval under Clause 5 of the Declaration of the Revolutionary Council No. 58 (Credit Card Business).

5. Content

5.1 Definition

5.1.1 “Credit card” means **electronic cards** issued by credit card operators to consumers according to their rules and process in order to be used for payment of goods, services, or any other charges, instead of cash payments, **for cash withdrawal, for money transferring, or for any other financial transactions. In these cases, the credit card operators will demand consumers for payments later.**

However, it shall not include cards which are prepaid for goods, services, any other charges in advance, **as well as cards which consumers do not have to pay for fees, service charges, interests, or any other charges due to using such cards in every case.**

5.1.2 “Electronic card” means electronic cards according to the Criminal Code.

5.1.3 “Primary card” means credit cards issued by credit card operators to consumers who have incomes or financial positions sufficiently to repay debts from credit cards.

5.1.4 “Supplementary card” means credit cards issued by credit card operators to consumers who get consent from the primary cardholders to utilize their credit card limit and primary cardholders shall responsible for all obligations arisen from the supplementary cards.

5.1.5 “Business card / corporate card” means credit cards issued by credit card operators as requested by government offices, government agencies, state-owned enterprises, or private enterprises (vs companies in P-loan)¹ which shall responsible for all obligations arisen from using of such credit cards.

5.1.6 “Consumer” means consumers in accordance with Consumer Protection Act.

5.1.7 “Operator” means commercial banks and non-bank credit card operators.

5.1.8 “Non-bank credit card operator” means operators which have license approved to operate credit card business by the Ministry of Finance

¹ private enterprises mean limited companies, public limited companies, limited partnerships, registered ordinary partnerships, or other limited partnerships that are not juristic persons

Notification Re: Business Subject to Approval According to Section 5 of the Revolutionary Council Decree No. 58 (Credit Card Business).

5.2 Principle

In order to undertaking credit card business, the operators must comply with guiding principles as follows:

5.2.1 Issuing credit cards should be considerably granted to persons who have source of incomes or ability sufficiently enough to repay debts. Such cards issuance should not promote unnecessary debt obligations and should take into account the ability to live of consumers after approval of transactions.

5.2.2 Interests, penalties, fines, service charges, fees, and any expenses charged to consumers should be taking into account of the actual costs, must be at fair rates, and must not take advantages of consumers. Also, operators should provide services to consumers appropriately and fairly.

5.3 Operators' qualifications and submissions of application for a license

Non-bank credit card operators, their shareholders, directors and management persons, as well as directors, managing partners, management persons of their parent company, must have the qualifications and do not have prohibited characteristices prescribed in the Ministry of Finance Notification Re: Business Subject to Approval under Clause 5 of the Declaration of the Revolutionary Council No. 58 (Credit Card Business)

Indeed, in order to apply for a license to be non-bank credit card operators, the applicaion must be submitted to the minister of the Ministry of Finance through the Bank of Thailand, according to the application form **and submitting channels as specified in the Bank of Thailand's Public Handbook**.

5.4 Regulations for Undertaking Business

5.4.1 Qualification of credit cardholders

(1) Primary cardholder

Operators may issue primary cards to consumers only if the consumers have one of the qualifications as follows:

(1.1) Have total incomes from various sources no less than THB 15,000 per month or no less than THB 180,000 per year, by which clear evidence of the income sources must be provided.

(1.2) Have incomes or used to have self-employed incomes derived from considering at least 6-month period of cash flows in deposit accounts in financial institutions authorized to accept deposits from public according to the laws. The average cash inflows must be at least no less than THB 15,000 per month. In addition, operators consider whether such person has sound financial conditions sufficiently for credit card repayments.

(1.3) Have deposits at commercial banks or debt instruments issued by commercial banks, government agencies, or state enterprises established under special laws, as collateral for the full amount of credit limit approval of credit cards.

(1.4) Have fixed deposits at financial institutions authorized to accept deposits from public of no less than THB 500,000 for at least 6-month period, retrospectively.

(1.5) Have fixed deposits at a saving cooperatives of no less than THB 1,000,000 for at least 6-month period, retrospectively.

(1.6) Have savings deposits at financial institutions authorized to accept deposits from public, invest in debt instruments, or invest in mutual funds, by individually or aggregately no less than THB 1,000,000 for at least 6-month period, retrospectively.

