

PRESS RELEASE

New Credit Bureau to Support Prudence in Borrowing and Lending

1. The Ministry of Law (MinLaw) announced today that the Moneylenders Credit Bureau (MLCB) will be launched on Tuesday, 1 March 2016.
2. The MLCB is a central repository of data on borrowers' loans and repayment records with licensed moneylenders. It will allow licensed moneylenders to assess the creditworthiness of borrowers, and help borrowers avoid borrowing beyond their means.

How the MLCB works

3. With the launch of the MLCB, all licensed moneylenders will provide regular updates to the MLCB on borrowers' loan information. This will allow the generation of credit reports for each and every borrower, with information on all his active loans with all licensed moneylenders at any point in time. The credit report will include information on:
 - (a) The loan type and tenure, total outstanding principal amount and total amount payable; and
 - (b) Details of all active loans the borrower has with licensed moneylenders and the repayment status of each loan.
4. Both borrowers and licensed moneylenders can access credit reports from the MLCB. Borrowers can use their own credit reports to keep track of and better manage their own loans. Licensed moneylenders can use a borrower's credit report for better credit risk assessment before granting a new loan, and deny loans to those who are borrowing beyond their means. This in turn can help licensed moneylenders to lower the default rate and hence, their cost of doing business. Licensed moneylenders can also use the credit reports to keep track of borrowers with active loan contracts with them, including whether the borrowers have taken up other new loans. It will cost licensed moneylenders \$0.50 and borrowers \$1 to purchase one credit report. MinLaw and the Registry of Moneylenders will use the MLCB for better monitoring of borrowing and lending activities.

5. Mr Billy Lee, Founder and Executive Director of Blessed Grace Social Services, said: “The MLCB will encourage borrowers to practise greater financial prudence and borrow within their means, given that their loan information will be accessible by all licensed moneylenders.”
6. Mr Peter Tan, President of the Moneylender’s Association of Singapore, added: “In addition to protecting borrowers from overborrowing, the MLCB can help licensed moneylenders make better informed decisions and credit assessments. It is a positive step towards helping to mitigate the risk in our high risk industry.”

Background

7. In March 2014, MinLaw announced that it was reviewing the licensed moneylending regime, with the aim of improving the balance between protecting borrowers adequately and preserving their access to credit. Measures included the future establishment of a Moneylenders Credit Bureau to enable tighter controls over the total amount of unsecured credit which an individual can borrow from licensed moneylenders.
8. Credit reference agency DP Information Group (DP Info) was appointed by MinLaw in November 2015 to design and develop the MLCB. DP Info will also manage the operations of the MLCB.

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Annex: Infographic on the MLCB

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