

Notice No : **MAS Notice 1109 (Amendment) 2017**
Issue date : **30 May 2017**

UNSECURED CREDIT FACILITIES TO INDIVIDUALS

Introduction

1 This Notice is issued pursuant to section 28(3) of the Monetary Authority of Singapore Act (Cap. 19) (the “Act”) and amends MAS Notice 1109 on Unsecured Credit Facilities to Individuals dated 29 November 2013 (“the Existing Notice”) and last revised on 27 May 2015.

Amendments

2 The Existing Notice is hereby amended by -

- (a) inserting, immediately after the definition of “borrower” in paragraph 4, the following definition:

““debit card” means any article, whether in physical or electronic form, that enables the holder to access funds in a deposit account with a financial institution and that may be used for the purchasing of goods and services (e.g. ATM cards);”;

- (b) deleting the words “regulations 3 to 6” wherever they appear in paragraph 5 and substituting in each case the words “regulations 3 to 6A”;

- (c) deleting paragraph 8 and substituting the following paragraph:

“8 Subject to paragraph 18A(1), a merchant bank shall not grant an unsecured non-card credit facility to an individual who is a citizen of Singapore or a permanent resident unless he has an annual income of at least \$20,000 (or its equivalent in foreign currency) at the time of application for the unsecured non-card credit facility.”;

- (d) deleting paragraph 9 and substituting the following paragraph:

“9 Subject to paragraph 18A(1), in the case of joint borrowers where at least one of the joint borrowers is a citizen of Singapore or a permanent resident, a merchant bank shall not grant an unsecured non-card credit facility to the joint borrowers unless every joint borrower has an annual income of at least \$20,000 (or its equivalent in foreign currency) at the time of application for the unsecured non-card credit facility.”;

- (e) deleting the words “A merchant bank” in paragraph 10(1) and substituting the words “Subject to paragraph 18A(1), a merchant bank”;
- (f) deleting the words “Where, on or after 1 June 2014,” in paragraph 10(2) and substituting the words “Subject to paragraph 18A(1), where,”;
- (g) deleting the words “Subject to paragraph 14, a merchant bank shall not, on or after 1 June 2014,” in paragraph 10(4) and substituting the words “Subject to paragraphs 14 and 18A(1), a merchant bank shall not”;
- (h) deleting the words “As from and including 1 June 2014, a merchant bank” in paragraph 11(1) and substituting the words “A merchant bank”;
- (i) inserting, immediately after paragraph 12(7), the following paragraph:
 - “(8) This paragraph shall not apply to the granting of an unsecured non-card credit facility to an individual referred to in paragraph 18A(1) and paragraph 18A(3).”;
- (j) deleting the header immediately before paragraph 13(1) and substituting the header “Checks on income, total net personal assets or financial assets”;
- (k) inserting, immediately after paragraph 13(4), the following paragraph:
 - “(5) This paragraph shall not apply to the granting of an unsecured non-card credit facility to an individual referred to in paragraph 18A(1) and paragraph 18A(3).”;
- (l) deleting the words “Subject to sub-paragraphs (1A), (2), (4) and (4A)” in paragraph 14(1) and substituting the words “Subject to sub-paragraphs (1A), (2), (4) and (4A), and paragraph 18A(2)”;
- (m) deleting sub-paragraph (b) of paragraph 14(2) and substituting the following sub-paragraph:
 - “(b) subject to sub-paragraph (3) and paragraph 16(2), the Singapore borrower –
 - (i) has an annual income of at least \$120,000 (or its equivalent in foreign currency);
 - (ii) has financial assets (net of any related liabilities) that exceed \$1 million (or its equivalent in foreign currency); or
 - (iii) has total net personal assets that exceed \$2 million (or its equivalent in foreign currency).”;
- (n) renumbering paragraph 14(6) to 14(5);

- (o) deleting the words “Subject to sub-paragraph (7),” in paragraph 16(2) and substituting the words “Subject to sub-paragraph (7) and paragraph 18A(2),”;
- (p) deleting the words “Subject to sub-paragraph (7),” in paragraph 16(5) and substituting the words “Subject to sub-paragraph 7 and paragraphs 18A(1) and (3),”;
- (q) deleting the words “Subject to sub-paragraphs (2A), (3) and (4),” in paragraph 17(1) and substituting the words “Subject to sub-paragraphs (2A), (3) and (4), and paragraphs 18A(1), (2) and (3),”;
- (r) deleting sub-paragraph (a) of paragraph 17(3) and substituting the sub-paragraph:
 - “(a) the individual -
 - (i) has an annual income of at least \$120,000 (or its equivalent in foreign currency);
 - (ii) has financial assets (net of any related liabilities) that exceed \$1 million (or its equivalent in foreign currency); or
 - (iii) has total net personal assets that exceed \$2 million (or its equivalent in foreign currency); or”;
- (s) deleting sub-paragraph (a) of paragraph 17(8);
- (t) inserting, immediately after paragraph 18(6), the following:

