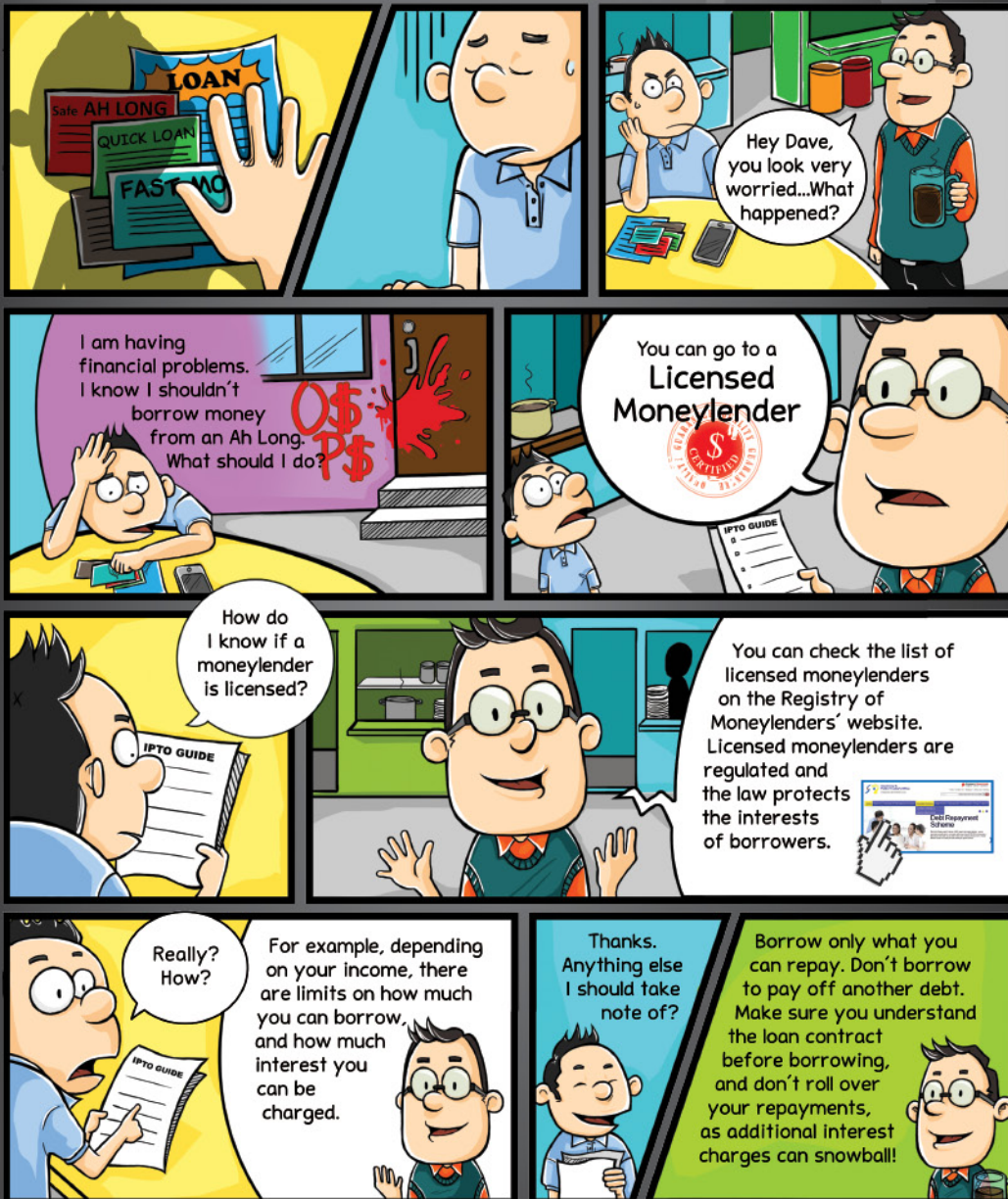


BORROW WIS\$ELY



Presented by



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It is important to only borrow what you can repay.

