

## FAQs on Credit Limit Management Measure (by Categories)

<b>(A) New unsecured credit measure and its impact</b>		
S/N	Questions	Answers
1	What is this new unsecured credit measure about?	<p>The introduction of the new unsecured credit measure, known as the “Credit Limit Management Measure”, is a pre-emptive move by MAS to help individuals manage their debts before they reach the industry-wide borrowing limit<sup>1</sup>.</p> <p>Under this new measure, financial institutions (FIs) will not be allowed to grant any increase in credit limits or any new unsecured credit facilities to an individual if he:</p> <ul style="list-style-type: none"> <li>a) has outstanding unsecured debts<sup>2</sup> exceeding 6 times his monthly income; and</li> <li>b) the increase in credit limits or new unsecured credit facilities will cause his total approved credit limit<sup>3</sup> to exceed 12 times his monthly income.</li> </ul> <p>However, individuals affected by this new measure can continue to draw on their existing unsecured credit facilities, subject to the existing rules.</p> <p>The new measure will take effect from 1 January 2018.</p>
2	Why is there a need for another measure for unsecured credit borrowing, in addition to the existing industry-wide borrowing limit?	<p>The industry-wide borrowing limit implemented in June 2015 has helped to reduce the number of borrowers with outstanding unsecured debts of more than 12 times their monthly income.</p>
3	Why are you restricting me from obtaining new credit facilities or credit limit increases?	<p>However, even as the number of such indebted borrowers decline, MAS observes that there continues to be new borrowers who are increasing their unsecured debts to above 12 times their monthly income. MAS is therefore introducing the Credit Limit Management Measure as a pre-emptive move to help these borrowers avoid getting further into debt.</p>
4	Will the new measure affect me?	<p>You will not be affected if your outstanding unsecured debts are less than 6 times your monthly income.</p>
5	Why is my new credit limit so low?	<p>If your aggregated outstanding unsecured debts are more than 6 times your monthly income, and your total credit limit is less than 12 times your monthly income<sup>4</sup>, you can still obtain new unsecured credit facilities or credit limit increases, until your total credit limit is 12 times your monthly income.</p>

<sup>1</sup> FIs are not allowed to grant further unsecured credit (i.e. no drawing down of existing unsecured credit facilities, no increasing of unsecured credit limits and no granting of new unsecured credit facilities) to an individual whose unsecured borrowings exceed the prevailing borrowing limit for three consecutive months. The borrowing limit is phased in 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.

<sup>2</sup> The new measure applies to interest-bearing balances of unsecured credit facilities such as credit cards, personal loans, and overdrafts. It does not apply to secured credit facilities such as housing loans and motor vehicle loans, as well as loans for medical, education or business purposes.

<sup>3</sup> This refers to an individual’s credit limits for all unsecured credit facilities (including credit cards, personal loans and overdrafts) summed up across all FIs.

<sup>4</sup> However, if your outstanding unsecured debts exceed 6 times your monthly income, any increase in credit limits or new unsecured credit facilities will be capped at total approved credit limit being not more than 12 times your monthly income.

