

FACTSHEET ON MONEYLENDERS (AMENDMENT) BILL

The Ministry of Law (MinLaw) will be improving the moneylending regime in the following ways:

- **Better protection for borrowers**
- **Strengthening regulation of moneylenders**
- **Professionalising the moneylending industry**

Background

- The Moneylenders (Amendment) Bill is part of MinLaw's ongoing efforts to enhance protection for borrowers by ensuring borrowers may access personal credit from licensed moneylenders safely.
 - This follows the Government's acceptance of 12 of the 15 the recommendations by the Advisory Committee on Moneylending in 2015.¹ The recommendations are being implemented progressively.
 - Examples of recommendations already implemented include the establishment of the Moneylenders Credit Bureau (MLCB) in September 2015, and the implementation of borrowing cost caps in October 2015².

Key Features

- The Bill focuses on:

¹ The Advisory Committee on Moneylending was convened in July 2014 to recommend suitable measures to strengthen the regulatory framework for moneylenders. The Committee issued 15 recommendations in their final report, of which 12 were accepted by the Government. More details can be found on:

- <https://www.mlaw.gov.sg/content/minlaw/en/news/press-releases/advisory-committee-finalises-recommendations-to-improve-balance-.html>; and
- <https://www.mlaw.gov.sg/content/minlaw/en/news/press-releases/government-welcomes-committee-recommendations-to-strengthen-sing.html>.

² Press release on the implementation of borrowing costs controls can be found on <https://www.mlaw.gov.sg/content/minlaw/en/news/press-releases/controls-on-costs-to-offer-borrowers-more-protection-now-in-forc.html>

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- **Better protection for borrowers** by preventing them from over-borrowing. This includes an aggregate loan cap, which the new regulatory framework for the MLCB will facilitate;
- **Strengthening regulation of moneylenders** by requiring the prior approval of the Registrar, and allowing the Registrar to cancel approval, for any admission of assistants and substantial shareholders into a moneylending business. This will help to keep unsavoury characters out of the moneylending industry; and
- **Professionalising the moneylending industry**, by requiring moneylenders to incorporate as companies with a prescribed amount of paid-up capital, and to submit annual audited accounts.

Better Protection for Borrowers by Preventing Over-borrowing

- The Bill will allow MinLaw to set an **aggregate loan cap** in the Moneylenders Rules and prohibit moneylenders from extending loans beyond this cap.
 - Under this cap, individuals earning less than \$20,000 a year may borrow up to \$3,000 from all moneylenders combined.
 - All other individuals may borrow up to six times of monthly income from all moneylenders combined.
- Before granting a loan, all moneylenders must obtain credit reports from the MLCB to check if the borrower has exceeded this cap.
- The Bill establishes a **regulatory framework for the MLCB**.
 - It will impose statutory duties on the operator to ensure the confidentiality, security, and integrity of borrower data.
 - It also enables the Registrar to issue directions to the MLCB to enforce the provisions of this Act.

Strengthening Regulation of Moneylenders

- The Bill will strengthen regulation of the moneylending industry and the Registry of Moneylenders' enforcement powers, by enhancing the Registrar's powers to **exclude unsavoury persons** from the industry.
 - The Registrar's approval will be needed before anyone can become a substantial shareholder of a moneylender, or increase his substantial shareholdings in a moneylender.
 - The Registrar's approval will be needed before any moneylender can employ or engage any assistants.

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- The Registrar may cancel such approvals for assistants and substantial shareholders, in order to keep unsavoury characters out of the moneylending industry.

Professionalising the Moneylending Industry

- **To improve the transparency and accountability of licensed moneylenders**, the Bill will require moneylenders to incorporate as companies and to submit annual audited accounts to the Registry of Moneylenders.
 - The Registry has been working with the industry to prepare for these requirements.
 - To date, more than two-thirds of all licensed moneylenders have already registered as companies.

**MINISTRY OF LAW
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