



Search SEARCH

- HOME
- ABOUT MAS
- REGULATIONS AND FINANCIAL STABILITY
- MONETARY POLICY AND ECONOMICS
- SINGAPORE FINANCIAL CENTRE
- CURRENCY
- STATISTICS
- NEWS AND PUBLICATIONS
- CAREERS

You are here: [News and Publications](#) > [Press Releases](#) > MAS Proposes Rules to Encourage Responsible Use of Credit Cards and Unsecured Credit



News and Publications

▶ [Monetary Policy Statements and Speeches](#)

▼ **Press Releases**

▶ [Letters to Editor](#)

▶ [Parliamentary Replies](#)

▶ [MAS Announcements](#)

▶ [Annual Reports](#)

▶ [Monographs and Information Papers](#)

▶ [Staff Papers](#)

▶ [Consultation Papers](#)

▶ [Enforcement Actions](#)

▶ [Surveys](#)

MAS Proposes Rules to Encourage Responsible Use of Credit Cards and Unsecured Credit

Singapore, 21 December 2012...The Monetary Authority of Singapore (MAS) has released a consultation paper on proposed changes to credit card and unsecured credit rules. The changes are aimed at improving financial institutions' lending and disclosure practices, empowering individuals to make better borrowing decisions, and helping individuals who are at risk of credit problems avoid getting into greater debt.

2 The key changes are as follows:

a. Financial institutions will be required to review the outstanding debt and credit limits for all loans¹ taken by a borrower across different financial institutions before granting that borrower a new credit card, new unsecured credit facility, or an increase in credit limit. This will help financial institutions make a holistic assessment of whether an individual is borrowing within his means.

b. Financial institutions will be required to disclose clearly to individuals who roll over the debt on their credit cards and revolving credit facilities the potential cost and extent of the debt they will accumulate as a result. This will make the cost of borrowing more apparent to borrowers and help them make informed borrowing decisions.

c. Financial institutions will not be allowed to make unsolicited offers to their customers to increase their credit limits. They will have to expressly obtain the borrower's consent for the amount of each credit limit increase. This will ensure that borrowers are not offered credit limit increases that they did not ask for.

d. Individuals whose debts with a financial institution are more than 60 days past due will not be allowed to charge further amounts to their credit cards, charge cards and unsecured credit facilities from that financial institution, or obtain new cards and unsecured credit facilities from any financial institution, until the amounts due are paid. This will help prevent debt from spiralling for individuals who already have problems repaying their debt.

e. Individuals whose interest bearing balances with a financial institution are more than two months of their income for six consecutive months or more² will not be allowed to charge further amounts to their unsecured credit cards, charge cards and unsecured credit facilities from that financial institution, or obtain new cards and unsecured credit facilities from any financial institution. This will discourage individuals from prolonged reliance on credit cards and unsecured credit to finance their spending.

3 Lenders and borrowers both have a role to play in ensuring that credit cards and unsecured credit are used responsibly and within the borrower's means to repay. The changes will complement existing measures³ to mitigate the risks of over-borrowing by individuals.

4 MAS is also proposing to provide financially secure retirees greater flexibility to qualify for a credit card. Under the proposed changes, individuals above 55 years old can qualify for a credit card if they have an annual income of at least \$15,000, net personal assets exceeding \$750,000, or a guarantor with an annual income of at least \$30,000.

5 Details of the proposals are set out in the Consultation Paper which is available on MAS' website. Comments on the proposals should be submitted by 21 January 2013.

...

¹ This includes credit cards, charge cards, as well as secured loans.

² Secured credit cards, and persons who only hold credit cards with a credit limit of \$500 or less and have no other unsecured credit facilities, are excluded from this proposal.

³ MAS' existing rules set the minimum annual income requirement for credit cards for individuals who are 55 years old or below at \$30,000 to ensure that credit cards are only issued to individuals who have sufficient financial means to maintain them. The maximum credit limit, including any other unsecured credit facilities that a financial institution can give to such individuals, is limited to four times his monthly income.

Last Modified on 21/12/2012

Our related sites:

