

**Notice No** : **MAS Notice 635 (Amendment) 2017**  
**Issue date** : **30 May 2017**

## **UNSECURED CREDIT FACILITIES TO INDIVIDUALS**

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### **Introduction**

1 This Notice is issued pursuant to section 55 of the Banking Act (Cap. 19) (the “Act”) and amends MAS Notice 635 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 bank in Singapore 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 bank in Singapore 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 bank in Singapore” in paragraph 10(1) and substituting the words “Subject to paragraph 18A(1), a bank in Singapore”;

- (f) deleting the words “Where, on or after 1 June 2014,” in paragraph 10(2) and substituting the words “Subject to paragraphs 18A(1) and 18C(5), where”;
- (g) deleting the words “Subject to paragraph 14, a bank in Singapore shall not, on or after 1 June 2014,” in paragraph 10(4) and substituting the the words “Subject to paragraphs 14 and 18A(1), a bank in Singapore shall not”;
- (h) deleting the words “As from and including 1 June 2014,” in paragraph 11(1) and substituting the words “Subject to paragraph 18C(6),”;
- (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 a comma immediately after the words “paragraph 21” in paragraph 13(1);
- (l) 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).”;
- (m) deleting the words “Subject to sub-paragraph (1A), (2), (4) and (4A)” in paragraph 14(1) and substituting the the words “Subject to sub-paragraphs (1A) and (2), and paragraphs 18A(2), 18B(1) and 18C(1)”;
- (n) 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).”;
- (o) deleting paragraph 14(4);
- (p) deleting paragraph 14(4A);
- (q) renumbering paragraph 14(6) to 14(5);

- (r) deleting the words “Subject to sub-paragraph (7),” in paragraph 16(2) and substituting the words “Subject to sub-paragraph (7), and paragraphs 18A(2), 18B(1) and 18C(1),”;
- (s) 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), 18B(2) and (3), and 18C(4) and (6),”;
- (t) deleting paragraph 16(7) and substituting the following paragraph:
  - “(7) Despite sub-paragraphs (2) and (5), a bank in Singapore may, for the purpose of any loan specified in paragraph 7(1) to an individual referred to in sub-paragraph (2) or (5) –
    - (a) permit any amount to be drawn down on any unsecured non-card credit facility granted to the individual;
    - (b) grant any unsecured non-card credit facility to the individual; or
    - (c) increase the individual’s aggregate credit limit by any amount.”;
- (u) deleting the words “Subject to sub-paragraphs 2(A), (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), 18B(1), (2) and (3), and 18C(1), (4) and (6),”;
- (v) deleting sub-paragraph (a) of paragraph 17(3) and substituting the following 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”;
- (w) deleting paragraph 17(4) and substituting the following paragraph:
  - “(4) Despite sub-paragraph (1), a bank in Singapore may, for the purpose of any loan specified in paragraph 7(1) to an individual mentioned in sub-paragraph (1) —
    - (a) permit any amount to be drawn down on any unsecured non-card credit facility granted to the individual;
    - (b) grant any unsecured non-card credit facility to the individual; or
    - (c) increase the individual’s aggregate credit limit by any amount.”;
- (x) deleting sub-paragraph (a) of paragraph 17(8);

(y) inserting, immediately after paragraph 18(6), the following paragraphs:

**“Exception for incidentally overdrawn current and deposit accounts**

18A(1) A bank in Singapore 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 bank in Singapore 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 bank in Singapore 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.

**Debt consolidation amounts for debt consolidation plan**

18B(1) Subject to sub-paragraph (6), a bank in Singapore that permits any amount to be drawn down on any unsecured non-card credit facility granted to a Singapore borrower does not contravene paragraph 14(1), 16(2) or 17(1)(a) if the amount charged is a debt consolidation amount.

(2) Subject to sub-paragraph (6), a bank in Singapore that grants an unsecured non-card credit facility to a Singapore borrower does not contravene paragraph 16(5)(a) or 17(1)(b) if the unsecured non-card credit facility is

granted solely to enable a debt consolidation amount to be drawn down on the unsecured non-card credit facility.

(3) Subject to sub-paragraph (6), a bank in Singapore that increases the aggregate credit limit granted to a Singapore borrower does not contravene paragraph 16(5)(b) or 17(1)(c) if the aggregate credit limit is increased solely to enable a debt consolidation amount to be drawn down on an unsecured non-card credit facility granted to the Singapore borrower.

