



PERSATUAN BANK BANK DALAM MALAYSIA
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For Immediate Release

FURTHER RELAXATIONS IN LATE PAYMENT FEE FOR CREDIT CARDS

KUALA LUMPUR June 26 2009: - The Association of Banks in Malaysia (ABM) is pleased to announce for and on behalf of all its commercial bank members that effective July 1st 2009 the late payment fee will be reduced from a maximum of RM75 to a maximum of RM50.

Going forward, credit cardholders will thus be required to pay a minimum of RM5 or 1 percent of the total balance outstanding as at statement date whichever is the higher, up to a maximum of RM50 by way of late payment fees. Effectively, both the minimum and maximum late payment fees have reduced by half in the last three months (in the case of the former, from RM10 to RM5 and in the case of the latter, from RM100, to RM75 and now to RM50).

In addition, with effect from July 1st 2009 or as soon as the requisite system changes can be made by the respective banks, credit card users will be given a minimum three-day grace period from the due dates of payment to make payments towards the monthly amount outstanding in respect of their credit cards.

Accordingly, provided payment by a credit card user is received and can be applied towards the monthly amount outstanding on or before the expiry of the grace period, no late payment fee will be charged in respect of the grace period.

Member banks will inform their respective customers on the further and better details of the grace period as well as how it will be administered.

ABM Executive Director, Chuah Mei Lin, said the new late payment fee provisions are aimed at giving credit cardholders the requisite breathing space and at the same time reinforce the need for them to better manage their personal finances.

She went on to emphasize, “The provision of the grace period does not detract from the underlying principle of prompt and disciplined repayment. Habitual late payers who may think that they can take advantage of the provision of the grace period to pay just before or after the expiry of the grace period, and argue for an extension of the same will be disappointed.”

Presently not all banks observe the provision of a grace period. Further, the grace period itself, if so extended, differs from bank to bank.

The new provisions follow closely from reductions across the board in the credit card tiered interest rates and late payment fee announced on February 12th 2009 and which took effect on March 31st 2009.

Late payment charges have proven universally to be a useful tool which serves to inculcate a disciplined repayment habit and to encourage better management of personal finances. Late payment charges also help defray the banks’ costs in issuing reminders, monitoring the status of the accounts and following up with errant credit cardholders.

Malaysia is already in the fore-front having implemented a tiered credit card interest rate framework which is not only unique but provides for one of the lowest interest rate regimes in Asia to encourage cardholders to be good paymasters so as to be able to enjoy significant savings in the form of interest rate differentials.

Chuah added that banks continue to engage closely with their customers to ensure debt commitments are within their repayment capacities and where possible, member banks are always prepared to permit transfers of credit card debts or conversion of the same to personal loans.

“Member banks of ABM have weighed the feedback from customers and other stakeholders before implementing the minimum three-day grace period for credit card outstanding balance repayments”, she said adding the commercial banking sector continues to be responsive and responsible in meeting the financing needs of customers.

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About The Association of Banks in Malaysia

The Association of Banks in Malaysia was formed in November 1973 with the primary objective of establishing and promoting a sound banking system in Malaysia in cooperation and consultation with Bank Negara Malaysia. Its members comprise the 22 commercial banks that currently operate in Malaysia.

ABM aims to facilitate, and create a conducive banking environment while promoting orderliness, and ethical banking practices. ABM also pursues wide-ranging issues to assist the industry in its efforts to remain competitive. Policies affecting banking infrastructure, interest rates and clearing system, as well as areas on consumer education, risk management, and human resource development are part of the ABM platform. Member banks' contributions to socio-economic planning and development of the country are some of the issues that form ABM's agenda. The public can also call a toll-free service called *ABMConnect* at 1-300-88-9980 for information on banking issues in the country. For more information, visit www.abm.org.my.

List of Banks' Dedicated Lines for Customer Services

Affin Bank Bhd	1-800-88-3883
Alliance Bank Malaysia Bhd	03 – 5516 9988
AmBank (M) Bhd	1-300-80-8888
CIMB Bank Bhd	1-300-88-0900
Citibank Bhd	03 – 2383 0000
EON Bank Bhd	03 – 2616 1133
Hong Leong Bank Bhd	03 – 7626 8899
HSBC Bank (M) Bhd	1-300-88-1388
Maybank	1-300-88-6688
OCBC Bank (M) Bhd	1-300-88-5000
Public Bank Bhd	1-800-88-3318
RHB Bank Bhd	1-800-88-4663
Standard Chartered Bank Malaysia Bhd	1-300-88-8888
United Overseas Bank (M) Bhd	03 – 2612 8121

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