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BANKING ACT (CHAPTER 19)

BANKING (CREDIT CARD AND CHARGE CARD) (AMENDMENT) REGULATIONS 2017

In exercise of the powers conferred by section 78(1) and (2) of the Banking Act, the Monetary Authority of Singapore makes the following Regulations:

Citation and commencement

1. These Regulations are the Banking (Credit Card and Charge Card) (Amendment) Regulations 2017 and come into operation on 1 June 2017.

Amendment of regulation 2

2. Regulation 2 of the Banking (Credit Card and Charge Card) Regulations 2013 (G.N. No. S 729/2013) (called in these Regulations the principal Regulations) is amended by inserting, immediately after the definition of “finance company”, the following definition:

“ “financial asset” means —

- (a) a deposit as defined in section 4B(4) of the Act;
or
- (b) an investment product as defined in section 2(1) of the Financial Advisers Act (Cap. 110);”.

Amendment of regulation 5

3. Regulation 5 of the principal Regulations is amended by deleting paragraph (3) and substituting the following paragraph:

“(3) In these Regulations, “overall credit limit”, in relation to a Singapore cardholder, means —

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- (a) in the case of a Singapore cardholder who is above 55 years of age, has an annual income of not more than \$15,000 (or its equivalent in foreign currency) and has total net personal assets exceeding \$750,000 but not exceeding \$2 million (or its equivalent in foreign currency) — \$2,500; and
 - (b) in any other case —
 - (i) where the annual income of the Singapore cardholder is less than \$30,000 (or its equivalent in foreign currency), 2 times the monthly income of the Singapore cardholder; and
 - (ii) where the annual income of the Singapore cardholder is \$30,000 (or its equivalent in foreign currency) or more, 4 times the monthly income of the Singapore cardholder.”.

New regulation 6A

4. The principal Regulations are amended by inserting, immediately after regulation 6, the following regulation:

“Determination of total net personal assets

6A. In determining the value of an individual’s total net personal assets for the purposes of these Regulations, the value of the individual’s primary residence —

- (a) is to be calculated by deducting from the estimated fair market value of the residence any outstanding amounts in respect of any credit facility that is secured by the residence; and
- (b) is taken to be the lower of the following:
 - (i) the value calculated under paragraph (a);
 - (ii) \$1 million.”.

Amendment of regulation 8

5. Regulation 8(2) of the principal Regulations is amended by deleting sub-paragraph (a) and substituting the following sub-paragraph:

- “(a) in the case of an individual who is 55 years of age or younger, the individual has —
- (i) an annual income of at least \$30,000 (or its equivalent in foreign currency);
 - (ii) financial assets (net of any related liabilities) exceeding \$1 million (or its equivalent in foreign currency); or
 - (iii) total net personal assets exceeding \$2 million (or its equivalent in foreign currency);”.

Amendment of regulation 10

6. Regulation 10(5) of the principal Regulations is amended by deleting the words “Where, on or after 1st June 2014,” and substituting the words “Subject to regulation 18C(5), where”.

Amendment of regulation 11

7. Regulation 11(1) of the principal Regulations is amended by deleting the words “As from and including 1st June 2014” and substituting the words “Subject to regulation 18C(6) and (7)”.

Amendment of regulation 13

8. Regulation 13 of the principal Regulations is amended by deleting the regulation heading and substituting the following regulation heading:

“Checks on income, total net personal assets or financial assets”.

Amendment of regulation 14

9. Regulation 14 of the principal Regulations is amended —

- (a) by deleting the words “paragraphs (3A), (5), (8) and (8A) and regulation 23A(3)” in paragraph (2) and substituting the words “paragraphs (3A) and (5) and regulations 18A(1), 18B(1), 18C(1) and 23A(3)”;
- (b) by deleting the words “paragraphs (3A), (5), (8) and (8A)” in paragraph (3) and substituting the words “paragraphs (3A) and (5) and regulations 18A(1), 18B(1) and 18C(1)”;
- (c) by inserting the word “or” at the end of paragraph (5)(a);
- (d) by deleting sub-paragraph (b) of paragraph (5) and substituting the following sub-paragraph:

“(b) subject to paragraphs (6) and (7) and regulation 16(2), the Singapore cardholder —

- (i) has an annual income of at least \$120,000 (or its equivalent in foreign currency);
 - (ii) has financial assets (net of any related liabilities) that exceed \$1 million (or its equivalent in foreign currency); or
 - (iii) has total net personal assets that exceed \$2 million (or its equivalent in foreign currency).”; and
- (e) by deleting paragraphs (8) and (8A).

