

## FAQ FOR REVISED BASIS FOR LOAN INTEREST RATE FOR GOVERNMENT EDUCATION LOANS

### 1. Why is there a change in Interest Rates for Tuition Fee Loan, Study Loan and Overseas Student Programme Loan?

The revision to the interest rate basis is in line with the Government's revisions to the basis of interest rates charged on: i) arrears due to the Government, and ii) instalment payments to the Government, from the prime lending rates to Singapore Overnight Rate Average (SORA). SORA has become the most widely used interest rate peg for financing activity in Singapore and is also more reflective of prevailing market movements.

### 2. How are the Interest Rates derived?

The interest rates are based on the 3-month compounded SORA (3M SORA)<sup>1</sup> published on the Monetary Authority of Singapore's (MAS) website<sup>2</sup> on 1 March (for the period 1 April to 30 September) or 1 September (for the period 1 October to 31 March of the following calendar year)<sup>3</sup>.

The standard interest rate will be the applicable 3M SORA plus 1.5 percentage points. The late payment interest rate for overdue and unpaid loans and loan instalments will be the applicable 3M SORA plus 4.5 percentage points and will start on the date payments fall into arrears and ending on the date payments are fully repaid.

### 3. Are the new Interest Rates fixed?

The new interest rates will be updated on a half-yearly basis. Once updated, it will be fixed for the next six months, from 1 April to 30 September, and from 1 October to 31 March.

### 4. Why did I receive this notification and how does it affect me?

Our records show that you have existing Government education loan(s) i.e. Tuition Fee Loan, Study Loan, and/or Overseas Student Programme Loan with us which the loan agreement(s) were signed before 1 April 2024.

This does not affect you if you have fully repaid your existing Government education loan(s) before 1 April 2027.

If your loan has already started accruing interest or will start accruing interest between now and 31 March 2027, we will retain the current interest rate basis, i.e. prime lending rates for standard interest and late payment interest of interest-bearing loan(s), as stipulated in your existing loan agreement(s). Currently, the standard interest is 4.75% per annum for interest bearing loans, and late payment interest is 12% per annum for any late payment on your loan(s).

Only from 1 April 2027, the revised interest rates based on SORA will apply to both the standard interest and late payment interest on your outstanding loan(s).

You may use the following table to understand more on the changes that will be applicable to you.

Repayment Period	Standard Interest	Late Payment Interest	Frequency of change
Up till 31 March 2027	4.75% per annum (Based on average of Prime Lending Rates of the 3 Local Banks - DBS, OCBC and UOB)	12% per annum	Standard Interest Rate is updated on a quarterly basis (if any change in the Prime Lending Rates of the 3 Local Banks). Late Payment Interest Rate is fixed.
From 1 April 2027 onwards	Applicable 3M SORA plus 1.5 percentage points.	Applicable 3M SORA plus 4.5 percentage points	Both Standard and Late Payment Interest Rates will be revised on a half-yearly basis based on the 3-month compounded SORA (3M SORA) <sup>1</sup> published on the Monetary Authority of Singapore's (MAS) website <sup>2</sup> on 1 March (for the period 1 April to 30 September) or 1 September (for the period 1 October to 31 March of the following calendar year) <sup>3</sup>

#### 5. What about Interest-free Study Loan?

If you have an interest-free Study Loan with loan agreement signed before 1 April 2024, your loan will continue to be interest-free during the maximum repayment period for the loan and not change to SORA basis from 1 April 2027. The late payment interest on overdue loans unpaid will be adjusted to 3M SORA plus 4.5 percentage points from 1 April 2027.

#### 6. Is any action required from me?

There is no action required from you but you are advised to use the transition period for financial planning or to adjust your repayment plan.

#### 7. Can I choose to maintain my existing Interest rates i.e. average of the Prime Lending rates of the 3 Local Banks, since this was the applicable rates when I first applied for my loan?

No. There is no option to maintain your existing rates beyond 31 March 2027. The interest rates for both standard and late payment interest will be revised from 1 Apr 2027 onwards.

#### 8. Where can I check the applicable interest rates to me going forward?

Please refer to our DBS website [go.dbs.com/sg-moeloanrates](https://go.dbs.com/sg-moeloanrates) for the update on half-yearly interest rates every 1 April and 1 October. Notifications will **not** be sent to update you of the half-yearly changes to the interest rates.

<sup>1</sup> SORA is the volume-weighted average rate of borrowing transactions in the unsecured overnight interbank SGD cash market in Singapore between 8am and 6.15pm. The 3-month compounded SORA is the rolling compounded average of daily SORA over the past respective period.

<sup>2</sup> <https://eservices.mas.gov.sg/statistics/dir/DomesticInterestRates.aspx>

<sup>3</sup> If 1 March or 1 September falls on a weekend and/or a public holiday when the 3M SORA rates are not published by MAS, we will take the 3M SORA published on the MAS website on the last preceding business day in Singapore. For example, if 1 September is a Saturday, we will take the 3M SORA published on MAS website on 31 August.