		<p>If your aggregated outstanding unsecured debts are more than 6 times your monthly income, and your total credit limit is more than or equal to 12 times your monthly income, you will not be able to obtain any further credit limit increases, or new unsecured credit facilities.</p> <p>Secured credit facilities such as housing loans and motor vehicle loans, as well as loans for medical, education or business purposes<sup>5</sup> are excluded, and you can continue to apply for these credit facilities. You can also continue to use your existing unsecured credit facilities.</p> <p><i>Only if specifically asked about temporary credit limit increases:</i> You can apply for temporary credit limit increases for some needs-based purposes.</p>
6	Will I be informed in advance if I am being affected by this new measure?	<p>Individuals with outstanding unsecured debt more than 6 times of monthly income and total credit limit more than 12 times of monthly income will not be allowed to obtain any new unsecured credit facilities or any increase in credit limit with effect from 1 January 2018. There will not be any grace period as your existing facilities are not affected and you can continue using them.</p> <p>As the new measure only applies when you apply for a new facility or credit limit increase, you will be informed at the point of application if you are affected by the new measure.</p> <p>Individuals can also check their monthly statements to do their own computation, purchase their own credit bureau reports, or reach out to their FIs to find out if they are affected by this new measure.</p>
7	Will there be a 3 months grace period similar to the current guideline?	
8	Does this new measure affect my existing credit card or unsecured credit limit?	No, you can continue to use your existing unsecured credit facilities. Your existing credit limits will also not be reduced by this new measure.
9	How is the outstanding unsecured debt computed for the purpose of this new measure?	<p>Similar to the industry-wide borrowing limit, FIs are required to take only a borrower's interest-bearing unsecured debt into account for the purpose of this new measure. Interest-bearing unsecured debt includes amounts rolled over on credit cards (i.e. amounts that are not repaid in full by the due date) and outstanding amounts on unsecured loans that accrue interest. These would include interest-bearing unsecured debt from temporary credit limit increases.</p> <p>Amounts charged to credit cards that are fully repaid by their due dates typically do not attract interest, and do not have to be taken into consideration for the purpose of this rule.</p> <p>Likewise, amounts outstanding on interest-free instalment plans that do not attract interest do not have to be taken into consideration. However, if interest is imposed on a particular instalment, for example due to late payment, this instalment amount will have to be included in the borrower's aggregate unsecured debt.</p> <p>In addition, amounts outstanding on loans for medical, education and business purposes are exempted<sup>6</sup>.</p>
10	Does it include outstanding unsecured debt arising from temporary credit limit increases?	
11	What is excluded from this new measure?	
12	Under what circumstances will I be exempted from this measure?	This new measure does not apply to a foreigner (i.e. non-citizen of Singapore or permanent resident) or an individual who has an annual

<sup>56</sup> Certain needs-based or purposeful expenditure as defined in the Banking (Credit Card and Charge Card) Regulations or MAS Notice 635 on Unsecured Credit Facilities to Individuals.

		income of at least S\$120,000 (or its equivalent in foreign currency), or total net personal assets that exceed S\$2 million (or its equivalent in foreign currency).
13	Is there any exception to be granted on case by case basis?	<p>This new measure is a pre-emptive move to help encourage prudent borrowing and ensure that borrowers do not accumulate excessive debt.</p> <p>There are exceptions for specific needs-based loans, such as business, medical, or study loans. You can also still continue to use your existing unsecured credit facilities even if you are affected by the measure.</p> <p>There are also several assistance schemes and repayment plans available to help borrowers manage down their debt while ensuring that they do not suffer undue hardship.</p> <p><i>If pressed further by the enquirer:</i> You can still apply for temporary credit limit increases for some needs-based purposes.</p>

### (B) Technical details on the new unsecured credit measure

S/N	Questions	Answers
1	What are the credit facilities that will be covered by the new measure?	The new measure applies to unsecured credit facilities such as credit cards, personal loans, and overdrafts. It does not apply to secured credit facilities such as housing and motor vehicle loans, as well as specific needs-based loans such as medical, education and business loans.
2	How can I check my outstanding unsecured debts and total credit limit?	<p>You can check your outstanding unsecured debts and total credit limit by purchasing a copy of your credit bureau report from the credit bureaus. For more information, you may refer to the websites of Credit Bureau (Singapore) Pte Limited at <a href="http://www.creditbureau.com.sg">www.creditbureau.com.sg</a> and DP Credit Bureau at <a href="http://www.dpcreditbureau.sg">www.dpcreditbureau.sg</a>.</p> <p>The credit bureau report shows all the outstanding balances and credit limits that a borrower has with all the FIs that he has an unsecured and secured credit facility with.</p> <p>If you need help with interpreting the report, you can check the websites of the respective credit bureaus for assistance.</p> <p>In addition, you can verify the outstanding balances and credit limits in your credit bureau report against the outstanding balances and credit limits reflected in your monthly statements. You may also contact your FI directly or check the balances against your online banking accounts.</p>
3	Will the unsecured debts incurred by my Supplementary Cardholder be included in my outstanding unsecured debts as a Principal Cardholder, for the purposes of the new unsecured credit measure?	Yes, the outstanding unsecured debt incurred by the supplementary cardholder will be aggregated in the outstanding unsecured debt of the principal cardholder.
4	Can I apply for temporary credit limit increase on my existing unsecured credit facility if my outstanding unsecured debt is greater than 6 times my monthly income?	Yes, you can still apply for temporary credit limit increases for some needs-based purposes.