Amendment of regulation 16

10. Regulation 16 of the principal Regulations is amended —

- (a) by deleting the words “regulation 23A(4), a card issuer shall not, on or after 1st June 2015,” in paragraph (2) and

substituting the words “regulations 18A(1), 18B(1), 18C(1) and 23A(4), a card issuer must not”;

- (b) by deleting the words “regulation 23A(4), a card issuer shall not, on or after 1st June 2015” in paragraph (6) and substituting the words “regulations 18B(2) and (3), 18C(4) and (6) and 23A(5), a card issuer must not”; and
- (c) by deleting paragraph (8) and substituting the following paragraph:

“(8) Despite paragraphs (2) and (6), a card issuer may, for the purpose of any loan specified in regulation 6(9) to an individual mentioned in paragraph (2) or (6) —

- (a) permit any amount to be charged to or drawn down on any credit card or charge card issued to the individual;
- (b) issue any credit card or charge card to the individual; or
- (c) increase the individual’s aggregate credit limit by any amount.”.

Amendment of regulation 17

11. Regulation 17 of the principal Regulations is amended —

- (a) by deleting the words “regulation 23A(6), a card issuer shall not, on or after 1st June 2015” in paragraph (2) and substituting the words “regulations 18A(1), 18B(1), (2) and (3), 18C(1), (4) and (6) and 23A(6), a card issuer must not”;
- (b) by deleting sub-paragraph (a) of paragraph (4) and substituting the following sub-paragraph:

“(a) the individual —

- (i) has an annual income of at least \$120,000 (or its equivalent in foreign currency);

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- (ii) has financial assets (net of any related liabilities) that exceed \$1 million (or its equivalent in foreign currency); or
 - (iii) has total net personal assets that exceed \$2 million (or its equivalent in foreign currency); or”;
 - (c) by deleting paragraph (5) and substituting the following paragraph:
 - “(5) Despite paragraph (2), a card issuer may, for the purpose of any loan specified in regulation 6(9) to an individual mentioned in paragraph (2) —
 - (a) permit any amount to be charged to or drawn down on any fully unsecured or partially secured credit card or charge card issued to the individual;
 - (b) issue any fully unsecured or partially secured credit card or charge card to the individual; or
 - (c) increase the individual’s aggregate credit limit by any amount.”;
 - (d) by deleting the words “regulation 22” in paragraph (6)(b)(i) and substituting the words “regulation 23”; and
 - (e) by inserting, immediately after paragraph (10), the following paragraph:
 - “(11) Despite paragraph (10), with effect from 1 June 2017, the term “specified income” in this regulation in relation to a Singapore cardholder who is above 55 years of age, has an annual income of less than \$15,000 and has total net personal assets exceeding \$750,000 but not exceeding \$2 million (or its equivalent in foreign currency), means —
 - (a) during the period from 1 June 2017 to 31 May 2019 (both dates inclusive) — \$22,500; and

(b) for any period on or after 1 June 2019 — \$15,000.”.

New regulation 18A

12. The principal Regulations are amended by inserting, immediately after regulation 18, the following regulation:

“Use of cards on public transport

18A.—(1) A card issuer does not contravene regulation 14(2) or (3), 16(2) or 17(2)(a) by permitting an amount to be charged to a credit card or charge card issued to a Singapore cardholder, if the amount —

(a) is for the payment of a bus fare or a train fare; and

(b) does not at any time exceed \$500.

(2) In this regulation, “bus fare” and “train fare” have the same meanings as in section 2 of the Public Transport Council Act (Cap. 259B).”.

New Part IIIA

13. The principal Regulations are amended by inserting, immediately before Part IV, the following Part:

“PART IIIA

DEBT CONSOLIDATION

Debt consolidation amount

18B.—(1) Subject to paragraph (6), a card issuer that permits any amount to be charged to a fully unsecured or partially secured credit card or charge card issued to a Singapore cardholder does not contravene regulation 14(2) or (3), 16(2) or 17(2)(a) if the amount charged is a debt consolidation amount.

(2) Subject to paragraph (6), a card issuer that issues a fully unsecured or partially secured credit card or charge card to a Singapore cardholder does not contravene regulation 16(6)(a) or 17(2)(b) if the credit card or charge card is issued solely to enable a debt consolidation amount to be charged to the credit card or charge card.

(3) Subject to paragraph (6), a card issuer that increases the aggregate credit limit granted to a Singapore cardholder does not contravene regulation 16(6)(b) or 17(2)(c) if the aggregate credit limit is increased solely to enable a debt consolidation amount to be charged to a credit card or charge card issued to the Singapore cardholder.

