

## FAQs by Categories

(A) New Rules and Impact		
S/N	Questions	Answers
1	What are the new measures that are taking effect on 1 June 2015?	<p>I. If your aggregate interest-bearing outstanding balance on all credit cards and unsecured credit facilities with financial institutions in Singapore exceeds 24 times your monthly income for 3 consecutive months, your credit line(s) will be suspended. This means that your financial institutions will not allow you to:</p> <ul style="list-style-type: none"> <li>a) Charge new amounts to your existing credit card(s) and/or unsecured credit facilities;</li> <li>b) Obtain credit limit increases on your existing credit card(s) and/or unsecured credit facilities; and</li> <li>c) Obtain new credit cards or unsecured credit facilities from any financial institution.</li> </ul> <p style="padding-left: 40px;">This borrowing limit will be lowered to 18 times monthly income from 1 June 2017; and 12 times monthly income from 1 June 2019.</p> <p>II. If you are 60 days or more past due with any financial institution, this financial institution will have to suspend credit from you. This means that this financial institution will not allow you to:</p> <ul style="list-style-type: none"> <li>a) Charge new amounts to your existing credit card(s) and/or unsecured credit facilities;</li> <li>b) Obtain credit limit increases on your existing credit card(s) and/or unsecured credit facilities; and</li> <li>c) Obtain new credit cards or unsecured credit facilities;</li> </ul> <p style="padding-left: 40px;">Other financial institutions will also disallow (b) &amp; (c) from you.</p>
2	How is the 24x borrowing limit computed?	<p><math>BTI = \text{Aggregate interest-bearing unsecured outstanding balance} \div \text{monthly income}</math></p> <p>I.e. . BTI is &gt;24x of your monthly income, the borrowing limit will apply to you.</p> <p><i>[Further info, if asked:</i></p> <p><b>Interest-bearing unsecured balances:</b></p> <ul style="list-style-type: none"> <li>- <i>These include amounts rolled over on credit cards and outstanding balances on term loans that accrue interest</i></li> <li>- <i>Amounts charged to credit cards that are fully repaid by their due dates are typically excluded since they do not attract interest. Likewise, outstanding amounts on interest-free instalments payments plans are also excluded.</i></li> <li>- <i>If interest is imposed on a particular instalment due to late payment, the instalment amount will be included.</i></li> </ul>

		<p><i>However, if no interest is imposed, the particular instalment can be excluded.</i></p> <ul style="list-style-type: none"> <li>- <i>Outstanding balance on a 0% balance transfer which incurs a processing fee has an effective interest rate of greater than 0%, it will be included as interest-bearing</i></li> <li>- <i>Unsecured loans for medical, business and education purposes are excluded from the computation of aggregate outstanding balances.</i></li> </ul> <p><b>Income:</b></p> <ul style="list-style-type: none"> <li>- <i>Each financial institution will rely on its own income records and computation methods to determine the borrower's monthly income.</i></li> <li>- <i>Borrowers are strongly advised to update their income records with their financial institutions as soon as possible and before 1 June 2015 to avoid unnecessary disruption to their credit facilities]</i></li> </ul>
3	Will I be exempted from this borrowing limit?	<p>You are exempted from this borrowing limit if you are earning annual income of at least \$120,000 or net personal assets exceeding \$2million.</p> <p>The term <del>Net</del> <b>Net Personal assets</b> refers to the total value of the individual's <del>assets</del> assets less his liabilities. Assets should be substantiated by documents provided by the borrower to his financial institution.</p> <p>Loans taken for medical, education or business purposes are also exempted from this borrowing limit.</p>
4	What is the rationale for having a borrowing limit on credit card/charge card and unsecured debt, aggregated across all FIs?	<p>This is a more holistic way of managing borrower's total indebtedness as compared to a credit limit placed on each financial institution. This measure aims to help individuals avoid accumulating excessive unsecured debt. This limit however, does not apply to unsecured loans for education, business and medical purposes.</p>
5	Why is MAS prohibiting the granting of further credit to borrowers whose debts with a financial institution are 60 days or more past due?	<p>This is to help prevent debt from spiralling for borrowers who face difficulties repaying their existing debt. However, these borrowers will be allowed to take unsecured loans for education, business and medical purposes which are exempt from this rule.</p>
6	When will the new borrowing limit on unsecured credit take effect?	<p>The new measure on the industry-wide borrowing limit will take effect on 1 June 2015. It will be progressively lowered over 4 years:</p> <ul style="list-style-type: none"> <li>(a) 24 times monthly income from 1 June 2015;</li> <li>(b) 18 times monthly income from 1 June 2017; and</li> <li>(c) 12 times monthly income from 1 June 2019.</li> </ul>