(1.7) Have investments in private funds no less than THB 1,000,000 for at least 6-month period, retrospectively.

For credit cardholders prior to 1 April 2004 (B.E. 2547) whose total incomes from all sources are less than THB 15,000 per month or less than THB 180,000 per year, operators may consider renewing the credit cards to such consumers if they have consistently good repayment records for the past 1 year with no more than 2 periods of late payments of which are no more than 30 days each time.

(2) Supplementary card

Operators may issue supplementary cards to those who do not have qualifications specified in section (1.1) - (1.7) above under contracts made with primary cardholders, whereby the credit limits of the supplementary cardholders must be within the credit limits of the primary cardholders only. In addition, the primary cardholders must be responsible for all debt repayments arisen from the supplementary cards.

(3) Corporate card

Operators must consider the stability and financial position of organizations or enterprises without having to investigate the personal qualifications of corporate cardholders in name of the organizations or enterprises, individually. In this regard, operators must monitor that submitting corporate card application is not a loophole to circumvent the credit card regulations regarding qualification of the cardholders as specified under section 5.4.1 (1) and credit limit as specified under section 5.4.2 (1).

5.4.2 Setting and increasing credit line

(1) Primary cardholder

Each operator may approve and setting credit limit for each consumer not more than following rates or amount:

(1.1) In case of cardholders meet the qualifications under 5.4.1 (1.1) and (1.2), the credit limits must not exceed the following rates.

(1.1.1) 1.5 times of the monthly average incomes or cash inflow in the deposit accounts, if cardholders have monthly average incomes or cash inflow in the deposit accounts less than THB 30,000 per month.

(1.1.2) 3 times of the monthly average incomes or cash inflow in the deposit accounts, if cardholders have monthly average incomes or cash inflow in the deposit accounts from THB 30,000 per month to the amount less than THB 50,000 per month.

(1.1.3) 5 times of the monthly average incomes or cash inflow in the deposit accounts, if cardholders have monthly average incomes or cash inflow in the deposit accounts THB 50,000 or more per month.

In this regard, whereby credit cardholders who have credit cards prior to 1 September 2017 (B.E. 2560), operators may maintain or increase the credit limits to aggregation amount of not exceeding 5 times of the average monthly incomes or cash inflow in their deposit accounts except in case of temporary increasing credit limits for emergency circumstances.

(1.2) In case of consumers have qualifications as specified in 5.4.1 (1.3), credit card limits must not exceed the amounts in the deposit accounts or the value of debt instruments as collateral.

(1.3) In case of consumers have qualifications as specified in 5.4.1 (1.4) and (1.5), credit card limits must not exceed 10 percent of the fixed deposit amount.

(1.4) In case of consumers have qualifications as specified in 5.4.1 (1.6), credit card limits must not exceed 10 percent of the fixed deposit amount, saving deposit amount, and investment values in debt instruments and mutual funds.

(1.5) In case of consumers have qualifications as specified in 5.4.1 (1.7), credit card limits must not exceed 10 percent of the investment values in private funds.

Moreover, consumers demanding to increase credit limits must provide properly completed detail information regarding their qualifications, credit cards, and credit limits granted at the time of submission. Operators must inform consumers how important of such information submission is, which may cause the cards to be revoked in case of post findings of false information informed.

Indeed, in cases of emergency, operators may increase temporary limits more than the limit set under section 5.4.2 (1.1) – (1.5) to consumers upon considering repayment capabilities of the consumers. For debt repayment, operators must comply with the attachment 3 Re: Demand for Debt Repayment and Follow-up for Debt Repayment. In this regard, operators must develop written policies for emergency cases to consider granting temporary credit limits that is necessary for living, including characteristics of such emergency and necessary for living situations, approval criteria such as credit limit and repayment terms, as well as verifying process of consumers' temporary limit utilization. In addition, operators must specify authorities and duties of responsible persons in charge of such consumers' temporary limit approval in emergency cases, as well as must monitor to ensure that consideration for such increasing temporary limits does not circumvent the regulations under section 5.4.2 (1.1) – (1.5).

(2) Corporate card

Operators shall consider setting limits as appropriated by the same standard as considering credit approval to corporate debtors in general.

