

PRESS RELEASE

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Press Release on the Maximum Interest Rates for Credit Cards in Q1 2017

Taking into consideration the recent economic developments and market conditions, the calculation method of maximum interest rates for credit card borrowings has been changed. According to the new method, maximum interest rates for credit card borrowings will be determined by taking into account interest rates of consumer loans as well as additional risks and costs of credit cards.

Accordingly, the monthly maximum interest rates that banks can charge on Turkish lira and foreign exchange credit card borrowing have been decreased. To be effective from 1 January 2017, for the credit card borrowings, the monthly maximum contractual interest rate will be 1.84 percent for the Turkish lira and 1.47 percent for foreign exchange transactions, whereas the monthly maximum overdue interest rate will be 2.34 percent for the Turkish lira and 1.97 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 2017 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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