**(B) Extended Concessionary Timeline**

<b>S/N</b>	<b>Questions</b>	<b>Answers</b>
1	<p>a) Will borrowers who have already accumulated unsecured debts be given more time to reduce their unsecured debts?</p> <p>b) Are there concessions allowed?</p> <p>c) Who may qualify for the extended concessionary timeline?</p>	<p>Yes, the borrowing limit would be phased in over 4 years to give borrowers more time to adjust. The borrowing limit will start at 24 times of your monthly income from 1 June 2015 to 31 May 2017, and will be progressively lowered to 18 times of monthly income from 1 June 2017, and 12 times of monthly income from 1 June 2019..</p> <p>Financial institutions have the flexibility up to end-May 2019, to not suspend credit cards/charge cards and unsecured credit facilities for borrowers whose interest-bearing unsecured balances with financial institutions in Singapore exceeded 12 times their monthly income before 1 Jun 2015.</p> <p>However, financial institutions may only extend further credit on a strict case-by-case basis, subject to their internal credit evaluation.</p>
2	Can a borrower who qualifies for the concession refinance his debt by transferring debt from one financial institution to another?	Yes. Financial institutions can extend credit facilities to refinance debt transferred from other financial institutions.
3	When can the suspension of unsecured credit facilities be lifted?	<p>A suspension can be lifted once the borrower reduces his aggregate interest-bearing unsecured debt to less than the applicable borrowing limit (which is 24 times monthly income for the period of 1 June 2015 to 31 May 2017). Before financial institutions reinstate access to credit, they have to conduct fresh credit bureau and income checks to assess the credit worthiness of the borrower.</p> <p>Borrowers are required to submit updated income documents to the financial institutions when requesting for reinstatement to facilitate this process. The lifting of a borrower's credit suspension is subject to the financial institutions' credit assessment.</p>
4	How much time am I given to reduce my aggregate interest-bearing outstanding balances?	<p>There is no specified time limit. If you would like to reinstate the use of your existing credit facilities, you would have to reduce your aggregate interest-bearing unsecured debt to below the applicable borrowing limit. Upon doing so, you can approach the financial institutions for a review of your credit situation.</p> <p>While your credit facilities are suspended, you will still need to meet your payment obligations under existing terms. You may approach your financial institution or Credit Counselling Singapore to discuss restructuring or repayment options.</p>

