

20 May 2010

CIRCULAR BM 1069

**To: All Licensed Banks
Operating in the Sultanate of Oman**

After Compliments,

Re: Interest Rate on Credit Cards

1. Central Bank of Oman, taking into consideration various relevant factors, has since decided to impose ceiling interest rates, on Credit Card facilities, of 18% p.a. for persons whose salary is transferred to the bank and 20% p.a. for others.
2. The ceilings will take effect from 1st June 2010 and shall apply to existing and new facilities.
3. Central Bank adds the following in this connection:
 - i) Banks should appreciate overall considerations in compliance and operate competitively within ceilings, not taking them as mandates or entitlements.
 - ii) Though Credit Card limits have individual ceilings, related to salary and shall come within overall quantitative ceiling on non-housing personal loans, banks should take into consideration the borrowers' overall debt burden and serviceability and extend facilities prudently in the interests of all.
 - iii) Credit Card facilities need to be approached basically as a payment convenience and **not** as significant personal loan facilities. Limits and repayments should be structured appropriately, keeping in view the objectives behind personal loan ceiling interest rate also.

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- iv) Banks shall continue to submit quarterly reports on applied interest rates, as stated in Circular BM 983 dated 28th December 2004 and outstandings as stated in our circular letter BDD/CBS/CB/ 2010/1840 dated 11th March 2010.
- v) Other applicable instructions, including fees/charges, remain unchanged.

4. Please arrange accordingly.

Best Regards,

Hamood Sangour Al Zadjali
The Executive President

RV/js