

**Bank Negara Issues New Credit Card Guidelines**  
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KUALA LUMPUR - Bank Negara Malaysia (BNM) has revised the minimum income requirement to apply for a credit card to RM24,000 per annum from RM18,000 per annum with immediate effect.

For applicants or cardholders who earn RM36,000 per annum or less, they would be able to hold only credit cards from a maximum of two issuers, the central bank's deputy governor, Nor Shamsiah Mohd Yunus, told a media briefing here today.

"For existing cardholders, they need to select their preferred two issuers by Dec 31, 2011," she said.

Currently, 50 per cent of 3.2 million credit card holders have income below RM36,000.

Nor Shamsiah said cardholders would also be given at least two years to service their outstanding credit card debt for the cards that had been cancelled for the purpose of meeting the requirement.

The maximum credit limit extended to a cardholder also shall not exceed two times their monthly income per issuer.

Issuers will be also engaging with affected cardholders to assist them in restructuring their repayment, she explained.

Nor Shamsiah said the new measures on credit cards was to promote prudent financial management among credit card users as well as to ensure credit card debt remained at manageable levels.

As at end-2010, outstanding credit card stood at RM30.8 billion or five per cent of household debt.

Although credit card usage continued to increase, the non-performing loan (NPL) ratio remained low. As at end-2010, credit card NPLs accounted for only 1.7 per cent of total credit card loans and two per cent of total banking system NPLs.

Meanwhile, credit card issuers are required to adopt a fair, transparent and responsible approach in the marketing and offering of credit cards to consumers and they are also not allowed to increase the credit limit without a cardholder's consent.

Nor Shamsiah said card issuers would not be allowed to also offer a credit advance in the form of cheque payable to the cardholders. They can do this only if the cardholders have requested for the credit advance.

To facilitate consumers in making comparison and informed decisions, card issuers are required to provide a product disclosure sheet that contains key information on the card's features, fees and obligations of the cardholders.

Issuers are also required to display prominently alerts to communicate to cardholders the

implications of meeting only minimum and partial repayments, she added.

Effective Dec 1, 2011 the final statement for the year will include customised information on how long it will take to fully pay off the cardholders' outstanding balance and the total interest costs if the cardholder only makes minimum repayment.

In the effort to further enhance credit card security and to promote public confidence in the usage of credit cards as a safe payment instrument, effective Jan 1, 2012, transaction alerts via short messaging service (SMS) will be implemented by card issuers for their cardholders after transactions are performed and followed by the personal identification number (PIN) verification for all card transactions from Jan 1, 2015 onwards.

(Bernama)

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