**(C) Borrowing Limit - Aggregate Outstanding Interest-Bearing balances and Income**

1	How is a borrower's aggregate outstanding interest-bearing unsecured debt computed for the	Financial institutions are only required to take a borrower's interest-bearing unsecured debt balances into account. These include amounts rolled over on credit cards and outstanding
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	<p>purpose of this rule?</p> <p>What is Interest bearing?</p>	<p>balances on term loans that accrue interest.</p> <p>Amounts charged to credit cards that are fully repaid by their due dates are typically excluded since they do not attract interest. Likewise, outstanding amounts on interest-free instalments payments plans are also excluded. If interest is imposed on a particular instalment due to late payment, the instalment amount will be included. However, if no interest is imposed, the particular instalment can be excluded.</p> <p>Interest-bearing unsecured balances refer to amounts that attract an effective interest rate. As outstanding balance on a 0% balance transfer which incurs a processing fee has an effective interest rate of greater than 0%, it will be included in the computation of aggregate outstanding balances for this measure.</p> <p>Unsecured loans for medical, business and education purposes are excluded from the computation of aggregate outstanding balances.</p>
2	<p>How is a borrower's monthly income determined?</p> <p>What happens when customer has different income records with different FIs or outdated records?</p>	<p>Apart from salaries and bonuses, financial institutions may take other forms of incomes such as dividend, interest and rental income into account determining a borrower's income. Each financial institution will rely on its own income records and computation methods to determine the borrower's monthly income.</p> <p>Borrowers are strongly advised to update their income records with their financial institutions as soon as possible and before 1 June 2015 to avoid unnecessary disruption to their credit facilities.</p>
3	<p>How will financial institutions determine whether a borrower's aggregate outstanding unsecured debt has exceeded the borrowing limit for 3 consecutive months?</p>	<p>Financial institutions will obtain data on a borrower's aggregate outstanding interest-bearing unsecured balances from the credit bureaus to determine if such balances have exceeded the borrowing limit for 3 consecutive months.</p>
4	<p>What is the purpose of the 3-month period?</p>	<p>The 3-month period allows sufficient advance warning for borrowers, such as those who travel frequently or may have inadvertently omitted to pay their bills. The 3 months should allow sufficient time for borrowers to make the necessary payments before suspension of their unsecured credit lines.</p>
<p><b>(D) Past Dues and Suspension</b></p>		
1	<p>How can borrowers determine whether their unsecured facilities are 60 days or more past due?</p>	<p>Borrowers can either contact their financial institutions or check their credit bureau reports to determine the number of days for which they are past due.</p>
2	<p>If a borrower is 60 days or more past due with only one financial institution, will other financial institutions suspend his credit</p>	<p>Only the financial institution with which the borrower is 60 days or more past due is required to suspend his credit lines. Other financial institutions are not required to suspend the credit cards/charge cards and unsecured credit facilities that they</p>

	cards and unsecured facilities as well?	<p>have already granted to the borrower.</p> <p>However, the other financial institutions cannot issue new credit cards/charge cards or unsecured credit facilities or grant credit limit increase to the borrower. (Please refer to Part A.1)</p>
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**(E) Related /Joint Borrowers**

1	I am a guarantor for a non-card unsecured facility. Will this guarantee be affected by the new borrowing limit?	The loan amount for which you are the guarantor will not be included as part of your aggregate unsecured outstanding balances.
2	I am a joint borrower for an unsecured facility. Will the borrowings under the joint account be included as part of my aggregate unsecured outstanding balances?	The total outstanding amount for your joint unsecured facility will be included on a pro-rata basis in accordance to the number of borrowers. E.g. if there are 2 borrowers, 50% of the total outstanding will be included as part of your aggregate unsecured outstanding balances.

**(F) Banks' Restructuring Plan/Credit Counselling Singapore's Repayment Assistance Scheme (RAS) and Debt Management Programme (DMP)**

S/N	Questions	Answers
1	How does the RAS work?	<p>RAS is designed to help a borrower to pay down the unsecured balances which are in excess of his annual income. It is offered at the interest rate of 5% per annum and tenure of 8 years. This helps the borrower pay down his debts gradually over time and relieve his debt servicing burden .</p> <p>A borrower who is on RAS will have his debt divided into two portions:</p> <ul style="list-style-type: none"> <li>(i) <u>amounts in excess of his annual income</u> Amounts in excess of his annual income will be managed under RAS and are to be repaid in accordance with the terms and conditions of RAS. Credit Counselling Singapore (CCS) will assess the borrower's income and overall debt obligations to determine the monthly instalment payment that can be made under the RAS.</li> <li>(ii) <u>amounts up to his annual income</u> Amounts up to his annual income are to be repaid in accordance with the existing terms and conditions of the borrower's existing facilities. Financial Institutions will inform their customers of the monthly payment that needs to be made.</li> </ul> <p>Once your RAS account is setup, all your unsecured credit facilities will be suspended.</p>
2	Am I eligible for RAS?	<p>You will be eligible for RAS if you have received an invitation letter from your financial institutions.</p> <p><i>To be eligible for RAS invitation, a borrower needs to fulfil the following:</i></p>

