

FAQs on Changes to Credit Card and Unsecured Credit Rules I

1.	<p>Which regulation governs the changes to the Credit Card and Unsecured Credit Rules?</p> <p>The changes to the Credit Card and Unsecured Credit Rules are based on the latest update of <i>MAS' NOTICE 635 UNSECURED CREDIT FACILITIES TO INDIVIDUALS</i>.</p> <p>A copy may be downloaded from the MAS website or simply click here.</p>									
2.	<p>What are the policy changes arising from the updates to MAS Notice 635 dated 29 November 2013?</p> <p>The MAS has issued a press release providing a “<i>Summary of final policy changes to credit card and unsecured credit rules</i>”.</p> <p>The press release may be downloaded from the MAS website or simply click here.</p>									
3.	<p>What are the major changes to the Credit Card and Unsecured Credit Rules taking effect in June 2015 that will impact individuals?</p> <p>TWO (2) main changes which will take effect in June 2015 that may impact individuals directly are as follows:</p> <p>i. FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 24 times of their monthly income for 3 consecutive months or more. This will be reduced to 12 times of their monthly income over time based on the following schedule:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; padding: 5px;">June 2015</td> <td style="text-align: center; padding: 5px;">BTI>24x</td> <td style="padding: 5px;">FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 24 times of their monthly income for 3 months or more.</td> </tr> <tr> <td style="text-align: center; padding: 5px;">June 2017</td> <td style="text-align: center; padding: 5px;">BTI >18x</td> <td style="padding: 5px;">FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 18 times of their monthly income for 3 months or more.</td> </tr> <tr> <td style="text-align: center; padding: 5px;">June 2019</td> <td style="text-align: center; padding: 5px;">BTI >12x</td> <td style="padding: 5px;">FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 12 times of their monthly income for 3 months or more.</td> </tr> </table> <p>ii. FIs are disallowed from granting further unsecured credit to borrowers who are 60 days or more past due on any credit card or unsecured credit facility extended by the FI. Other FIs will also not be allowed to issue new credit cards or unsecured credit facilities, or grant credit limit increases, to such borrowers.</p> <p>Note: This includes further drawdown on existing unsecured facilities.</p>	June 2015	BTI>24x	FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 24 times of their monthly income for 3 months or more.	June 2017	BTI >18x	FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 18 times of their monthly income for 3 months or more.	June 2019	BTI >12x	FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 12 times of their monthly income for 3 months or more.
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4.	<p>What is BTI?</p> <p><u>Definition of BTI</u> BTI means Balance to Income ratio.</p> <p>Example:</p> <table style="margin-left: 20px;"> <tr> <td>Monthly Income</td> <td>= \$4,000</td> </tr> <tr> <td>Aggregate Unsecured Balance</td> <td>= \$60,000</td> </tr> <tr> <td>BTI (60,000 / 4000 = 15)</td> <td>= 15x</td> </tr> </table>	Monthly Income	= \$4,000	Aggregate Unsecured Balance	= \$60,000	BTI (60,000 / 4000 = 15)	= 15x			
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<p>5.</p>	<p>For purpose of BTI computation, how does the FI determine the Aggregate Unsecured Balance across FIs?</p> <p>FIs will use the interest-bearing unsecured balances reported to the credit bureau for each borrower to determine the BTI.</p>						
<p>6.</p>	<p>How can I find out what is my unsecured balance aggregated across FIs?</p> <p>You may purchase your Consumer Credit Bureau Report through the DP Credit Bureau website at https://www.dpcreditbureau.sg/. Please note that there is a charge of S\$5 for the report.</p> <p>The Consumer Credit Bureau Report can also be purchased over the counter at any <i>SingPost</i> outlet.</p>						
<p>7.</p>	<p>For purpose of BTI computation, how is the Borrower's income determined?</p> <p>The income used to determine the BTI will depend on Borrower's income records with each FI.</p>						
<p>8.</p>	<p>What is the impact on borrowers' credit facilities if their aggregate outstanding unsecured interest-bearing debt across FIs exceed 24 times their monthly income for 3 consecutive months or more?</p> <p>With effect from June 2015 to May 2017, FIs will be disallowed to extend further credit to any borrower whose industry-wide outstanding interest-bearing balances exceed 24 times of his monthly income for three consecutive months or more. This means that the borrower:</p> <ul style="list-style-type: none"> (i) Will not be allowed to charge further or draw down on <u>existing</u> credit card and unsecured credit facilities (ii) Will not be granted any credit limit increase on <u>existing</u> credit card and unsecured credit facilities; and (iii) Will not be granted any <u>new</u> credit card and unsecured credit facility. <p>The above rule will take effect on 1 June 2015.</p> <p>The 3 months grace period will commence from 1 March 2015. Thus, if the borrowers' combined outstanding unsecured balances exceeds their annual income for 3 consecutive months starting from 1 Mar 15, their unsecured credit facilities will be suspended when the rules come into effect on 1 June 2015.</p>						
<p>9.</p>	<p>When can suspensions imposed on credit cards/charge cards and unsecured credit facilities as a result of (MAS 635) be lifted?</p> <p>FIs are only allowed to reinstate the suspended credit lines when the borrowers' aggregate unsecured balances across FIs meet the below and after satisfactory review which require conducting fresh income and bureau checks:</p> <table border="1" data-bbox="315 1549 1386 1724"> <tr> <td style="text-align: center;">BTI < 24x</td> <td style="text-align: center;">Between June 2014 and before June 2017</td> </tr> <tr> <td style="text-align: center;">BTI <18x</td> <td style="text-align: center;">Between June 2017 and before June 2019</td> </tr> <tr> <td style="text-align: center;">BTI <12x</td> <td style="text-align: center;">From June 2019</td> </tr> </table>	BTI < 24x	Between June 2014 and before June 2017	BTI <18x	Between June 2017 and before June 2019	BTI <12x	From June 2019
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<p>10.</p>	<p>Will all FIs suspend my unsecured credit facilities if I am more than 60 days past due with only one FI?</p> <p>Only the FI with which the borrower is 60 days or more past due is required to suspend his/her credit lines. Other FIs are not required to suspend the credit card and unsecured facilities that they have granted the borrower. However, they may not grant new unsecured credit facilities or increase existing unsecured credit facilities.</p>						

