

MEDIA RELEASE

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FINANCIAL INSTITUTIONS OFFER REPAYMENT ASSISTANCE SCHEME

Singapore . The Association of Banks in Singapore (ABS) today announced a centralised repayment solution known as the Repayment Assistance Scheme (RAS) to help borrowers reduce their unsecured debts over time.

The Monetary Authority of Singapore (MAS) announced in September 2013 that it planned to prohibit financial institutions (FIs) from granting further unsecured credit to a borrower whose outstanding unsecured debt¹ across all FIs exceeds 12 times his monthly income for three consecutive months. The rule aims to help individuals avoid accumulating excessive debt. The MAS announced today that it will phase in the borrowing limit on unsecured credit facilities over four years:

- 24 times monthly income from 1 June 2015;
- 18 times monthly income from 1 June 2017; and
- 12 times monthly income from 1 June 2019.

FIs will not be allowed to grant further unsecured credit to an individual whose unsecured borrowings exceed the prevailing borrowing limit for three consecutive months.

¹ The borrowing limit applies only to interest bearing balances incurred on unsecured credit facilities such as credit cards and unsecured personal loans. This includes amounts rolled over on credit cards and balances outstanding on unsecured loans that accrue interest. For more details on the limit, please refer to the FAQs on MAS website: <http://www.mas.gov.sg/faqs.aspx>.

To help borrowers who have unsecured debt above 12 times their monthly incomes before 1 June 2015, ABS and the leading retail banks and card issuers² have set up RAS. Credit Counselling Singapore (CCS) will administer this convenient one-stop service by coordinating all of a borrower's creditor FIs to work out a centralised repayment solution. The scheme is offered at a lower interest rate of 5% per annum and over a period of eight years to help borrowers pay down debts that are in excess of 12 times their monthly incomes. Borrowers must apply for the RAS by 31 December 2015.

ABS Director Ong-Ang Ai Boon said: "The ABS Repayment Assistance Scheme is an industry-led initiative to help customers affected by the new borrowing limit on unsecured credit. They now have a repayment assistance solution to help them reduce their debts.

"We hope that highly indebted borrowers will seriously consider the RAS instalment plan, which provides a convenient, one-stop service. This service is available until 31 December 2015."

Eligible borrowers will receive letters from their FIs in the coming weeks with information on their outstanding unsecured debt balances, details on RAS, as well as application forms for those who wish to sign up to the scheme. Customers may also call CCS directly to obtain the RAS forms.

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² American Express International Inc, Australia & New Zealand Banking Group Ltd, Bank of China Ltd, CIMB Bank Berhad, Citibank Singapore Ltd, DBS Bank Ltd, Diners Club (Singapore) Pte Ltd, The Hongkong and Shanghai Banking Corporation Ltd, Industrial and Commercial Bank of China Ltd, Standard Chartered Bank (Singapore) Ltd, Maybank Singapore, Oversea-Chinese Banking Corporation Ltd, RHB Bank Berhad, and United Overseas Bank Ltd.

Contact details:

Ong-Ang Ai Boon, Mrs
Director
The Association of Banks in Singapore
Tel: (65) 6224 4300
E-mail: banks@abs.org.sg

Catherine Ong, CEO
Catherine Ong Associates
Tel: (65) 6327 6088
Mobile: (65) 9697 0007
E-mail: cath@catherineong.com

About The Association of Banks in Singapore:

The Association of Banks in Singapore (ABS) plays an active role in promoting and representing the interests of the banking community in Singapore. In doing so, ABS works closely with the relevant government authorities towards the development of a sound financial system in Singapore. Since its establishment in 1973, ABS has promoted common understanding among its members and projected a unifying voice on banking issues. It has brought its members closer together through various guidelines and banking practices as well as the support of projects of mutual benefit to face the challenges of the financial and banking community in Singapore. Today, ABS has a membership of 158 local and foreign banks. Further information on ABS is available on the website: www.abs.org.sg.

About Credit Counselling Singapore:

Credit Counselling Singapore (CCS) is an independent non-government organisation. It is a registered charity and a member of the National Council of Social Service. CCS has two objectives: to promote responsible use of credit, and to assist overly indebted individuals by providing information on debt management, conducting debt advising and working out a debt repayment plan for suitable individuals. It works closely with The Association of Banks in Singapore and other financial institutions. CCS was set up in 2004 and received special mention for the President's Challenge Social Enterprise Award in 2012. Further information on CCS is available on the website: www.ccs.org.sg.