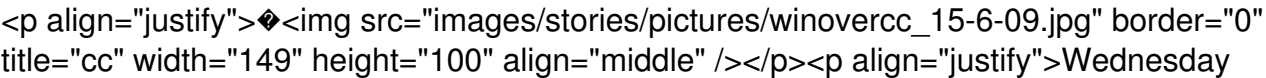


## Credit card users must fight for their rights

Written by 3K Admin

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Plain Speaking - By Yap Leng Kuen

CONSUMERS have to be more proactive and exercise their rights when it comes to merchant surcharges on credit cards.

No longer should they passively agree to the surcharge just because they have become used to that particular merchant or are simply too disinterested to shop elsewhere.

Banks are firm when it comes to merchant surcharge. RHB Bank head of retail banking Renzo Viegas told consumers not to accept any imposition of surcharge, report such incidents to the bank or go to other merchants that do not impose surcharge.

In fact, under the Bank Negara credit card guidelines, banks are required to display prominently on the credit card application forms, their fees and charge tables.

According to Association of Banks in Malaysia executive director Chuah Mei Lin, banks are also required to print on the monthly billing statements to credit card holders, information on the outstanding balances and method of computation of such charges.

So it looks like consumers have a lot to look out for or at least raise questions on when they receive their next statement!

Does that also mean that those who do not use credit cards will have to foot the same bill as card users?

The usual merchant justification for charging the extra is that banks will ask for the extra on card transactions. Therefore, even items with 0% interest may still end up costing more.

How is a merchant to work out a fair rate that applies to the cash, credit card and cheque or bankdraft users? In this respect, consumers have to take time to study the prices and shop judiciously.

Intense competition will eventually drive down the prices as the same item may be found in a similar shop probably two or three doors away at a cheaper price with better terms!

By asking for a fair value to all, are we in a way robbing the person who is willing to pay cash of the opportunity to get a lower price?

With the recent budget announcement of a RM50 service tax per credit card, it has become even more urgent to decrease the usage of cards and switch to other modes of payment.

It may be worthwhile to explore personal loans even though we are supposed to be marching towards the era of electronic payments systems.

Sources in the retailing industry emphasise that it is the retailers' responsibility to absorb the surcharge, which ranges from 1.5% to over 2%, depending on the volume of business and negotiations with banks.

In fact, some of the larger retailers are suggesting that a fine should be imposed on those merchants that impose the credit card surcharge.

They also emphasise that this surcharge should not be included as part of the merchants' costs which should be kept competitive to attract a higher sales volume.

Source: <http://biz.thestar.com.my/news/story.asp?file=/2009/11/11/business/5085090&sec=business>