

Revised Credit Card and Unsecured Credit Rules

Frequently Asked Questions

- A. Banks are disallowed from granting further unsecured credit facilities to borrowers whose total outstanding unsecured balances aggregated across all Financial Institutions (FIs)*, **exceed the industry-wide borrowing limit for 3 consecutive months or more.**

This refers to Banking (Credit Card and Charge Card) Regulations 2013 Regulation 17 and MAS Notice 635 paragraph 17. For full details and text of the revised MAS Regulations (the "Regulations"), please visit www.mas.gov.sg

1. **What is the rationale for having an industry-wide borrowing limit on borrowers' credit card/charge card and unsecured balances, aggregated across FIs in Singapore?**

This is a more holistic way of managing borrowers' total unsecured balances, as compared to a limit placed on/by each FI. 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.

2. **When will the new borrowing limit on unsecured credit take effect?**

The industry-wide borrowing limit will take effect on 1 June 2015. It will be progressively lowered over 4 years.

- 24 times of your monthly income from 1 June 2015;
- 18 times of monthly income from 1 June 2017; and
- 12 times of monthly income from 1 June 2019.

3. **How is the borrowing limit computed?**

It will be computed by taking your aggregate interest-bearing unsecured outstanding balance across all FIs, divided by monthly income.

(I.e. – Limit >24x of your monthly income, the borrowing limit will apply to you.)

4. **What is the impact on my credit facilities if my aggregate interest-bearing unsecured outstanding balances across all FIs exceed 24 times my monthly income (as per the Bank's records) for 3 consecutive months?**

You will be disallowed from:

- charging new amounts to your existing credit cards/charge cards and using unsecured credit facilities issued by us;
- obtaining new credit cards/charge cards or unsecured credit facilities from us; and
- obtaining credit limit increases on existing credit cards/charge cards and unsecured credit facilities issued by us

5. How is my aggregate interest-bearing unsecured outstanding balances computed for the purpose of this rule? What is interest-bearing?

Interest-bearing unsecured balances include amounts rolled over on credit cards and outstanding balances on term loans for which interest is charged.

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.

Interest-bearing unsecured balances refer to amounts that attract an effective interest rate. This means that the outstanding balance on a 0% balance transfer with a processing fee will be included in the computation of total outstanding balances for this measure.

Unsecured loans for medical, business and education purposes are excluded from the computation of aggregate outstanding balances.

6. How is my income determined? How can I update my income records with you?

We will utilise your latest income records where available, to compute your monthly income using our internal computation methods.

Hence, you are strongly advised to update your income records with us, to avoid unnecessary disruption to the use of your credit facilities. You can update your income with us via the application form found here: <http://www.dbs.com.sg/iwov-resources/pdf/cards/news-and-announcements/mas-income-update.pdf>

7. How will you determine whether my aggregate interest-bearing unsecured balances have exceeded 24 times my monthly income for 3 consecutive months?

We will obtain data on your aggregate interest-bearing unsecured balances from the credit bureaus to determine if such balances have exceeded 24 times your monthly income (based on our records) for 3 consecutive months.

8. What is the purpose of the 3- month period?

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 facilities.

9. When can suspension of my unsecured credit facilities be lifted? How can I request for reinstatement of my unsecured credit facilities?

A suspension can be uplifted only after reduction of your aggregate interest-bearing unsecured balances to less than the applicable borrowing limit (which is 24 times monthly income for the period of 1 June 2015 to 31 May 2017), and after we have conducted fresh credit bureau and income checks to assess your credit-worthiness.

You will be required to submit updated income documents to us when requesting for reinstatement to facilitate this process. The lifting of your suspension is subject to our credit assessment.

You can request for reinstatement of your credit facilities using our reinstatement application form found here: http://www.dbs.com.sg/iwov-resources/pdf/cards/news-and-announcements/reinstatement_form.pdf

10. How much time am I given to reduce my aggregate interest-bearing outstanding balances?

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 balances to below the applicable industry-wide borrowing limit. Upon doing so, you can approach us for a review of your credit situation.

While your credit facilities are suspended, you will still need to meet your payment obligations under existing terms. You may approach us or Credit Counselling Singapore (CCS) at 6225 5227 to discuss restructuring or repayment options.