5.4.3 Collection of interests, penalties, fines, service charges, any fees, and other expenses

(1) Operators may collect interests on overdue debts, interests during debt default periods, any service charges, penalties, fines for late payment, fees, or any other service charges from consumers totaling up to **16** percent

per year (effective rate)². Operators may calculate number of days from the date that operators have made advance payments for consumers' benefits, from summary date of transactions, or from the date that consumers must pay or be debited from accounts according to invoices, as well.

(2) For cash withdrawal services by credit cards, operators may collect fee and any expenses on top of interests, penalties, fines, fees, and service charges under Section 5.4.3 (1) totaling up to 3 percent of such cash withdrawal amount.

(3) In addition to interests, penalties, fines, fees, and service charges under Section 5.4.3 (1) and (2), operators may reasonably charge other expenses that are actually paid. However, these charges must comply with the list that the Bank of Thailand prescribed in the table attached to this notification, and the characteristic of such charges must be as prescribed in the attachment 1.

Indeed, operators must not compound interests, penalties, fines, service charges, fees, and reasonable expenses that are actually paid under Section 5.4.3 (1) – (3), as well as value added taxes related to cash withdrawal by credit cards under 5.4.3 (2), into the overdue debt amount for repeating calculation of interests, penalties, and fines. **Operators must also ensure that debt restructuring or credit card contract amendments do not circumvent the requirements on interests, penalties, fines, service charges, any fees, and expenses related to credit cards.**

5.4.4 Developing policy and plan

Operators must develop policies and plans for operating credit card business, containing directions and guidelines for providing credit card services, a target of servicing provided to consumers in each level of incomes, **including consumer protection guidelines**. In addition, operators are prohibited to give away money, things, or any gift cards in recruiting new consumers or card approval to new consumers, excepting that there are outstanding expenses by using cards at least 1 period.

Nevertheless, in case of non-bank credit card operators want to use services from external providers (outsourcing) to reduce operating costs and to improve flexibility in conducting business so to be more efficient, they may only outsource functions which are not main functions related to strategic decision making (strategic function) by complying with regulations in the attachment 2.

² Fees and any other service charges are not including operating fees in attachment 1.

5.4.5 Risk management

To provide credit card services, **operators** must have risk management system as follows:

- (1) A system for determining eligibility of credit card applicants, in order to approve and grant credit card limits according to their repayment capacities.
- (2) A system for debt collection, in order to notify operators when consumers begin to have difficulty of repayment or unable to repay according to the agreements, as well as strategic for debt collection in various cases.
- (3) A system for tracking usage and repayment behavior of each consumer, in order to review or adjusting credit limit to suit behavior or pattern of using the card of each consumer.
- (4) A management information system, in order to formulating and reviewing policies and work plans related to credit card services.

5.4.6 Consumer protection

Operators must comply with the Bank of Thailand Notification Re: Regulations on Market Conduct. In addition, operators must also comply with the disclosure requirements of interest rates, penalties, fines, service charges, fees, and expenses, as well as the requirements on demand for debt repayments and follow-up for debt repayment, and the requirements for changing debt types, the requirements for practice and management related to consumer information, and the requirements for practice related to complaints, **as details specified in Attachment 3.**

Indeed, operators are prohibited from issuing credit cards without request from card applicants or consumers (pre-approved).

5.4.7 Documentation, retention, and submission of electronic information

Non-bank credit card operators may document, retain, and submit various of information according to this Notification. Operators may also, in general, disclose any information or notify of changing any information to consumers in electronic format. The Bank of Thailand Notification Re: Documentation, Retention, and Submission of Electronic Information of Financial Institutions shall be applied mutatis mutandis.

5.4.8 Change of location or closure of branch offices

Non-bank credit card operators must notify changing of location or closure of branch offices³ **by reporting in the format and period as specified by the Bank of Thailand.** The operators must announce the change of location and the closure of branch offices at least 15 days in advance, by at least display announcements at the open area of such branch offices. During that period, the operators must have practice guidelines in place to provide convenience for their consumers as appropriate.

5.5 Submission of reports to the Bank of Thailand

5.5.1 Operators must prepare and submit reports in the format and period as specified by the Bank of Thailand, as well as other reports and additional information as requested by the Bank of Thailand in a case-by-case basis.

