

REGISTRY OF MONEYLENDERS

REGISTRAR'S DIRECTIONS NO. 1 OF 2026

1 These Directions are issued under section 45(1) of the Moneylenders Act 2008 (“MLA”) to set out the manner in which licensees must conduct the business of moneylending, to wit, by refraining from engaging in the following undesirable practices:

- 1.1 Informing borrowers/potential borrowers that they can be granted only weekly loans because of a legal requirement imposed by the Government.
- 1.2 Offering short-term loans of less than one month in duration, which are repeatedly “re-financed” or “renewed” such that borrowers do not repay any part of the principal or interest, but simply a 10% “administrative fee” repeatedly.
- 1.3 Offering loans or “re-loans” to pay off existing loans when borrowers are unable to fully pay sums that are due, and charging the borrowers a 10% “administrative fee” repeatedly to roll over the existing loan.
- 1.4 Splitting a single loan into numerous component parts such that when a borrower is unable to repay any component part of the loan on time, a late charge of \$60 for each component is levied.

2 The Registrar’s views on the above-mentioned acts are as follows:

- 2.1 The act referred to in paragraph 1.1 is clearly a false or misleading representation. If the representation induces any person to borrow money from the licensee or to agree to terms on which money is or is to be borrowed, was made in an attempt to induce the person to do the foregoing, this may amount to an offence under section 46(a) of the MLA.
- 2.2 Concerning the acts referred to in paragraphs 1.2 and 1.3:
 - 2.2.1 Licensees should not offer short-term loans to borrowers knowing or having reason to believe that the borrowers will not be able to repay any part of the principal or interest at the end of the term of the loan, and such that the borrower will need to pay an “administrative fee” repeatedly to roll-over the loan, without making any payments that go towards reducing the principal or interest owed. In determining whether a borrower will be able to meet the proposed repayment plan, licensees should take into account the borrower’s income and assess if he is able

to repay. For instance, a one-week loan that is higher than the borrower's weekly income is clearly not repayable.

2.2.2 Licensees should not grant loans or "re-loans" to borrowers to reduce or extinguish an existing debt owed to the same licensee such that this serves to "reset" the total borrowing cost charged, as this is tantamount to deliberately circumventing rules 11, 12 and 12A of the Moneylenders Rules 2009. For example, a borrower may end up paying a second administrative fee of 10% on what could be regarded as the same loan principal. Over time, he may also pay an amount in excess of 100% of the principal of the original loan. However, licensees who genuinely wish to assist a borrower through a loan restructuring may do so as long as there is no circumvention of the Moneylenders Rules 2009.

2.2.3 Such acts are undesirable and may be regarded as:

2.2.3.1 carrying on the business of moneylending in such a manner as to render the licensee unfit to hold a licence, which is a ground for the Registrar to refuse to renew a licence under section 8(1)(d)(v) of the MLA; or

2.2.3.2 conducting the business of moneylending in an improper or unsatisfactory manner, which is a ground for the Registrar to revoke or suspend a licence under section 10(1)(a)(v) of the MLA.

2.3 Concerning the act referred to paragraph 1.4:

2.3.1 Licensees should not split the loans knowing or having reason to believe that the borrowers will not be able to make the instalment payments on time, and such that the borrower will need to pay multiple late charges.

2.3.2 Where the splitting of a loan into numerous component parts serves no apparent or visible economic or lawful purpose to the borrower:

2.3.2.1 This may give rise to the inference that this was done chiefly for the licensee to benefit from charging the late payment fee multiple times (i.e. one standard fee for each component that is late), and may be regarded as:

2.3.2.1.1 carrying on the business of moneylending in such a manner as to render the licensee unfit to hold a licence, which is a ground for the Registrar to refuse

to renew a licence under section 8(1)(d)(v) of the MLA; or

2.3.2.1.2 conducting the business of moneylending in an improper or unsatisfactory manner, which is a ground for the Registrar to revoke or suspend a licence under section 10(1)(a)(v) of the MLA;

2.3.2.2 It may amount to a deliberate restructuring of an otherwise single relevant loan into smaller transactions in order to evade the thresholds provided for in rule 6(1)(a) read with rule 6(4) of the Moneylenders (Prevention of Money Laundering, Terrorism Financing and Proliferation Financing) Rules 2009, and if a licensee does not aggregate the loans and treat them as a single relevant loan as required for the purposes of rule 6(4), this may amount to an offence under rule 6(5) of the said Rules.

3 Where borrowers enter into loan agreements without understanding the consequences referred to in paragraphs 2.2.1, 2.2.2 or 2.3.1, licensees may be regarded as having failed to comply with sections 32(1) and 32(2) of the MLA, in failing to inform the borrowers of the terms and conditions of the loan. Licensees are reminded that, under rule 8(f) of the Moneylenders Rules 2009, they must inform borrowers in writing of how the permitted fees will be computed and the circumstances under which they will be charged. For the avoidance of doubt, licensees must, when granting any loan to a borrower, inform the borrower in writing of the order of priority applied for the allocation of any payment (i.e. the principal, interest, late interest, late fee) made towards any loan.

4 Licensees are also reminded that failure or refusal to comply with a direction issued under section 45(1) of the MLA is an offence under section 45(3) of the MLA. Officers of licensees may also be liable for offences committed by licensees pursuant to section 89(1) of the MLA.

5 These Directions take effect from 1 April 2026 and supersede Registrar's Directions No. 1 of 2017 dated 30 December 2016.

Dated this 23rd day of March 2026

NG YONG KIAT FRANCIS
REGISTRAR OF MONEYLENDERS