

Content

Title : Jin-Guan-Yin-Piao-Zi -No. 10040000140 

Date : 2011.02.09

Legislative : Date of Issue: February 9, 2011

Content : When a penalty fee is collected on a credit card because the cardholder fails to make minimum payment due by the payment due date, such a penalty fee may be collected for no more than three consecutive periods, and different amounts may not be collected for different intervals. No penalty fee may be collected for total amounts due of NT\$1,000 or less, and standards for penalty fees collected shall reasonably reflect operating costs.

Date issued: 9 February 2011

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Full text of order:

1. This Order is issued in accordance with Article 48, paragraph 2 of the Regulations Governing Institutions Engaging In Credit Card Business.
2. When a card issuer charges the cardholder penalty fees as agreed because the cardholder fails to make minimum amount due by the payment due date, the charge method shall comply with the following provisions:
 - (1) Penalty fees shall be calculated and collected on a fixed amount basis, and shall accord with the principles of equity. A penalty fee may be collected for no more than three consecutive periods.
 - (2) Flat penalty fees may not be charged on the basis of "different amounts of payment overdue in each period." But, under the prerequisite of reasonably reflecting the operating costs resulting from a late payment, different penalty fees may be charged on the basis of "different overdue periods."
 - (3) When the cardholder's "total amount due in the current billing period" is NT\$1,000 or less, the card issuer may not collect a penalty fee.
 - (4) When the cardholder's "total amount due in the current billing period" is above NT\$1,000, the maximum amounts of penalty fees that may be collected by the card issuer in the first, second, and third periods in which the cardholder is in default are, respectively, NT\$300, NT\$400, and NT\$500.
 - (5) When a card issuer adopts standards for the collection of penalty fees within the maximum amounts set out in the preceding paragraph, the fees shall reasonably reflect the operating costs resulting from the cardholder's default, and may include only the "variable costs" resulting from the cardholder's default, such as telephone fees, text messaging fees, payment reminders, costs for related letters of notification and postage, fees for credit checks by the Joint Credit Information Center, and manpower costs for debt collection personnel.
 - (6) The card issuer shall enhance its mechanisms for payment notifications or reminders to the cardholder.
3. Any card issuer whose method of collecting penalty fees is not in compliance with this Order shall make adjustments to achieve compliance by 31 March 2011.
4. The present Order is effective from this day forward.