5	My total credit limit across all FIs is more than my annual income. Will the FIs reduce my credit limit due to this new measure?	The new measure does not affect a borrower's existing unsecured credit limits, and they will not be reduced.
6  7	What are the available measures if I require assistance with my debt situation?  What can I do to reduce my outstanding unsecured debts to less than 6 times of my monthly income?	<p>The unsecured credit rules are put in place to encourage prudent borrowing and ensure that borrowers do not accumulate excessive debt. There are several assistance schemes and repayment plans available to help borrowers manage down their debt while ensuring that they do not suffer undue hardship.</p> <p>For example, there is an industry-initiated scheme, known as the Debt Consolidation Plan (DCP), which was launched in January 2017. The DCP allows qualifying borrowers with outstanding unsecured debts of more than 12 times their monthly incomes to consolidate all these debts with one FI, and lower their total repayment obligations with lower interest charges. The decision to grant the DCP is still subject to individual participating FIs' credit assessment. You may wish to find out more from Association of Banks in Singapore's website at <a href="https://abs.org.sg/consumer-banking/consumers/debt-consolidation-plan">https://abs.org.sg/consumer-banking/consumers/debt-consolidation-plan</a>, or approach the participating FIs for more information.</p> <p>In addition, many FIs offer a range of debt restructuring programmes for their customers on a bilateral basis, subject to the individual FI's eligibility criteria and terms and conditions. You may wish to approach your lender for further information.</p> <p>If necessary, you may wish to consider contacting Credit Counselling Singapore (CCS) for assistance. CCS is a non-profit organisation that helps individuals recover from debt problems by providing general credit management information, credit counselling. CCS also holds regular talks to provide information on debt management. Where applicable, CCS helps individuals to work out a debt management programme with the individual's banks. For more information, you can contact CCS on 1800 6225 5227 or visit their website at <a href="http://www.ccs.org.sg/">http://www.ccs.org.sg/</a>.</p>
8	I have recently closed my unsecured credit facilities in some FIs. Will my credit limit in these FIs be considered when I apply new credit facilities or credit limit increase with other FIs?	<p>Total credit limit refers to a borrower's credit limits for all unsecured credit facilities (including credit cards, personal loans and overdrafts) summed up across all FIs. Credit limits for unsecured credit facilities that are already closed would not be included in the calculation of total credit limit.</p> <p>You can check your total credit limit by purchasing a copy of your credit bureau report from the credit bureaus. For more information, you may refer to the websites of Credit Bureau (Singapore) Pte Limited at <a href="http://www.creditbureau.com.sg">www.creditbureau.com.sg</a> and DP Credit Bureau at <a href="http://www.dpcreditbureau.sg">www.dpcreditbureau.sg</a>. Please note that it may take some time for closed facilities to be reflected in the report.</p> <p>If you disagree with any information in your credit bureau report, you should write to the credit bureau to seek clarification. The credit bureau will:</p> <ol style="list-style-type: none"> <li>(a) consult the member of the credit bureau that provided the disputed information;</li> <li>(b) post a notice in your credit file with the credit bureau that the information is disputed and under investigation; and</li> <li>(c) inform you of the progress and outcome of its investigation.</li> </ol>

