

PRESS RELEASE

Implementation of the New Moneylenders Act and Rules

Moneylenders Act 2008

1. The new Moneylenders Act, passed by Parliament in November 2008, will be brought into effect on 1 March 2009. The new Act, which replaces the existing Act, allows for a more flexible and progressive approach to the regulation of moneylending in keeping with the modern credit economy.
2. The new Act clarifies the moneylending activities to be licensed, modernises moneylending operations, and tightens the regulatory framework.

Moneylenders Rules 2009

3. In tandem with the introduction of the new Moneylenders Act, a new set of Moneylenders Rules will be introduced. These new rules replace the current set of rules.
4. Incorporated into the new Moneylenders Rules are provisions relating to unsecured lending by moneylenders. The unsecured lending provisions have been finalised, following two joint public consultations by the Monetary Authority of Singapore and the Ministry of Law on the policy and the draft notices/rules on unsecured lending by financial institutions and moneylenders respectively.
5. These provisions regulate access to credit and provide that where a borrower has an annual income of at least \$20,000 and not exceeding \$30,000, he can only obtain unsecured credit of up to two times his monthly income. If the borrower has an annual income of at least \$30,000, he can only obtain unsecured credit of up to four times his monthly income. Borrowers with an annual income of less than \$20,000 can only take a small unsecured personal loan not exceeding \$3,000, with the interest capped at 18 per cent per annum. The unsecured lending provisions will not apply to high net worth Singaporean or Permanent Residents earning at least \$120,000 per annum, and non-Singaporeans/Permanent Residents. The unsecured lending provisions also provide for exclusions from their application for certain types of loans e.g. loans for purposes of medical treatment, study, renovation, etc.

6. The responses to the feedback received from the second joint public consultation on the draft unsecured lending provisions can be viewed at the Reach Portal at:

<http://app.reach.gov.sg/olcp/asp/ocp/ocp01d1.asp?id=4643>

Moneylenders (Prevention of Money Laundering and Financing of Terrorism) Rules 2009

7. As the current set of Moneylenders (Prevention of Money Laundering and Financing of Terrorism) Rules 2007 (“PMFT Rules”) was made under the current Moneylenders Act, they will be replaced by a new set of PMFT Rules under the new Act. The new PMFT Rules import and clarify the provisions found in the current PMFT Rules, and revises the provisions for the penalties for offences.

Moneylenders (Composition of Offences) Rules 2009

8. Similarly, the existing set of Moneylenders (Composition of Offences) Rules 2004 will be replaced by a new set. The new Rules expressly identify the offences under the new Moneylenders Act that are compoundable. The new Rules also expressly provide that all offences under the new Moneylenders Rules and new PMFT Rules are compoundable.

9. The new Moneylenders Rules, PMFT Rules and Moneylenders (Composition of Offences) Rules will also be brought into effect on 1 March 2009.

**ISSUED BY MINISTRY OF LAW
25 FEBRUARY 2009**