<p>11.</p>	<p>When can suspensions imposed on credit cards/charge cards and unsecured credit facilities as a result of (MAS 635) be lifted?</p> <p>FIs are only allowed to reinstate the suspended credit lines when the borrowers' debt on all credit cards/charge cards and unsecured credit facilities extended by the FIs are no longer past due, and after conducting fresh income and bureau checks.</p> <p>Note: There is no requirement for all balances to be fully paid off before the credit lines are reinstated.</p>									
<p>12.</p>	<p>What is the rationale for the changes in policy under MAS 635 dated 29th November 2013?</p> <p>The changes to credit card and unsecured credit rules are aimed at improving lending practices by financial institutions and enabling individuals to make better borrowing decisions.</p> <p>The changes provide a more holistic way of managing borrowers' TOTAL INDEBTEDNESS, compared to a limit placed on each FI. This will also help to discourage prolonged reliance on unsecured credit and slow debt accumulation by borrowers who have already incurred significant unsecured debt.</p>									
<p>13.</p>	<p>Will Borrowers who have already accumulated unsecured debts exceeding 12x of their monthly income be given more time to reduce their unsecured debts?</p> <p>MAS has granted the following extensions to help heavily indebted individuals reduce their unsecured exposure to within 12 times their monthly income over time based on the following schedule:</p> <table border="1" data-bbox="172 1016 1528 1371"> <tr> <td data-bbox="172 1016 404 1142"> <p>June 2015</p> </td> <td data-bbox="404 1016 610 1142"> <p>BTI >24x</p> </td> <td data-bbox="610 1016 1528 1142"> <p>FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 24 times of their monthly income for 3 months or more.</p> </td> </tr> <tr> <td data-bbox="172 1142 404 1260"> <p>June 2017</p> </td> <td data-bbox="404 1142 610 1260"> <p>BTI >18x</p> </td> <td data-bbox="610 1142 1528 1260"> <p>FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 18 times of their monthly income for 3 months or more.</p> </td> </tr> <tr> <td data-bbox="172 1260 404 1371"> <p>June 2019</p> </td> <td data-bbox="404 1260 610 1371"> <p>BTI >12x</p> </td> <td data-bbox="610 1260 1528 1371"> <p>FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 12 times of their monthly income for 3 months or more.</p> </td> </tr> </table>	<p>June 2015</p>	<p>BTI >24x</p>	<p>FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 24 times of their monthly income for 3 months or more.</p>	<p>June 2017</p>	<p>BTI >18x</p>	<p>FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 18 times of their monthly income for 3 months or more.</p>	<p>June 2019</p>	<p>BTI >12x</p>	<p>FIs are disallowed from granting further unsecured credit to borrowers whose outstanding unsecured debt aggregated across FIs exceed 12 times of their monthly income for 3 months or more.</p>
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<p>14.</p>	<p>What should consumers do?</p> <p>To ensure that you continue to enjoy credit facilities granted by BANKs, consumers are advised to:</p> <ul style="list-style-type: none"> i. Update BANKs with their latest income documents ii. Reduce their total unsecured debt to within the following schedule. <table border="1" data-bbox="172 1640 1528 1860"> <tr> <td data-bbox="172 1640 337 1709"> <p>By June 2015</p> </td> <td data-bbox="337 1640 1528 1709"> <p>Aggregate unsecured exposure across ALL FIs to be kept within 24 times your monthly income.</p> </td> </tr> <tr> <td data-bbox="172 1709 337 1785"> <p>By June 2017</p> </td> <td data-bbox="337 1709 1528 1785"> <p>Aggregate unsecured exposure across ALL FIs to be kept within 18 times your monthly income.</p> </td> </tr> <tr> <td data-bbox="172 1785 337 1860"> <p>By June 2019</p> </td> <td data-bbox="337 1785 1528 1860"> <p>Aggregate unsecured exposure across ALL FIs to be kept within 12 times your monthly income.</p> </td> </tr> </table> <ul style="list-style-type: none"> iii. Be prompt in all your monthly repayments 	<p>By June 2015</p>	<p>Aggregate unsecured exposure across ALL FIs to be kept within 24 times your monthly income.</p>	<p>By June 2017</p>	<p>Aggregate unsecured exposure across ALL FIs to be kept within 18 times your monthly income.</p>	<p>By June 2019</p>	<p>Aggregate unsecured exposure across ALL FIs to be kept within 12 times your monthly income.</p>			
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15. What if my aggregate outstanding unsecured balance across FIs is already more than 24 times of my monthly income?