		If your credit bureau report is rectified following the investigation, the revised report will be sent to all members of the credit bureau who made enquiries on you in the past 3 months.
9	When can an individual who is affected by the new measure apply for increase in credit limits or new unsecured credit facilities again?	<p>An individual affected by the new measure will be able to apply for an increase in credit limits or new unsecured credit facilities again when:</p> <ul style="list-style-type: none"> <li>a) his outstanding unsecured debts are paid down to less than 6 times of his monthly income; or</li> <li>b) he reduces his total credit limit for his existing facilities to less than 12 times his monthly income.</li> </ul> <p>Just like all other applications for new unsecured credit facilities, approval will be subject to the FIs' internal credit assessment criteria, as well as income and credit bureau checks.</p>
10	I am affected by this new measure as my outstanding unsecured debt is more than 6 times my monthly income. Can I transfer my existing credit card limit to a term loan for repaying my outstanding unsecured debt?	You can continue to draw on your existing unsecured credit facilities, subject to the other existing rules. This includes using your existing credit card limit for a term loan to repay your outstanding unsecured debt, provided that this is done with the same FI and does not result in an increase in total credit limit.

### **(C) Credit assessment / Income and credit bureau checks**

1	How does the FI make sure that the information on my outstanding unsecured debts is updated?	<p>FIs will conduct credit bureau checks, which include information on an individual's outstanding unsecured debts across all FIs, before granting a new unsecured credit facility or a credit limit increase.</p> <p>If you disagree with any information in your credit report, you should write to the credit bureau to seek clarification. The credit bureau will:</p> <ul style="list-style-type: none"> <li>(a) consult the member of the credit bureau that provided the disputed information;</li> <li>(b) post a notice in the borrower's credit file with the credit bureau that the information is disputed and under investigation; and</li> <li>(c) inform the borrower of the progress and outcome of its investigation.</li> </ul> <p>If the borrower's credit report is rectified following the investigation, the revised report will be sent to all members of the credit bureau, who made enquiries on the borrower in the past 12 months.</p>
2	How does the FI establish my latest monthly income?	<p>Income information and records are based on an individual's submission to a FI. Each FI determines and maintains its own set of income documentation and computation for internal credit risk assessment.</p> <p>Borrowers are strongly encouraged to update their income records with their FIs.</p>
3	Is the FI required to conduct a fresh income and credit bureau check before issuing an additional credit card to me?	A fresh income and credit bureau check is not mandatory if the additional credit card is issued without any increase in credit limit. However, if you are increasing your credit limit along with the new credit card, the FI will need to conduct a fresh income and credit bureau check.

4	Why must the FI conduct another income and credit bureau check before my credit limit can be increased?	These checks are necessary to ensure that the borrower's credit-worthiness does not significantly deteriorate from the previous credit assessment, before the FI can extend more credit to him.
5	I submitted my latest income documents for new card application/credit limit review to your bank and other banks at the same time. Why was I rejected by your bank when other banks have approved my application?	All banks, ICBC (Singapore Branch) included, conduct their own internal assessment on all credit card and credit limit applications. These internal assessments differ from bank to bank and may often include considerations beyond the income documents provided by you. As such, applications with the same information may yield differing outcomes at different banks.
6	Why did Bank A reject while Bank B approve my application even though I shared the same information with both banks?	Notwithstanding the above, ICBC (Singapore Branch) reserves the right of final approval in all applications and shall not be obliged to disclose the reasons for rejecting your application.
7	I have very good credit records as reflected by my payment status (i.e. A). Why is my application for a credit limit increase or new unsecured credit facility rejected?	All credit limit increase and unsecured credit facility applications are not judged solely on your good credit records. Thus, your application may have been rejected on other grounds of consideration.
8	I want to appeal against the decision by the bank to reject my credit application. I was rejected even though I scored a perfect score in my credit bureau report. Why is that so and what can I do to appeal?	Notwithstanding the above, ICBC (Singapore Branch) reserves the right of final approval in all applications and shall not be obliged to disclose the reasons for rejecting your application.
<b>(D) Related / Joint Borrowers</b>		
1	I am a guarantor for a non-card unsecured credit facility. Will this guarantee be affected by the new measure?	The new measure will not affect any of your existing facilities, including guarantees.
2	I am a joint borrower for an unsecured credit facility. Will the borrowings under the joint account be included as part of my total credit limit?	Yes. The outstanding balance of an unsecured facility that is granted jointly to more than one borrower will be apportioned equally between the borrowers.