

PRESS RELEASE

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Press Release on the Maximum Interest Rates for Credit Cards in Q1 2016

The monthly maximum interest rates that banks can charge on credit card borrowing in the first quarter of 2016 have been left unchanged.

The CBRT sets maximum interest rates for credit card borrowing under legal authority expressed most recently in the CBRT Communiqué No. 2014/5 on Maximum Interest Rates to be Applied to Credit Card Transactions published in the Official Gazette No: 29153 dated 22 October 2014. Accordingly, to be effective from 1 January 2016, for the credit card borrowings, the monthly maximum contractual interest rate will be 2.02 percent for the Turkish lira and 1.62 percent for foreign exchange transactions, whereas the monthly maximum overdue interest rate will be 2.52 percent for the Turkish lira and 2.12 percent for foreign exchange transactions.

Banks are not allowed to charge higher interest rates than the rates announced by the CBRT for credit cards. Banks are free to determine their respective rates at their own discretion provided that they are below these ceilings. The maximum contractual and overdue interest rates for credit card transactions for the three-month period starting on 1 April 2016 will be announced by the CBRT prior to that date.

Banks in Turkey, as is the case in other countries, charge higher interest rates for credit card borrowing than they do for consumer loans. The CBRT therefore advises credit card holders with short-term credit needs to seek a consumer loan rather than borrowing on personal credit cards.

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