		<ol style="list-style-type: none"> <li>1) <i>SG citizen or PR only</i></li> <li>2) <i>Annual income &lt;120K</i></li> <li>3) <i>BTI &gt; 12X</i></li> <li>4) <i>No adverse account conduct ('H', 'R', 'W) in Credit Bureau (Singapore) (CBS) report</i>  <i>H = Involuntary Closure</i>  <i>R = Closed</i>  <i>W = Default/Written Off</i></li> <li>5) <i>No Bankruptcy Petition records in CBS report</i></li> </ol>
3	How do I apply for RAS?	<p>You will be invited to apply for RAS via an invitation letter sent by your financial institutions which have determined that your interest-bearing outstanding balances have exceeded your annual income before 1 June 2015. The letter will consist of a RAS factsheet, and an application form.</p> <p>You will need to supply the following documents along with your completed and signed application form:</p> <ul style="list-style-type: none"> <li>• Copy of your NRIC (back and front)</li> <li>• Latest income document (refer to appendix for acceptable income docs)</li> <li>• Copy of your credit bureau report (refer to section G.2 on how to retrieve your credit bureau report.)</li> </ul> <p>Inside the invitation letter, your financial institutions will also provide a business return envelope to insert your application form and documents to CCS for processing.</p> <p>Once an application is submitted with supporting documents, CCS will process the application and if the conditions are met, CCS will provide a Repayment Proposal to you for acceptance. The Repayment Proposal is valid for <b>15 calendar days</b>.</p> <p>If you accept this Repayment Proposal, CCS will send your application form and supporting documents to your financial institutions to open the RAS account(s).</p> <p>Once your RAS account is setup, your financial institutions will send the details of your RAS account to you via an official letter.</p>
4	I do not have any income document as I am no longer working. How can I apply for RAS?	Unfortunately, you need to have a source of income to apply for RAS. We encourage you to contact financial institutions or CCS for other debt relief solutions.
5	I received multiple invitation letters from multiple FIs, should I complete all forms?	You may receive more than one application form from your financial institutions, but you only need to submit one RAS application to CCS. Please ensure that the information and documents provided to CCS are complete so that CCS can process your application.
6	Can I pass one of the forms that I received to my friends or relatives?	The application form included in the invitation letter is personalised with your name and NRIC pre-printed on it. Therefore it is not transferable to another person.

7	Is there a closing date to apply for RAS?	<p>RAS is available until your Repayment Proposal expires or until 31 Dec 2015.</p> <p>(Please note that if you exit RAS, you will not be able to apply again.)</p>
8	Do I need to pay any service fee to CCS for RAS?	No, customers are not charged for this service.
9	Does RAS include other types of loan e.g. renovation loan & education loan etc.?	No, RAS does not include unsecured loans for renovation or education purposes.
10	How is a borrower's annual income determined for the RAS?	<p>CCS will use the income documents submitted upon application for RAS to calculate a borrower's annual income.</p> <p>Income will be determined from documentary proof, such as payslip, Notice of Assessment (NOA), CPF statement, etc. Future income (such as bonus) will not be taken into account.</p> <p>For commission/variable income earners and/or self-employed borrowers, 1- year NOA will be required for computation of income. Further details on the appropriate income documentation to be provided are included in the Appendix.</p>
11	Will borrowers be able to continue using their unsecured credit facilities after entering into the RAS?	<p>No. Further usage of existing credit facilities with the financial institutions will not be allowed once a borrower takes up the RAS.</p> <p>Financial institutions may consider reinstating/lifting the suspension of borrowers' credit cards/charge cards and unsecured credit facilities if:</p> <ul style="list-style-type: none"> <li>(i) the borrowers' interest-bearing unsecured balances aggregated across all financial institutions are reduced to below 12 times of their monthly income; and</li> <li>(ii) the financial institutions have made a satisfactory assessment of the borrowers' financial standing and credit worthiness. The credit assessment will take into account latest income and credit bureau records.</li> </ul>
12	What will happen to borrowers who are on the RAS but fail to make their payments promptly?	If a borrower defaults on the RAS payments, financial institutions shall follow their regular collection/remedial process, or refer the borrower to CCS for Debt Management Program (DMP).
13	<p>I am granted a RAS which has a tenure of 8 years.</p> <p>Can the financial institution or CCS revise the tenure and/or instalment amounts under the RAS when my income increases during the 8 year period?</p>	<p>No. The standard terms and conditions of the RAS cannot be revised to take into account individual circumstance. With your increased income, you can choose to make additional payments to pay off more of your interest-bearing unsecured debt on your existing credit cards and/or other unsecured credit facilities with the financial institutions. (The interest rates charged on these credit cards and/or other unsecured credit facilities will continue to be the prevailing rates.)</p> <p>This will help to pay down your outstanding balances gradually.</p>