(4) In this regulation and regulation 18C, “debt consolidation amount”, for a card issuer mentioned in paragraph (1), (2) or (3), means an amount equal to or less than an amount determined by the formula $1.05 \times A$, where —

(a) A is any of the following amounts, or a sum comprising 2 or more of the following amounts:

(i) any amount outstanding (which may include fees, interest, charges and late payment charges) on any credit card or charge card issued to the Singapore cardholder by the card issuer or any other card issuer;

(ii) any amount outstanding (which may include fees, interest, charges and late payment charges) on any fully unsecured non-card credit facility granted to the Singapore cardholder by any lender (whether or not the card issuer); and

(b) A is determined by the card issuer based on the documents mentioned in paragraph (5).

(5) For the purpose of paragraph (4)(b), the documents are documents obtained by, or in the possession of, the card issuer that —

(a) provide evidence of the amount or amounts mentioned in paragraph (4)(a); and

(b) are dated no earlier than 3 months before the date that the card issuer determines A .

(6) Paragraphs (1), (2) and (3) apply only if the card issuer has taken reasonable steps to ensure that the debt consolidation amount charged to the credit card or charge card will be paid or

applied in accordance with one or more of the following sub-paragraphs (whichever is applicable):

- (a) paid to the other card issuer for the purpose of repaying the amount outstanding on a credit card or charge card issued to the Singapore cardholder by that other card issuer;
- (b) paid to the other lender for the purpose of repaying the amount outstanding on a fully unsecured non-card credit facility granted to the Singapore cardholder by that other lender;
- (c) applied to the repayment of the amount outstanding on a credit card or charge card issued to the Singapore cardholder by the card issuer;
- (d) applied to the repayment of the amount outstanding on a fully unsecured non-card credit facility granted to the Singapore cardholder by the card issuer.

Concessionary amount

18C.—(1) Subject to paragraph (8), a card issuer that permits any amount to be charged to a fully unsecured or partially secured credit card or charge card issued to a Singapore cardholder does not contravene regulation 14(2) or (3), 16(2) or 17(2)(a) if the amount is charged in the circumstances in paragraph (2) (called conditions *X*) or in the circumstances in paragraph (3) (called conditions *Y*).

(2) Conditions *X* are —

- (a) the card issuer has permitted a debt consolidation amount to be charged under regulation 18B(1) to a credit card or charge card issued to the Singapore cardholder;
- (b) the Singapore cardholder has not repaid the debt consolidation amount to the card issuer; and
- (c) the Singapore cardholder's cumulative total outstanding unsecured amount is equal to or more than the Singapore cardholder's overall credit limit.

(3) Conditions *Y* are —

- (a) the card issuer has permitted an amount to be drawn down under paragraph 18B(1) of Notice 635, issued by the Authority under section 55 of the Act, on an unsecured non-card credit facility granted to the Singapore cardholder;
- (b) the Singapore cardholder has not repaid the amount drawn down under paragraph 18B(1) of Notice 635, issued by the Authority under section 55 of the Act, on an unsecured non-card credit facility granted to the Singapore cardholder; and
- (c) the Singapore cardholder's cumulative total outstanding unsecured amount is equal to or more than the Singapore cardholder's overall credit limit.

(4) A card issuer that issues a fully unsecured or partially secured credit card or charge card to a Singapore cardholder does not contravene regulation 16(6)(a) or 17(2)(b), if the credit card or charge card is issued solely to enable an amount to be charged under paragraph (1) to the credit card or charge card.

(5) Despite regulation 10(5), where a Singapore cardholder requests a card issuer for a fully unsecured or partially secured credit card or charge card solely to enable an amount to be charged under paragraph (1) to the credit card or charge card, the card issuer need not obtain any indication or consent required by regulation 10(5).

(6) A card issuer that increases the aggregate credit limit granted to a Singapore cardholder does not contravene regulation 11(1)(a), 16(6)(b) or 17(2)(c), if the increase is solely to enable an amount to be charged under paragraph (1) to a credit card or charge card issued to the Singapore cardholder.

(7) A card issuer that increases the credit limit for a guaranteed credit card or guaranteed charge card does not contravene regulation 11(1)(b), if the increase is solely to enable an amount to be charged under paragraph (1) to the guaranteed credit card or guaranteed charge card.