5.5.2 Operators must prepare reports on financial service fees as specified by the Bank of Thailand.

5.5.3 Non-bank credit card operators must submit annual financial statements audited by auditors and **signed certified true copy by authorized directors on behalf of the operators** to the Bank of Thailand within 180 days from the end of the accounting period.

5.6 Applying for license from the Bank of Thailand

The Bank of Thailand may consider for relaxing compliance on regulations or conditions related to using external service provider (outsourcing) and reporting to the Bank of Thailand as prescribed in this notification on case-by-case basis. The operators must apply for approval of relaxation by providing reasons and necessities to the Bank of Thailand as specified in the Public Handbook. In consideration for such relaxing, the Bank of Thailand may specify rule or any additional conditions, as well.

5.7 Prescribing regulations and other conditions in general

In case of necessities which impact economic conditions or normal services of operators, the Bank of Thailand may consider generally relaxing regulations or conditions related to specified credit card limits, minimum repayments in each period, cancellation of card usage and of consumers' credit accounts in case of changing debt types, complaint handling

³ In case of temporary closure of branch offices, non-bank credit card operators may take actions by notifying to the Bank of Thailand immediately after such closure.

practice from consumers, as well as practice on announcement on relocation and closure of branches as prescribed in this Notification. In consideration for such relaxing, the Bank of Thailand may specify rule or any additional conditions, as well.

5.8 Prescribing additional conditions, ordering for correction, suspending, or revoking of licenses

In case of non-bank credit card operators, the Bank of Thailand may order for correction or temporary suspension of operating credit card business in whole or in part. In this regard, the Bank of Thailand may specify rules, methods, or conditions for the operators to comply, as well as may propose opinions to the Ministry of Finance for consideration of revoking the licenses.

Indeed, in case of the Ministry of Finance orders for license revocation, non-bank credit card operators must return the licenses to the Bank of Thailand within 15 days.

5.9 Transitional Provision

For debts arising from credit card usage prior to the effective date of this Notification and having certain installment payment plan, the operators may still collect total maximum of interests, penalties, fines, service charges, and any fees at the rate as stipulated in such contracts or agreements until the debt settlements have been completed.

6. Effective Date

This Notification shall come into force from 1st August 2020 onward.

Announced on 31st July 2020

(Mr.Veerathai Santiprabhob)

Governor

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Additional Expenses that May be Charged by Operators

Additional expenses that may be charged by operators must have one of the following characteristics:

(1) Expenses that make operating costs of operators increased in parts of service charges or fees for using credit cards to pay taxes and fees to government agencies which are responsible for tax and fee collections for government, where as such government agencies cannot pay fees to the operators as same as other shops in general. In this case, operators shall practice as follows:

(1.1) Proceeding to get consumer consent or specifying clearly in contracts that consumers are willing to pay fees for credit card usage instead of government agencies.

(1.2) Service charges or fees that operators may collect must not exceed the rate of 2 percent of taxes and fees paid by credit cards.

(2) Expenses that make operating costs of operators increased from providing services to consumers or from following up defaulted debtors on specific case-by-case basis that have already requested for debt repayments. Examples are sending letters, telephone calls, or meeting with consumers in order to request for overdue debt repayments.

(3) Expenses that operators have to pay to other persons or external entities and have verified proofs of payment at reasonable amount. These expenses exclude general expenses on regular basis, for examples, expenses for automatic debt collection system, utility bills, or employee salaries.

(4) For non-bank credit card operators, fine collection for returned cheques can be charged not exceeding 200 baht per time.

However, operators may not charge fees from the same expenses under (2) and (3) repetitively.

Furthermore, in case of operators may charge fees, service charges, or any expenses from consumers besides the items specified by the Bank of Thailand under the Sections (1) – (4), they must receive prior approval from the Bank of Thailand. In this regards, the operators shall request for approval by presenting relevant reasons and related details to the Bank of Thailand on case-by-case basis. The Bank of Thailand shall complete considering process within 45 days from the date of receiving the applications with properly completed supporting documents.

