

**Notice No** : **MAS Notice 1109 (Amendment) 2015**  
**Issue date** : **27 May 2015**

## **UNSECURED CREDIT FACILITIES TO INDIVIDUALS**

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### **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”).

### **Amendments**

2 The Existing Notice is amended by -

- (a) deleting the full-stop at the end of sub-paragraph (i)(ii)(C) of paragraph 7(1) and substituting a semi-colon, and by inserting immediately thereafter the following sub-paragraphs:

“(j) the repayment of any amount owing by the borrower under a loan granted for any of the purposes specified in sub-paragraphs (a) to (i) (“original loan”), where the lender is not the person who granted the original loan and the lender has taken reasonable steps to ensure that the proceeds of the loan are paid to the person who granted that original loan; and

(k) the repayment of any amount owing by the borrower under a loan granted for the purpose specified in sub-paragraph (j) (“original refinancing loan”), where the lender is not the same as the person who granted the original refinancing loan and the lender has taken reasonable steps to ensure that the proceeds of the loan are paid to the person who granted that original refinancing loan.”;

- (b) by deleting paragraph 13(1) and substituting the following paragraph:

“13(1) Subject to paragraph 21, a merchant bank shall obtain –

(a) prior to granting an unsecured non-card credit facility to an individual, documents to verify the annual income of the individual; and

(b) prior to increasing the aggregate credit limit granted to an individual who has already been granted an unsecured non-card credit facility, the documents specified in Appendix 2,

unless the increase in the aggregate credit limit of the individual is fully secured.”;

- (c) deleting sub-paragraph (a) of paragraph 13(2);

(d) inserting, immediately after paragraph 13(2) the following paragraphs:

“(3) Subject to paragraph 21 —

(a) the documents that the merchant bank shall obtain under sub-paragraph (1)(a) shall be dated not more than 3 months prior to the date of application for the relevant unsecured non-card credit facility;

(b) the documents that the merchant bank shall obtain under sub-paragraph (1)(b) shall be dated not more than 3 months prior to the relevant increase in the aggregate credit limit; and

(c) the documents that the merchant bank is required to request the borrower to provide under sub-paragraph (2) shall be dated not more than 3 months prior to the date that the documents are received by the merchant bank.

(4) The merchant bank need not —

(a) obtain a document under sub-paragraph (1); or

(b) request for a document under sub-paragraph (2),

if the merchant bank already has the document and the document is dated within the time specified in sub-paragraph (3).”;

(e) by deleting the words “sub-paragraph (2)” in paragraph 14(1) and substituting the words “sub-paragraphs (1A), (2), (4) and (4A)”;

(f) by inserting immediately after paragraph 14(1), the following paragraphs:

“(1A) A merchant bank need not comply with sub-paragraph (1) in respect of any Singapore borrower for any of the periods specified in sub-paragraph (1B) if the merchant bank does not during the period permit the Singapore borrower to draw down any further amounts on the unsecured non-card credit facility.

(1B) The periods referred to in sub-paragraph (1A) are —

(a) the period of 6 months from the date on which a merchant bank becomes aware that the income of a Singapore borrower has decreased, and that as a result of the decrease, the Singapore borrower’s total outstanding unsecured amounts exceed the Singapore borrower’s overall credit limit; or

(b) the entire period during which the Singapore borrower has a debt repayment arrangement with the merchant bank to repay the merchant bank in instalments.”;

(g) including the word “or” after the semi-colon in paragraph 14(2)(a);

(h) deleting “; or” at the end of paragraph 14(2)(b) and replacing it with “.”;

(i) deleting sub-paragraph 14(2)(c);

(j) by deleting paragraph 14(4) and substituting the following paragraphs:

“(4) Notwithstanding sub-paragraph (1), the unsecured non-card credit facility may be drawn down with any amount on or after 1st June 2015 if it is for the purpose of repaying any amount owed by the Singapore borrower to any other lender, including fees, interest and charges (including late payment charges), where the merchant bank has taken reasonable steps to ensure that the amount drawn down is paid to the lender for the purpose of repaying the amount owed to the lender.

