

## SCHEDULE I: BANKING PRODUCTS

### 1. Loan/Financing Products<sup>18</sup>

#### 1.1 Pre-contractual stage

- S 1.1.1** A FSP shall inform financial consumers of the expected interest/profit rate that will be imposed on the loan/financing product. The FSP must also provide the following information-
- Whether the interest/profit rate is on a fixed rate, floating rate or a combination of fixed and floating rate basis;
  - The effective interest/profit rate<sup>19</sup> and total repayment/payment amount, including in advertisements and in any promotional materials when interest/profit rate is included;
  - How interest/profit on the loan/financing product will be calculated, whether on a daily or monthly rest basis; and
  - For floating rate loans/financing, the FSP shall disclose the circumstances under which the interest/profit rate may increase and the impact of a rate increase.
- S 1.1.2** A FSP shall disclose the amount of loan/financing the FSP is able to grant (expressed as a percentage of the value of asset, where applicable) to financial consumers.
- S 1.1.3** A FSP shall inform financial consumers of the tenure of a loan/financing product.
- S 1.1.4** A FSP shall inform financial consumers on whether a collateral is required for a loan/financing product.
- S 1.1.5** A FSP shall disclose all applicable fees and charges for a loan/financing product. The FSP shall clearly disclose the fee for each item, when the fee is payable and the factors that affect the level of imposition of the fee, if any. The FSP must explain the basis for the imposition of such fees and charges upon enquiry by financial consumers.
- S 1.1.6** A FSP shall not pressure or coerce financial consumers to use its panel lawyers. The FSP shall ensure that the use of non-panel lawyers by financial consumers will not affect the loan/financing approval.
- S 1.1.7** A FSP shall indicate any insurance/takaful requirement and the coverage required as a condition of a loan/financing product, e.g. mortgage reducing term assurance (MRTA), mortgage reducing term takaful (MRTT) or mortgage level term takaful (MLTT). For Islamic financing products, the FSP shall inform the consumers that the FSP can only finance the cost of MRTT/MLTT but not the cost of the MRTA.

<sup>18</sup> Insurers and takaful operators offering loan/financing products to financial consumers shall also comply with these disclosure requirements.

<sup>19</sup> For Islamic financing products, the effective profit rate of a variable rate sale-based financing product refers to the profit rate that financial consumers will effectively pay for the financing, based on the existing reference rate.