(4) In this paragraph and paragraph 18C, “debt consolidation amount”, for a bank in Singapore mentioned in sub-paragraph (1), (2) or (3), means an amount equal to or less than an amount determined by the formula  $1.05 \times A$ , where —

(a) A is any of the following amounts, or a sum comprising 2 or more of the following amounts —

(i) any amount outstanding (which may include fees, interest, charges and late payment charges) on any credit card or charge card issued to the Singapore borrower by any card issuer (whether or not the bank in Singapore);

(ii) any amount outstanding (which may include fees, interest, charges and late payment charges) on any fully unsecured non-card credit facility granted to the Singapore borrower by the bank or any other bank in Singapore; and

(b) A is determined by the bank in Singapore based on the documents mentioned in sub-paragraph (5).

(5) For the purpose of sub-paragraph (4)(b), the documents are documents obtained by, or in the possession of, the bank in Singapore that —

(a) provide evidence of the amount or amounts mentioned in sub-paragraph (4)(a); and

(b) are dated no earlier than 3 months before the date that the bank in Singapore determines A.

(6) Sub-paragraphs (1), (2) and (3) apply only if the bank in Singapore has taken reasonable steps to ensure that the debt consolidation amount drawn down on the unsecured non-card credit facility granted to the Singapore borrower will be paid or applied in accordance with one or more of the following sub-paragraphs (whichever is applicable):

(a) paid to any card issuer (not being the bank in Singapore) for the purpose of repaying the amount outstanding on a credit card or charge card issued to the Singapore borrower by that other card issuer;

(b) paid to any other bank in Singapore for the purpose of repaying the amount outstanding on a fully unsecured non-card credit facility granted to the Singapore borrower by that bank;

- (c) applied to the repayment of the amount outstanding on a credit card or charge card issued to the Singapore borrower by the bank in Singapore;
- (d) applied to the repayment of the amount outstanding on a fully unsecured non-card credit facility granted to the Singapore borrower by the bank in Singapore.

**Concessionary amount for debt consolidation plan**

18C(1) Subject to sub-paragraph (7), a bank in Singapore that permits any amount to be drawn down on an unsecured non-card credit facility granted to the Singapore borrower does not contravene paragraph 14(1), 16(2) or 17(1)(a) if the amount is drawn down in the circumstances in sub-paragraph (2) (called conditions X) or in the circumstances in sub-paragraph (3) (called conditions Y).

(2) Conditions X are —

- (a) the bank in Singapore has permitted an amount to be charged under regulation 18B(1) of the Regulations to a credit card or charge card issued to the Singapore borrower;
- (b) the Singapore borrower has not repaid the amount charged under regulation 18B(1) of the Regulations to a credit card or charge card issued to the Singapore borrower; and
- (c) the Singapore borrower's cumulative total outstanding unsecured amount is equal to or more than the Singapore borrower's overall credit limit.

(3) Conditions Y are —

- (a) the bank in Singapore has permitted a debt consolidation amount to be drawn down under paragraph 18B(1) on an unsecured non-card credit facility granted to the Singapore borrower;
- (b) the Singapore borrower has not repaid the debt consolidation amount to the bank in Singapore; and
- (c) the Singapore borrower's cumulative total outstanding unsecured amount is equal to or more than the Singapore borrower's overall credit limit.

(4) A bank in Singapore that grants an unsecured non-card credit facility to a Singapore borrower does not contravene paragraph 16(5)(a) or 17(1)(b), if the unsecured non-card credit facility is granted solely to enable an amount to be drawn down under sub-paragraph (1) to the unsecured non-card credit facility.

(5) Despite paragraph 10(2), where a Singapore borrower requests a bank in Singapore for an unsecured non-card credit facility solely to enable an amount to be drawn down under sub-paragraph (1) to the unsecured non-card credit facility, the bank in Singapore need not obtain any indication or consent required by paragraph 10(2).

(6) A bank in Singapore that increases the aggregate credit limit granted to a Singapore borrower does not contravene paragraph 11(1), 16(5)(b) or 17(1)(c), if the increase is solely to enable an amount to be drawn down under sub-

paragraph (1) to an unsecured non-card credit facility granted to the Singapore borrower.

(7) Sub-paragraph (1) applies only if the amount to be drawn down under that sub-paragraph, together with the aggregate of all outstanding amounts drawn down under that paragraph to unsecured non-card credit facilities granted to the Singapore borrower, does not exceed the Singapore borrower's monthly income.

(8) To avoid doubt, sub-paragraph (7) does not prevent a bank in Singapore from setting, in respect of an unsecured non-card credit facility granted to a Singapore borrower for the purpose of enabling an amount to be charged under sub-paragraph (1), a credit limit lower than the monthly income of the Singapore borrower.";

(z) 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 bank in Singapore 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 bank in Singapore in relation to an individual whose total net personal assets exceed \$2 million (or its equivalent in foreign currency), immediately before 1 June 2017.”;

(aa) 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	-	-



”;

(bb) 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

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

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<b>S/No.</b>	<b>Type of borrower</b>	<b>Documents required</b>
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 (or its equivalent in foreign currency)	Where the bank in Singapore 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.
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.