(4A) Notwithstanding sub-paragraph (1) but subject to paragraphs 8 and 17, if the amount owed to the lender has been paid under sub-paragraph (4), the merchant bank may —

(a) permit further amounts to be drawn down on any unsecured non-card credit facility; and

(b) grant any other unsecured non-card credit facility to the Singapore borrower.”;

(k) deleting sub-paragraph (b) of paragraph 16(4) and substituting the following sub-paragraph:

“(b) the merchant bank has or obtains the documents specified in Appendix 2 that are, subject to paragraph 21, not dated more than 3 months prior to the date that the Singapore borrower is permitted to resume drawing down amounts, for the purpose of assessing the credit-worthiness of the Singapore borrower; and”

(l) deleting the words (3) and (4) in paragraph 17(1) and substituting the words “(2A), (3) and (4);

(m) deleting the words “annual income” wherever they appear in sub-paragraphs (1), (2), (3), (4) and (5) of paragraph 17 except in sub-paragraph (3)(a) and substituting in each case the words “specified income”;

(n) inserting, immediately after paragraph 17(2), the following paragraph:

“(2A) Where a merchant bank relies, under sub-paragraph (2), on information from one or more credit bureaus as evidence that an individual’s cumulative total outstanding unsecured amount has exceeded the specified income for 3 consecutive months, the merchant bank need only comply with sub-paragraph (1)(a) within a reasonable time after obtaining that information from the credit bureau or bureaus (as the case may be).”;

- (o) deleting sub-paragraph (i) of paragraph 17(5)(b) and substituting the following sub-paragraph:

“(i) “has or obtains documents specified in Appendix 2 that are, subject to paragraph 21A(1), dated not more than 3 months prior to the date that the Singapore borrower is permitted to resume charging amounts to the Singapore borrower’s unsecured non-card credit facility, to verify the Singapore borrower’s specified income;”;

- (p) inserting, immediately after paragraph 17(7), the following paragraph:

“(8) In this paragraph, “specified income”, in relation to a Singapore borrower, is to be calculated as follows:

(a) during the period from 1 June 2015 to 31 May 2017 (both dates inclusive), two times the Singapore borrower’s annual income;

(b) during the period from 1 June 2017 to 31 May 2019 (both dates inclusive), one and a half times the Singapore borrower’s annual income; and

(c) for any period on or after 1 June 2019, the Singapore borrower’s annual income.;

- (q) deleting paragraph 21 and substituting the following paragraph:

“21 For the purposes of paragraphs 13(1), 13(3) and 16(4)(b), read with the Appendix 2, in verifying the annual income of a Singapore borrower or guarantor, who does not have a fixed monthly income, a merchant bank may rely on the most recent Notice of Assessment from IRAS pertaining to the Singapore borrower or guarantor even if the Notice is dated more than 3 months prior to the relevant event or date specified in paragraph 13(3) or 16(4)(b), as the case may be.”;

- (r) deleting paragraph 22 and substituting the following paragraph:

“21A (1) For the purposes of paragraph 17(5)(b)(i), in verifying the specified income of a Singapore borrower who does not have a fixed monthly income, a merchant bank may rely on the most recent Notice of Assessment from IRAS pertaining to the Singapore borrower even if the Notice is dated more than 3 months prior to the date specified in paragraph 17(5)(b)(i).

(2) In sub-paragraph (1), “specified income” has the same meaning as in paragraph 17(8).”; and

- (s) deleting paragraph 23 and substituting the following paragraph:

“23(1) Where the Singapore borrower has at any time between 30 November 2013 and 31 May 2015 (both dates inclusive) a cumulative

total outstanding unsecured amount with a merchant bank that is more than the Singapore borrower's annual income, paragraph 17 does not apply to the merchant bank in relation to the Singapore borrower up to and including 31 May 2019.

(2) For the purpose of determining the Singapore borrower's cumulative total outstanding unsecured amount under sub-paragraph (1), a merchant bank may rely on information obtained through comprehensive checks with one or more credit bureaus and may supplement such information obtained with other information that is supported by credible evidence from an independent source (such as bills issued by other lenders).”

**Effective date**

3 This Notice, with the exception of sub-paragraphs (b), (c), (d) and (q) of paragraph 2 shall take effect on 1 June 2015.

4 Sub-paragraphs (b), (c), (d) and (q) of paragraph 2 shall take effect on 1 September 2015.