Name of Financial Institution / Company

Details of Interest rates, penalties, fines, service charges, fees, and other expenses for using credit cards

Effective from (date)

1. Interests, penalties, fines, fees, and other service charges	Interests% per year Fees for using credit limits% per year Fines for late payments% per year Fees or other service charges% per year Beginning date for interest calculation Starting from [] Date of payment to shops [] Summary date of total transactions [] Due date for payment													
2. Minimum rate of repayment% of total outstanding balance in monthly statements or Minimum baht													
3. Fee for cash withdrawal% of cash withdrawal outstanding													
4. Interest-free repayment period for on-time payment	Maximum days from													
Operating fees	Card Category		Card Category		Card Category		Card Category							
	Card type ...	Card type ...	Card type ...	Card type ...	Card type ...	Card type ...	Card type ...	Card type ...						
5. Fees for each type of cards (baht per year)														
Entrance fees														
Annual fees														
6. Fee for repayments	Pay by direct debiting from bank account baht/time		Pay by cheques or postal money orders baht/time											
	Pay at own bank counters baht/time		Pay via ATM baht/time											
	Pay at other bank counters* baht/time		Pay via automatic phone system baht/time											
	Pay at payment service points baht/time		Pay via internet system baht/time											
7. Fine for returned cheques ** baht/time													
8. Fee for issuance of new cards in case of loss/damage baht/time													
9. Fee for requesting account statements baht/time													
10. Fee for requesting copies of sales slip baht/time													
11. Fee for requesting new PIN for replacement baht/time													
12. Fee for requesting transaction investigation baht/time													
13. Fee for debt collection (please specify unit)													
14. Fee for authentication or digital identity verification of customers*** baht/time													
15. Fees chargeable to tax and government fee payments % of tax amount and government fee paid by credit cards													
16. Fee for currency conversion risk % of													

Remark: In case of there are other expenses related to credit card usages overseas and are charged by foreign business operators through local business operators in Thailand, operators must disclose to consumers that they may be charged for all other expenses, for example, fee for using ATMs overseas.

* for commercial bank credit card operators only

** for non-bank credit card operators only

*** must not exceed the amount that actually paid

Regulation on the Use of Services from External Providers

In case of non-bank credit card operators use services from external providers (outsourcing), in order to reduce operating costs and to improve flexibility in conducting business to be more efficient, they must use credible external service providers. In addition, the non-bank operators must be responsible to consumers as if they are operating by themselves by upholding three important principles as follows; (1) having an appropriate consumer protection system, which should focus on having adequate information disclosure to consumers, having confidentiality and security of consumer information, as well as handling of complaints and solving problems for consumers; (2) overseeing the continuity of business operations and providing services to consumers; and (3) having risk management system of outsourcing. In addition, credit card operators must allow the Bank of Thailand, external auditors, or other government agencies to examine their business operation and any internal control systems, including to acquire any related information from outsourcing or subcontractors (if any). This is for the purpose of completely understanding their actual business operations and risks. In addition, non-bank credit card operators have to comply with the regulations with regard to outsourcing as follows:

(1) Selection of external service providers

Non-bank credit card operators must properly establish guidelines for choosing external service providers prior to making new contracts or reviewing to renew the contracts with the existing providers. They must consider important issues covering at least as follows:

(1.1) Competence, expertises, and operating experiences

(1.2) Status of financial security

(1.3) Business reputations, complaint records, or lawsuit records

(1.4) Suitable corporate culture and service policy for the non-bank credit card operators

(1.5) Assessment results of external service providers in case of renewing contracts with the same ones

(2) Protection and responsibility to consumers

Non-bank credit card operators must always be aware that the use of the external service providers is only entrust to external entities to operate on behalf

of themselves. The non-bank credit card operators still have full responsibilities to consumers as if they operate by themselves. Therefore, the non-bank credit card operators must ensure that they are properly responsible and take care of their consumers for at least as following issues:

(2.1) Ensure that external service providers properly provide information security and confidentiality systems of consumers and credit card operators, as well as that they must inspect these systems appropriately. The non-bank credit card operators must also ensure that the external service providers strictly monitor their employees to maintain information confidentiality of consumers and themselves.