11. If I have already accumulated unsecured balances, will I be given more concessionary time to reduce the unsecured balances?

If your aggregate interest-bearing unsecured balances have already exceeded 12 times your monthly income before 1 June 2015, you may be given extended concessionary timeline up to end-May 2019 to reduce your unsecured balances on a strict case-by-case basis, and subject to the bank's own credit evaluation criteria.

12. How can I determine my aggregate interest-bearing unsecured balances?

You may refer to your credit reports for a summary of your aggregate unsecured balances (comprising both interest-bearing and non interest-bearing balances).

You can apply for a copy of your credit report (\$6.42 inclusive of GST) online via www.creditbureau.com.sg with your SingPass or apply in-person at any SingPost branches.

For more information, please contact CBS at 6565 6363.

- B. Banks are disallowed from granting further unsecured credit facilities to borrowers whose unsecured outstanding balances are **more than 60 days past due**.

This refers to Banking (Credit Card and Charge Card) Regulations 2013 Regulation 16 and MAS Notice 635 paragraph 16. For full details and text of the revised MAS Regulations (the "Regulations"), please visit www.mas.gov.sg

1. What is the impact on my unsecured credit facilities if my unsecured outstanding balances are more than 60 days past due?

You will be disallowed from:

- a) charging new amounts to your existing credit cards/charge cards and using unsecured credit facilities issued by us;
- b) obtaining new credit cards/charge cards or unsecured credit facilities from us; and
- c) obtaining credit limit increases on existing credit cards/charge cards and unsecured credit facilities issued by us

Other financial institutions would also disallow b) and c) from you.

2. Why can't I use my credit card(s) and Cashline account? I have only defaulted payment on one of my Credit Card(s).

As per industry standards, effective June 2015, you will be unable to use all their unsecured credit facilities, including credit cards, if any of your unsecured outstanding balance is 60 days past due.

3. I need to use my credit facilities now, what can you do for me?

Unfortunately, your credit facilities cannot be used. To allow use of your credit facilities in future, we strongly encourage you to make prompt and regular payments to your accounts with outstanding past due.

4. When can I reinstate the use of my credit facilities?

We strongly encourage you to make prompt and regular payments to your outstanding accounts. The bank will review and invite you for reinstatement, where applicable based on the bank's discretion.

5. If I only defaulted payment to your bank, will my other bank's facilities be affected?

Only the financial institution, at which the payment has not been made, will suspend all your credit facilities. Your facilities with other banks are unlikely to be affected. However, other financial institutions would also disallow granting of new credit facilities or credit limit increases to you for the moment.

6. How did your bank inform me of this change in regulation?

To notify our customers,

- a) Statement Inserts were included with April and May's statements, informing on the revised MAS regulations effective June 2015.
- b) Reports on the changes were also published by the media in 2013 & 2014

Where accounts are 30 days past due,

- a) Reminders were also included in statement messages

7. Since my account is already suspended, can I continue to make payment via iBanking?

Yes, you may continue to view your account details via the various self service channels (e.g iBanking / mBanking) and continue to make payment through iBanking, mBanking, ATM, AXS or at the branches.

8. Will this affect my Credit Bureau Rating?

Unfortunately, once there is deferred payment on credit cards or unsecured credit facilities, the Credit Bureau rating of the borrower will be affected. However, with prompt and regular payments, your credit bureau ratings may also be reinstated to good status.

9. I have standing order and Giro deduction from other merchant, what do I do now?

With the suspension of your credit cards and unsecured facilities, no new transactions can be charged to these accounts. If you have GIRO, Standing Instruction or Recurring arrangements with other merchants, please make alternative payment arrangements.

10. If I settle the account in full, will you be able to reinstate the account?

To request for reinstatement of accounts, please do send us:

- a) completed Reinstatement Application form: http://www.dbs.com.sg/iwov-resources/pdf/cards/news-and-announcements/reinstatement_form.pdf
- b) a copy of your latest Income Tax Notice of Assessment and Computerised Payslip or 12 months' CPF contribution History statement

We seek your understanding that all requests would be subject to the Bank's review and approval.

11. I have reward points/ daily \$ in my card, can I redeem it now?

Redemptions can still proceed on your card account.

12. My Credit Card is also my atm card, what do I do now?

You may continue to use your Credit Card to perform ATM / NETS transactions.