You should consider these before taking a loan from licensed moneylenders:

- Never borrow to pay off another debt.
- If you are unable to meet the contractual terms, the late payment and interest fees will be a financial strain not just on yourself, but also on your family.
- Make sure you fully understand the terms of the contract, in particular, the repayment schedule, the interest rate charged and the fees applicable.

2. WHAT ARE THE INTEREST RATES THAT MONEYLENDERS CAN CHARGE?

Moneylenders are required to compute and disclose to you the Effective Interest Rate (EIR*) of the loan, before the loan is granted. If your annual income is less than \$30,000, the interest rate which moneylenders can charge, for both secured and unsecured loans, is capped at:

- › 13% EIR for secured loans; and
- › 20% EIR for unsecured loans.

If your annual income is \$30,000 or more, the caps are not applicable and the interest rate is to be agreed upon between the moneylender and you.

**Visit www.ipto.gov.sg to find out more about how EIR is calculated.*



1. HOW MUCH CAN I BORROW?

For secured loans, you can obtain a loan of any amount. For unsecured loans, you can obtain:

- › Up to \$3,000, if your annual income is less than \$20,000;
- › Up to 2 months' income, if your annual income is \$20,000 or more but less than \$30,000;
- › Up to 4 months' income, if your annual income is \$30,000 or more but less than \$120,000; and
- › Any amount, if your annual income is \$120,000 or more.

3. WHAT ARE THE FEES THAT MONEYLENDERS CAN CHARGE?

Moneylenders are only permitted to charge six types of fees:

- › Late repayment;
- › Variation of the terms of the loan contract;
- › Each dishonoured cheque issued by you;
- › Each unsuccessful GIRO deduction from a bank account, as payment to the moneylender;
- › Early redemption of the loan or early termination of the contract; and
- › Legal costs incurred for the recovery of the loan.

Other fees are not permitted, and hence, the moneylender cannot enforce these.

4. HOW DO I KNOW WHETHER A MONEYLENDER IS LICENSED?

Check the list of licensed moneylenders at www.ipto.gov.sg. You should take note if moneylenders:

- › Use abusive language, or behave in a threatening manner towards you;
- › Ask for your SingPass user ID and / or password;
- › Ask to retain your NRIC or any other personal identification documents (e.g. driver's licence, passport or ATM card);
- › Ask you to sign on a blank or incomplete Note of Contract for the loan;
- › Grant you a loan without giving you a copy of the Note of Contract for the loan and / or without properly explaining to you all the terms and conditions;
- › Withhold any part of your principal loan amount for any reason; and
- › Use a mobile telephone number as their business contact number.

Such practices are not acceptable. If you encounter these, you should avoid borrowing from the moneylender and report him to the Registry of Moneylenders, with information such as his business name, licence and contact numbers.

5. HOW CAN I TELL WHETHER AN ADVERTISEMENT IS FROM A LICENSED MONEYLENDER?

Licensed moneylenders are permitted to advertise only through:

- › Business or consumer directories (e.g. Yellow Pages);
- › Websites belonging to the moneylender; and
- › Advertisements placed within or on the exterior of the moneylender's business premises.

All other channels are prohibited.

6. WHAT SHOULD I DO AFTER BEING GRANTED A LOAN?

- › Make sure the moneylender delivers to you the full principal amount of the loan stated in the Note of Contract. Licensed moneylenders are prohibited from up-front deduction of instalments or fees.
- › The moneylender must issue a dated and signed receipt to you every time you repay your loan or pay any fees in cash. You should check that the details (e.g. name, amount and date) are correct.
- › You should receive a statement of account for all your loan(s) at least once every six months. Do check that the details (e.g. name, amount and date) are correct.
- › Retain all statements of accounts and receipts of payments as proof of payment.

7. HOW DO I LODGE A COMPLAINT AGAINST A MONEYLENDER?

- › You can contact the Registry at Tel: 6325 1500 or email: ipto_romp@ipto.gov.sg.
- › The Registry will not disclose your details to the moneylender without your consent. All complaints against moneylenders are taken seriously, and the Registry will investigate them thoroughly.