(2.2) Ensure that there are appropriately adequate complaint handling and troubleshooting systems for consumers. The complaints, including those related to overseeing personal data of consumers, must be recorded and monitored. In this regard, the non-bank credit card operators must determine appropriate guidelines to solve such problems and periodically report the information to their management for acknowledgment.

(2.3) Ensure that the quality of services consumers received are not impaired or that general regular expenses of non-bank credit card operators are not pass on onto consumers. In this regard, the use of such services must not obstruct to comply with laws, rules, or official regulations.

(2.4) Ensure that the information of using external service providers, on behalf of the operators, which may impact to consumers is disclosed in advance.

(2.5) Ensure that in case of termination or cancellation of contracts with external service providers for any reasons, all consumer information must be destroyed or retrieved from external service providers.

(2.6) Ensure that information of consumers and the non-bank credit card operators must be monitored according to the Law subjected to Re: Business Subject to Approval under Clause 5 of the Declaration of the Revolutionary Council No. 58 (Credit Card Business) or the notifications issued for proceeding of such laws.

(2.7) Ensure that there are clear and appropriate penalty guidelines in case of external service providers fail to comply with the requirements under the Sections (2.1) – (2.6).

(3) Business continuity management of external providers

Non-bank credit card operators must require external service providers to prepare business continuity plans, especially in the event of

interruption of important functions or functions affecting a wide range of consumers, as well as to allocate resources to sufficiently support their operations.

In this regard, the non-bank credit card operators must arrange for testing of the business continuity plans with external service providers in order for the providers to be able to consistently operate important functions. The testing results must be recorded in documentation for the Bank of Thailand to verify.

(4) Risk management of external providers

Non-bank credit card operators must have clear guidelines in written for risk management of using external service providers appropriately according to importance of the functions. They must communicate to related parties to understand and strictly follow the guidelines. Also, they must provide or arrange for the external service providers to have operating manuals and related documents, as well as regularly review to make updated versions.

**Principals and Examples of Main Functions Related to
Strategic Decision Making (Strategic Function)**

Principle

In considering the main functions related to strategic decision making, Non-bank credit card operators must consider the followings:

(1) Functions related to decisions making or transactions that affect their operating status and risks

(2) Functions related to in-depth analysis, audit, or final review prior to making decision to enter into transactions

(3) Functions related to monitoring, auditing, and reviewing after granting or entering into transactions, which may affect their operating status and risks in case of operating improperly

Examples of main functions related to strategic decision making (strategic function)

functions	Example of strategic function
Credit and credit-like transactions	<ul style="list-style-type: none"> - Credit analysis - Credit approval - Auditing and signing of contracts - Auditing/reviewing of setting credit limit, disbursement, and tracking the use of credit limit - Auditing or reviewing of debtor monitoring - Verifying of debtors' information in database system - Verifying and approving of KYC/CDD results <p>However, knowing customers and their facts (Know Your Customer: KYC / Customer Due Diligence: CDD) must comply with the regulations of the Anti-Money Laundering Office.</p> <ul style="list-style-type: none"> - Decision making in debt resolution
Risk management	<ul style="list-style-type: none"> - Decision making based on various types of risk management - Portfolio management and risk control
Accounting and finance	<ul style="list-style-type: none"> - Verifying or reviewing of accounting and financial information

Consumer Protection

In addition to complying with the Bank of Thailand Notification Re: Regulations on Market Conduct, operators also must comply with the following processes:

(1) Disclosure of interest rates, penalties, fines, service charges, fees, and any expenses related to credit cards

(1.1) **Disclosure** details of interest rates, penalties, fines, service charges, fees, and other expenses related to credit cards according to the table as in Attachment 1 prior to their effective date. **The operators must have procedures to ensure that consumers know and clearly understand such details, for examples, posting announcements in public areas of every office, on the website, or in their other channels.**

(1.2) Notifying the details of of interest rates, penalties, fines, service charges, fees, and other expenses related to credit cards which are currently in effective under the Section (1.1) according to the table as in attachment 1 to consumers, who want to apply for credit cards **or for increasing credit card limits in prospectuses, application forms, contracts, or any other documents related to application for credit cards or increasing limits**, in order to use for their decision making.

(2) Demand for debt repayments and follow-up for debt repayment

(2.1) In case that operators want consumers to make installment repayment, they must prescribe rules according to installment repayment by minimum of 10 percent of total outstanding balance in each period.

