



*Zeti Akhtar Aziz*  
Governor

JPPK/POL/2301/22/4

5 Julai 2013

**SULIT**

Y. Bhg. Dato' Abdullah bin Mohd Yusof  
Pengerusi  
AEON Credit Service (M) Berhad  
Paras 29, Menara Olympia  
No. 8, Jalan Raja Chulan  
50200 Kuala Lumpur

Y. Bhg. Dato',

**Order for Financial Stability  
Pursuant to Central Bank of Malaysia Act 2009**

Kindly be advised that in line with the objective of promoting financial stability conducive to the sustainable growth of the Malaysian economy, Bank Negara Malaysia pursuant to section 31(1)(b) of the Central Bank of Malaysia Act 2009 (CBA), hereby requires AEON Credit Service (M) Berhad (Aeon Credit) to comply with the following measures with immediate effect:

- (a) The tenure for all personal financing products offered by Aeon Credit shall not exceed 10 years;
  - This requirement applies to all applications received by Aeon Credit from the date of this order.
  - This requirement does not apply to existing personal financing facilities which are restructured or rescheduled based on the specific circumstances of the borrower experiencing a distress, provided that it does not involve an increase in the financing amount from the outstanding position.
- (b) Aeon Credit shall not offer any form of pre-approved personal financing products to any customers;
  - Personal financing can only be granted upon receiving a written acceptance from the customer of an offer and Aeon Credit is satisfied, based on affordability assessment, that the customer has the capacity to repay.
- (c) All new products to be introduced must be approved by the Board of Directors of Aeon Credit, having regard to suitability of terms of the offer of such products in promoting responsible borrowing by households. In particular, the Board of Directors must consider the target market segment(s) for a product to be introduced and ensure that the product's features and marketing strategies do not expose consumers in the target segment(s) to excessive risks;

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- (d) Aeon Credit shall observe responsible lending policies and practices, as approved by its Board of Directors, that address the elements and components specified in Appendix 2.
- (e) Aeon Credit shall observe a prudent debt service ratio (DSR) in the granting of any financing.
  - A prudent DSR level is one that allows for sufficient buffers for the prospective borrower to deal with any potential future increase in financing rates, income volatility and other costs.
  - For most borrowers, especially those that are more likely to be vulnerable to financial strains, the DSR shall not exceed 60%. Where the aggregate debt obligations of an applicant exceeds this DSR level, Aeon Credit must not extend financing to the applicant solely on the basis of other criteria that do not reduce the borrower's vulnerability to unexpected adverse events or income shocks (such as repayment history). Such loans must be subject to a separate monitoring mechanism.

2. Aeon Credit shall establish and implement effective monitoring and control systems and processes, including regular internal audit reviews for ensuring compliance with the measures specified in this Order. Any non-compliance of the measures shall be reported to the Board of Directors and senior management of Aeon Credit, together with identified action plan(s) to rectify the breach(es). Material non-compliance shall also be immediately reported to the Bank.

3. As provided in section 31(3) of the CBA, Aeon Credit may make a representation to the Bank on the measures stipulated in paragraph 1 within 15 days from the date of this order. Notwithstanding the opportunity for representation, the measures are applicable to Aeon Credit with effect from the date of this Order.

4. The above measures have been approved by the Financial Stability Executive Committee established under the CBA and are similarly extended to all banking institutions and development financial institutions under the regulatory oversight of the Bank, credit cooperatives under the oversight of Malaysia Cooperative Societies Commission and Malaysia Building Society Berhad. The measures aim to promote the sound financial position of households and contain the accumulation of excessive debt by households.

5. Pursuant to section 31(6) of the CBA, Aeon Credit is also required to submit information on its lending activities as per Appendix 3 to the Bank no later than 3 weeks from the reporting date specified in Appendix 3. The Bank may also require additional submissions of information, conduct due diligence or appoint any auditor or any person approved by the Bank to carry out an assessment to determine compliance by Aeon Credit with the measures set out in this Order.

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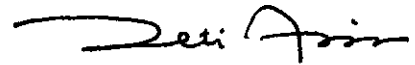
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6. Should Y. Bhg. Dato' require additional information or clarification, Aeon Credit may contact the following officers from Jabatan Pemantauan dan Pengawasan Kewangan:

Puan Madelena Mohamed	03 - 26920569	<a href="mailto:madelena@bnm.gov.my">madelena@bnm.gov.my</a>
Encik Ahmad Shahril Mohd Shariff	03 - 26982072	<a href="mailto:ashahril@bnm.gov.my">ashahril@bnm.gov.my</a>

Sekian, terima kasih.

Yang benar,



(Zeti Akhtar Aziz)

✓s.k. Pengarah Urusan, AEON Credit Service (M) Berhad

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