

 KUALA LUMPUR: Interest rates on outstanding credit card balances will be reduced by between 0.5 and 1.5 per cent, while late payment fees will be slashed to a minimum of RM5 and a maximum of RM75 effective March 31.

The Association of Banks in Malaysia said that as of Dec 31 last year, total outstanding credit card debt owed by Malaysians stood at RM23 billion.

It said the interest rates for "Tier-1" credit cardholders, defined as those who promptly settle their monthly minimum payments for retail purchases for 12 consecutive months, will be reduced to 13.5 per cent per annum from the current 15 per cent.

"Tier-II" cardholders, who promptly settle their minimum payments for 10 months or more in a 12-month cycle, will see their interest rate reduced by one per cent to 16 per cent per annum.

The interest rate for others has been fixed at 17.5 per cent per annum, a drop of 0.5 per cent.

In view of the challenging economic situation, the late payment fee of a minimum of RM10 or one per cent of the total outstanding balance, subject to a maximum of RM100, will be revised to a minimum of RM5 and a maximum of RM75.

"The banks have listened and taken the lead in the region in effecting such reductions even though existing local credit card charges are already among the lowest in Asia (they range from 18 to 42 per cent elsewhere in the region)," said ABM chairman Datuk Seri Abdul Hamidy Abdul Hafiz.

Banks hope that these latest measures will motivate credit cardholders to diligently make at least the monthly minimum payment. -- Bernama

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