		<p>If your interest-bearing unsecured debt is reduced to below 12 times your monthly income, you may approach your financial institutions at any time, to reinstate your credit cards and other unsecured credit facilities. Your financial institutions would first assess your financial standing and credit worthiness, taking into account your income and credit bureau records before lifting the suspension of your credit cards and other unsecured credit facilities.</p> <p>Please note that if you exit RAS, you will not be able to apply again. You are therefore encouraged to reduce your interest-bearing unsecured debt to below 12 times your monthly income.</p>
14	I have unsecured debts owing to 4 financial institutions. To reduce my total outstanding debt, can I take up the RAS with only 2 financial institutions and convert the outstanding balances with the remaining 2 financial institutions into a normal Term Loan?	No. The RAS is an industry-coordinated solution and will apply to all your creditor financial institutions participating in the RAS.
15	Can I convert all the amounts I owe to all financial institutions into the RAS?	The RAS only applies to the amount that exceeds your annual income.
16	I have different unsecured credit accounts with a financial institution. How would the financial institution apportion and transfer the amounts from my accounts to RAS?	<p>CCS will inform the respective financial institution(s) regarding the monthly payment amount they will receive as part of your RAS. Each financial institution retains the discretion to apportion the amount amongst your various accounts within that FI, based on the Terms and Conditions in the Repayment Proposal.</p> <p>Each financial institution will advise you on the outstanding amount in RAS and how much that needs to be paid into RAS.</p>
17	Must I strictly reduce my total outstanding unsecured debt balance to below my annual income?	Yes, if you would like to resume usage of your unsecured credit facilities. However, the reduction of unsecured debt balances can take place gradually over time. At the end of the repayment process, financial institutions will perform a credit assessment to determine whether you can resume using your credit facilities.
18	After converting my excesses into RAS, will I be able to resume the use of my credit cards (up to 2 times of my monthly income) when I pay down my debt to 10 times my monthly income?	<p>Generally yes but is subject to your financial institutions' discretion.</p> <p>Your financial institutions may consider reinstating your facilities, only after</p> <ul style="list-style-type: none"> <li>(i) your aggregated outstanding interest-bearing unsecured balances across FIs is reduced to below 12 times your monthly income; and</li> <li>(ii) the financial institutions have made a satisfactory assessment of your financial standing and credit worthiness. The financial institutions' credit assessment</li> </ul>