(8) Paragraph (1) applies only if the amount to be charged under that paragraph, together with the aggregate of all outstanding amounts charged under that paragraph to credit cards or charge cards issued to the Singapore cardholder, does not exceed the Singapore cardholder's monthly income.

(9) To avoid doubt, paragraph (8) does not prevent a card issuer from setting, in respect of a credit card or charge card issued to a Singapore cardholder for the purpose of enabling an amount to be charged under paragraph (1), a credit limit lower than the monthly income of the Singapore cardholder.”.

Amendment of regulation 23A

14. Regulation 23A(7) of the principal Regulations is amended by inserting, immediately after the words “regulation 17(10)”, the words “and (11)”.

Amendment of regulation 23B

15. Regulation 23B of the principal Regulations is amended —

(a) by inserting, immediately after paragraph (2), the following paragraphs:

“(3) Regulation 14(5)(b) as in force immediately before 1 June 2017 continues to apply up to and including 31 May 2019 to a card issuer in relation to a Singapore cardholder whose total net personal assets exceed \$2 million (or its equivalent in foreign currency), immediately before 1 June 2017.

(4) Regulation 17(4) as in force immediately before 1 June 2017 continues to apply up to and including 31 May 2019 to a card issuer in relation to an individual whose total net personal assets exceed \$2 million (or its equivalent in foreign currency), immediately before 1 June 2017.”; and

(b) by deleting the word “provision” in the regulation heading and substituting the word “provisions”.

Amendment of First Schedule

16. The First Schedule to the principal Regulations is amended —

(a) by deleting item 2 of Part I and substituting the following item:

<i>S/No.</i>	<i>Type of card</i>	<i>Documents required</i>
“2.	A fully unsecured or partially secured credit card or charge card to be issued pursuant to regulation 8(2)(a)(ii) and (iii) and (b)(ii).	Documents to verify the financial assets (net of any related liabilities) of the individual; and where the documents show that the financial assets (net of any related liabilities) of the individual do not exceed \$1 million (or its equivalent in foreign currency), documents to verify the annual income of the individual must also be obtained.”;

(b) by deleting item 1 of Part IV and substituting the following item:

<i>S/No.</i>	<i>Type of card</i>	<i>Documents required</i>
“1.	A guaranteed credit card or guaranteed charge card guaranteed by a Singapore guarantor having an annual income of at least \$120,000 (or its equivalent in foreign currency), financial assets (net of any related liabilities) that exceed \$1 million (or its equivalent in foreign currency) or total net personal assets that exceed \$2 million (or its equivalent in foreign currency).	Where the card issuer intends to permit the Singapore guarantor’s aggregate outstanding card amount to exceed the Singapore guarantor’s maximum credit limit, or the Singapore guarantor’s total outstanding unsecured amount to exceed the Singapore guarantor’s overall credit limit, documents to verify that either the Singapore guarantor’s annual income is at least \$120,000 (or its equivalent in foreign currency), the Singapore guarantor’s financial assets (net of any related liabilities) exceed \$1 million (or its equivalent in foreign currency) or the Singapore guarantor’s total net personal assets exceed \$2 million (or its equivalent in

<i>S/No.</i>	<i>Type of card</i>	<i>Documents required</i>
		foreign currency); and, in any other case, documents to verify the annual income of the Singapore guarantor.”; and

(c) by deleting item 4 of Part V and substituting the following item:

<i>S/No.</i>	<i>Type of card</i>	<i>Documents required</i>
“4.	A Singapore cardholder who has been issued a guaranteed credit card or guaranteed charge card pursuant to regulation 8(2)(b)(iv) on the basis of a Singapore guarantor having an annual income of at least \$120,000 (or its equivalent in foreign currency), financial assets (net of any related liabilities) that exceed \$1 million (or its equivalent in foreign currency) or total net personal assets that exceed \$2 million (or its equivalent in foreign currency).	Where the card issuer intends to permit the Singapore guarantor’s aggregate outstanding card amount to exceed the Singapore guarantor’s maximum credit limit, or the Singapore guarantor’s total outstanding unsecured amount to exceed the Singapore guarantor’s overall credit limit, documents to verify that either the Singapore guarantor’s annual income is at least \$120,000 (or its equivalent in foreign currency), the Singapore guarantor’s financial assets (net of any related liabilities) exceed \$1 million (or its equivalent in foreign currency) or the Singapore guarantor’s total net personal assets exceed \$2 million (or its equivalent in foreign currency); and, in any other case, documents to verify the annual income of the Singapore guarantor.”.

[G.N. Nos. S 319/2015; S 631/2015]

Made on 22 May 2017.

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