You may wish to apply for the Repayment Assistance Scheme (RAS).

Repayment Assistance Scheme (RAS) is a coordinated Debt Reduction scheme by Credit Counseling Singapore (CCS) to help you to restructure your excess debt across different FIs to bring down your aggregate unsecured balance to within 12 times of your monthly income over 8 years.

For more information, please refer to our FAQ on Repayment Assistance Scheme (RAS).

16. How do I update my income records with RHB Bank?

Please send your latest income documents to the below address by using the [Update of Income Form](#).

To: **Consumer Credit Support Service**
 (Exercise Records)
 RHB Bank Building
 90 Cecil Street #03-00
 Singapore 069531

DOCUMENTS REQUIRED	
For Salaried Employees	For Commission-based Employees or Self-Employed
<ul style="list-style-type: none"> • Latest 3 months' computerised payslip; OR • Latest Income Tax Notice of Assessment and payslip; OR • Latest 12 months CPF Contribution History* 	<ul style="list-style-type: none"> • Latest 2 years' Income Tax Notice of Assessment

* For CPF Contribution History Statement, if your monthly income is more than \$5,000.00, then your monthly income will be deemed at the CPF Salary Ceiling of \$5,000.00.

For further enquiries please contact RHB Bank's 24-hour Customer Care & Contact Centre hotline at 1800-323 0100