“Exception for incidentally overdrawn current and deposit accounts

18A(1) A merchant bank does not contravene paragraphs 8, 9, 10(1), (2), and (4), 16(5)(a) and 17(1)(b) by granting an unsecured non-card credit facility to an individual, if –

- (a) the facility is granted solely as a result of a draw down from the individual’s current or deposit account with insufficient funds, due to a transaction made on a debit card; and
 - (b) the amount to be drawn down under sub-paragraph (a), together with the total outstanding amount in excess of the balance (excluding fees, interest and charges) in the individual’s current or deposit account, as the case may be, does not at any time exceed \$500.
- (2) A merchant bank does not contravene paragraphs 14(1), 16(2) and 17(1)(a) by permitting an amount to be drawn down from an unsecured non-card credit facility of a Singapore borrower, if –
- (a) the amount is drawn down from the Singapore borrower’s current or deposit account with insufficient funds, due to a transaction made on a debit card; and

- (b) the amount to be drawn down under sub-paragraph (a), together with the total outstanding amount in excess of the balance (excluding fees, interest and charges) in the Singapore borrower's current or deposit account, as the case may be, does not at any time exceed \$500.
- (3) A merchant bank does not contravene paragraphs 16(5)(b) and 17(1)(c) by increasing the aggregate credit limit of an individual, if –
 - (a) the aggregate credit limit is increased solely to enable a draw down from the individual's current or deposit account due to a transaction made on a debit card; and
 - (b) the amount to be drawn down under sub-paragraph (a), together with the total outstanding amount in excess of the balance (excluding fees, interest and charges) in the individual's current or deposit account, as the case may be, does not at any time exceed \$500.

(u) inserting, immediately after paragraph 23(2), the following paragraphs:

“(3) Paragraph 14(2)(b) as in force immediately before 1 June 2017 continues to apply up to and including 31 May 2019 to a merchant bank in relation to a Singapore borrower whose total net personal assets exceed \$2 million (or its equivalent in foreign currency), immediately before 1 June 2017.

(4) Paragraph 17(3) as in force immediately before 1 June 2017 continues to apply up to and including 31 May 2019 to a merchant bank in relation to an individual whose total net personal assets exceed \$2 million (or its equivalent in foreign currency), immediately before 1 June 2017.”;

(v) Deleting the table in Appendix 1 and substituting the following table:

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S/No.	If the Singapore borrower has:			Criteria to be satisfied if marriage certificate is not provided not more than 3 months after first disbursement	Measures to be taken if no criterion is satisfied
	An annual income of	Total net personal assets	Financial assets (net of any related liabilities)		
1.	<\$20,000	≤\$2 million	≤\$1 million	A, B or C	Disallow: (i) further drawdown on the renovation loan granted jointly to the Singapore borrower and his fiancé or fiancée; and (ii) any amount to be drawn down on any unsecured non-card credit facility, or charged to any fully unsecured or partially secured credit card or charge card issued to the Singapore borrower, until at least one of criteria A, B and C is satisfied.
2.	<\$20,000	>\$2 million	>\$1 million		
3.	≥\$20,000, <\$120,000	≤\$2 million	≤\$1 million		

4.	≥\$20,000, <\$120,000	>\$2 million	>\$1 million	-	-
5.	≥\$120,000	≤\$2 million	≤\$1 million	-	-
6.	≥\$120,000	>\$2 million	>\$1 million	-	-

”;

(w) deleting paragraph (d) of Appendix 1 and substituting the following paragraph:

“(d) references to an annual income of \$120,000, financial assets (net of any related liabilities) of \$1 million and total net personal assets of \$2 million include the respective equivalents in foreign currency.”; and

(x) deleting the table in Appendix 2 and substituting the following table:

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S/No.	Type of borrower	Documents required
1.	A Singapore borrower who has been issued an unsecured non-card credit facility on the basis that he has an annual income of at least \$120,000 (or its equivalent in foreign currency), financial assets (net of any related liabilities) that exceed \$1 million (or its equivalent in foreign currency) or total net personal assets that exceed \$2 million	Where the merchant bank intends to permit the Singapore borrower’s total outstanding unsecured amount to exceed his overall credit limit, documents to verify that either his annual income is at least \$120,000 (or its equivalent in foreign currency), his financial assets (net of any related liabilities) exceed \$1 million (or its equivalent in foreign currency) or his total net personal assets exceeds in value the minimum amount of \$2 million (or its equivalent in foreign currency); and, in any other case, documents to verify the annual income of the Singapore borrower.

S/No.	Type of borrower	Documents required
	(or its equivalent in foreign currency)	
2.	A Singapore borrower not referred to in item 1	Documents to verify the annual income of the Singapore borrower.
3.	A borrower not referred to in item 1 or 2	Documents to verify either the annual income, financial assets (net of any related liabilities) or the total net personal assets of the borrower.

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Effective date

3 This Notice shall take effect on 1 June 2017.