(2.2) In case of calculation of interests, other service charges, panalties, or expenses for overdue debt repayments, the operators shall show details of such calculation in invoice, as well.

(2.3) There must be a notification to consumers who default on debt repayments perior to legal enforcement action. **Indeed, there must be sufficient time for the consumers to review and make disputes on such notices.**

(2.4) In case of consumers default on debt repayments for more than 3 months since the due date of repayment, operators shall immidiately cancel credit card usage of such consumers.

(3) Changing of debt types

Operators are prohibited from transferring debts arising from using credit cards to current account or other types of loan agreements, with the exception that they shall comply with the following conditions.

(3.1) Receiving prior consents from consumers.

(3.2) Must specify minimum debt repayment for not less than 10 percent of total outstanding balance in each period, with exception of debt restructuring purpose which is benefit for consumers, especially in case of lowering interests, penalties, fines, service charges, and any fees. In addition, operators must prepare completed and legally valid documentary evidences and any contracts related to debt restructuring.

(3.3) Collection of interests, penalties, fines, service charges, fees, and any expenses must comply with section 5.4.3.

(3.4) Must immediately cancel card usage and credit card accounts of such consumers. For exception cases of debtors having potential or good debt repayment behavior, such as not having overdue principals or interests, operators can transfer debts or change debt types arising from such using credit cards to debts under other types of debt agreement, such as term loans. In this regard, the operators do not have to cancel card usage and credit card accounts of such debtors; however, the operators must comply with following conditions.

(3.4.1) Credit limits of new types of debt when combining with the remaining outstanding balance of original credit card limits must not exceed the approval limits of such credit cards during the whole period that debtors still pay installment repayment of such new types of debt.

(3.4.2) Debt transferring or changing of debt types of credit cards must be proceed mainly for the benefits of debtors; for example, for significant reduction of interests, penalties, fines, service charges, or fees.

In deed, for debts arising from using credit cards that have not yet transferred to debts under current account agreements, the operators may not compound such interests into the principals for calculating the interest charges.

Moreover, operators must monitor that debt transferring or changing debt types arising from using credit cards to debts under other types of debt agreement, that debt restructuring of debt occurred from using credit cards, or that changing of conditions in credit card agreements are not channels for avoiding requirements with regard to interests, penalties, fines, service charges, any fees, and expenses related to credit cards according to section 5.4.3. In addition, for

commercial bank operators, such debt transferring or changing debt types must not be taken for avoiding regulations on asset classification and provisioning or are the cause of reporting false asset and liability accounts.

(4) Proceeding and handling of consumer information

(4.1) Operators must give importance, must have properly completed information of card applicants or consumers, **and should recognize all debt obligations that consumers will have**, in order to consider granting, setting, or **increasing credit card limits** appropriately and in line with debt repayment capacities of card applicants or consumers. In this regard, operators shall use information from reliable centralized information sources; for example, credit bureau or jointly set up data centers for sharing information, in order to verify personal records of card applicants or consumers, number of cards, total granted credit card limits, **debt obligations**, and other information.

In addition, operators may communicate to consumers of their completed total debt obligations in order to assist consumers in making decision to apply for credit cards or to request for increasing such credit card limits.

(4.2) Operators must keep consumer information confidential, excepting in the following cases:

- (4.2.1) Disclosure with consent of consumers
- (4.2.2) Disclosure by duties or for benefits of investigations or trials
- (4.2.3) Disclosure to the auditors of such operators
- (4.2.4) Submitting of credit information under the **Credit Information Business Act**
- (4.2.5) Disclosure for benefits of legal compliance

(5) Procedure when receiving complaints

Operators must conduct investigation when receiving complaints from card applicants or consumers with regard to using credit cards and must report the progress of the investigation results, as well as must explain next operating procedures to them within 7 days from the date of receiving the complaints. The operators should finish resolving the complaints and inform the consumers promptly.

In this regards, the operators must specify operating guidelines for refunding to consumers in case of improper bill collection from consumers. Operators must give rights to consumers for selecting to receive such refunds via other channels besides

receiving refunds into credit card accounts. Examples of such receiving refunds are via deposit accounts of consumers, by cash, or by cheques.