		will take into account your latest income and credit bureau records.
19	I have unsecured debts owing to 10 financial institutions and the total balance exceeded my annual income. Do I have 10 RASs?	CCS will recommend the number of RAS(s) to take up in order to pay off the unsecured balances that are in excess of 12 times your monthly income. This will be reflected in the Repayment Proposal.
20	How do I appeal if my RAS application is unsuccessful?	Your application status is final. We would encourage you to contact CCS for other restructuring solutions.
21	Why RAS only assist on excess portion and not the entire outstanding debt?	RAS only assist on the excess portion and not the entire amount as it is designed to help a borrower to pay down his unsecured balances which is in excess of 12 times his monthly income.
22	When can I be release from RAS after my enrolment?	When your interest-bearing outstanding balances are reduced to below 12 times your monthly income, financial institution(s) may close your RAS account.
23	Can I take up more than one RAS scheme?	No. You only can apply for RAS once. Please note that if you exit RAS, you will not be able to apply again.
24	When will I receive an RAS invitation letter?	Financial institutions will send the invitation letters in batches, from April to June 2015.
25	Can I apply for RAS, even if I do not receive an RAS invitation letter?	To be eligible for RAS, you need to meet the following criteria .  <ol style="list-style-type: none"> <li>1) Be a Singaporean Citizen or Permanent Resident;</li> <li>2) Earn less than \$120,000 per annum;</li> <li>3) Have net personal assets that are \$2 million or less;</li> <li>4) Have total interest-bearing unsecured debt that exceeds 12 times your monthly income before 1 June 2015; and</li> <li>5) Have good repayment records with your financial institutions (e.g. prompt in making monthly repayments under your unsecured credit facilities)</li> </ol> <p>If you are eligible for RAS, but have not received an RAS invitation letter, you may call the CCS-RAS hotline at 6996 6006 or your financial institution, to request a confirmation of your eligibility and an RAS application pack</p>

### **(G) Credit Bureau (Singapore) (CBS) Report**

<b>S/N</b>	<b>Questions</b>	<b>Answers</b>
1	What is CBS Report?	Credit Bureau report is a record of your credit payment history compiled from different credit providers.  You may check your credit file to assess your credit worthiness. A good credit repayment history will make it easier for you to obtain credit and to qualify for loans. By reviewing your credit report regularly, it allows you to be aware of any information that is uploaded on your credit file.
2	Where do I get my CBS report?	You can apply for a copy of your credit report (\$6.42 inclusive

		<p>of GST) online via <a href="http://www.creditbureau.com.sg">www.creditbureau.com.sg</a> with your SingPass or apply in-person at any SingPost branches.</p> <p>For more information, please contact CBS at 6565 6363.</p>
3	What can I see in the new version of the Credit Bureau Report?	With effect from April 2015, you can see your total secured and unsecured credit limit, total outstanding secured and unsecured balances, as well as interest-bearing unsecured debt balances with your financial institutions.
4	How will my Credit Bureau records be affected?	To ensure that your accounts are not reflected as being past due, you are encouraged to continue servicing at least the monthly minimum payment amounts.
5	How can borrowers determine their aggregate unsecured outstanding balances?	<p>With effect from December 2014, you can see your aggregate outstanding unsecured balances with each financial institution.</p> <p>From April 2015, the aggregate outstanding unsecured balances will be further split into interest-bearing and non interest-bearing unsecured balances. See question C.1 for examples of non-interest-bearing unsecured balances. Only the interest-bearing unsecured balances need to be taken into account for the purpose of computing whether an individual's aggregate unsecured debt has exceeded his annual income.</p>
6	How does CBS capture my information?	Members of CBS (e.g. retail banks and credit card issuers) provide your credit information to CBS.
7	Why is there inconsistency of CBS unsecured debt versus the actual balances reflected in my monthly statement?	There is a time lag of information upload due to the complexity of the process. This involve different facilities with different due dates sent by different financial institutions to the Credit Bureau.

## APPENDIX

### INCOME DOCUMENT

#### 1.1 For Salaried Employee

- Latest Computerized Payslip (dated recent 3 months), **or**
- Company Letter specifying job title and month gross income and must be printed on Company's Letter Head (dated recent 3 months) , **or**
- Letter of Employment (dated recent 3 months), **or**
- Latest Income Tax Notice of Assessment (no earlier than 2014) , **or**
- Latest 12 months CPF Contribution History Statement

#### 1.2 For Self Employed or Commission-based Employee

- Latest Income Tax Notice of Assessment (no earlier than 2014) , **or**
- Latest 12 months CPF Contribution History Statement, **or**
- Last 6 months Commission statement or if 6-month commission statement cannot be provided, please also provide one month bank statement