

FAQS ON DEBT CONSOLIDATION PLAN

1. What is Debt Consolidation Plan (DCP)?

Debt Consolidation is a debt refinancing program which offers a customer the option to consolidate all his unsecured credit facilities (such as credit cards and some types of unsecured loans) across financial institutions with 1 participating financial institution. Certain categories of unsecured loans are excluded from DCP, such as joint accounts, renovation loans, education loan, medical loans, and/or credit facilities granted for businesses or business purposes.

2. Which are the participating financial institutions?

All financial institutions who provide unsecured credit facilities and/or credit cards are participating financial institutions (FIs). Currently, there are 14 participants (subject to revision):-

- I. American Express International, Inc.
- II. Bank of China Limited Singapore
- III. CIMB Bank Berhad
- IV. Citibank Singapore Limited
- V. DBS Bank Ltd
- VI. Diners Club Singapore Pte Ltd
- VII. HL Bank
- VIII. HSBC Bank (Singapore) Limited
- IX. Industrial and Commercial Bank of China Limited
- X. Standard Chartered Bank (Singapore) Limited
- XI. Malayan Banking Berhad
- XII. Oversea-Chinese Banking Corporation Limited
- XIII. RHB Bank Berhad
- XIV. United Overseas Bank Limited

New financial institution(s) may be added and/or substituted from time to time.

3. Who is eligible for DCP?

To be eligible for DCP, you must:

- a. be a Singapore Citizen or Permanent Resident;
- b. earn between S\$20,000* and below S\$120,000 per annum with Net Personal Assets of less than \$2 million**; and
- c. have total interest-bearing unsecured debt on all credit cards and unsecured credit facilities with financial institutions in Singapore that exceeds 12 times of your monthly income

* As the DCP is a commercial product, all offers received by applicants who meet the stated income criteria are subject to the assessments of individual FIs

** The term "Net Personal Assets" refers to the total value of the individual's assets less his liabilities. Assets should be substantiated by documents provided by the applicant.

4. How can I apply for DCP?

You may approach any of the 14 Participating FIs for a DCP. It will be up to any one of the FI to make an offer.

5. I am currently under the RAS scheme. Am I eligible for DCP?

Yes, RAS outstanding amounts will be transferred to DCP upon approval and shall abide by DCP Terms and Conditions at new DCP interest rates.

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6. Do I need to apply to all Participating FIs?

No, you only need to apply to 1 Participating FI to avail yourself of the DCP. You are encouraged to compare the terms and conditions from different Participating FIs before putting through an application with the Participating FI of your choice.

7. Can I apply for a DCP with a Participating FI that I am not a customer with?

Yes, this is no different from applying for a new unsecured credit facility or credit card today.

8. What documents are required for application?

The following documents need to be submitted at the point of application:

- Copy of NRIC (front and back); and
- Latest Credit Bureau Report ; and
- Latest Income Documents (refer to application form for acceptable income docs); and
- Latest credit card and unsecured credit loan statements (physical or online); and
- Confirmation letter evidencing unbilled principal balances for unsecured credit instalment plans (If any)
- Settlement notice from the original DC bank (only applicable to DCP refinancing applications)

9. What if I have other transactions not reflected in my statement?

You are advised to present documentation of these other transactions for the DCP application

10. Can I consolidate the outstanding under an existing renovation loan, education loan and joint account under DCP?

No, the DCP excludes any renovation loan, education loan, medical loan, credit facility granted for businesses or business purposes and/or outstanding debts under joint accounts.

In recognition of the purposeful or needs-based nature of such loans, MAS has exempted them from the industry-wide and per-FI borrowing limits.

11. What will be the total DCP amount?

The DCP amount is equivalent to the total outstanding balance - including interest and any other fees and/or charges accruing on your stated accounts - plus an additional ≤5% allowance over and above the total DCP amount for your first DCP loan.

If the approved DCP amount is insufficient to repay the outstanding balance on your existing unsecured credit facilities in full, you will remain responsible for settling the shortfall directly with the financial institutions concerned.

12. What is the purpose of the additional 5% over and above the total DCP amount?

It is to cater for any incidental charges (e.g. interest and fees payable) incurred from the time the DCP is approved till the time the disbursed DCP amount is received by the financial institutions.

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13. Can I choose not to have this <5% allowance?

The ≤5% allowance is mandatory for the first approved DCP loan. It is intended as a buffer against any incidental charges that may be incurred from the time that the DCP loan is approved to when the DCP amount is disbursed to your financial institutions. Any portion of the allowance will be credited or refunded to you by your respective financial institution.

The allowance will not be applicable for subsequent refinanced DCP loans.

14. Can I do a partial consolidation of my balances?

No, DCP must be done in full with one Participating FI so that you may pay down your total outstanding amounts with a single FI.

15. Can I request for the DCP amount to be deposited into my designated savings or current account?

No, the DCP amount will be disbursed directly to the respective financial institutions with whom you have outstanding unsecured credit facilities.

16. Why am I given the 1x revolving credit facility?

You will be automatically given a revolving credit facility to provide you with a convenient mode of payment for managing your daily essentials.

17. Is it compulsory to have a revolving credit facility?

The revolving credit facility and the DCP are bundled together as a single product. However, you can choose not to use the revolving credit facility should you not have any need for it.

18. Are there fees attached to revolving credit facility? Do I need to pay any service fee or annual fee?

Fees and charges will apply on the revolving credit facility in accordance with the relevant Participating FI's terms and conditions.

19. Can I request for lower limit on the revolving credit facility?

No, it will be fixed at 1x your monthly income. However, you are not obliged to utilise the full limit.

20. In case of exigencies, can I request for temporary line increase on my revolving credit facility?

No, it will be fixed at 1x your monthly income

21. Can I apply for a permanent credit limit increase on the revolving credit facility bundled with the DCP if my income increases?

Yes, with submission of fresh income documents.

22. Can I cancel my revolving credit facility?

No, it is bundled with the Debt Consolidation Loan Account.

23. Can I continue to use my existing credit facilities after I apply for DCP but before it's being approved?

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No. Further usage of existing unsecured credit facilities will not be allowed once a borrower decides to take up the DCP.

If the approved DCP Amount is insufficient to repay your outstanding under any existing unsecured credit facilities in full, you shall remain fully responsible for the payment of any extra costs / expenses / shortfall incurred in accordance with the terms and conditions governing such DCP. Your obligations under such unsecured credit facilities shall remain unchanged and continue.

24. Will I be able to continue using my unsecured credit facilities once my DCP application is approved?

No, all your unsecured credit facilities will be closed or suspended once your DCP application is approved. However, you are still able to use the 1x revolving credit facility.

25. Do I need to continue repaying the outstanding balances on my existing unsecured credit facilities while my DCP application is pending approval?

Yes, you shall continue to be liable for your existing unsecured credit facilities, and will be bound by the terms and conditions governing such facilities, before your DCP application is approved.

Upon the approval of your DCP loan, you need only repay your monthly DCP repayment amount to your DCP financial institution. In the event that the ≤5% DC allowance is insufficient to cover any incidental charges incurred from the time that your DCP loan is approved to when the DCP amount is disbursed to your financial institutions, you will also be responsible for settling the shortfall directly with your financial institutions.

26. Do I need to stop my recurring / GIRO arrangement on the Designated accounts?

Yes, once the DCP has been approved, you shall be fully responsible for terminating any existing recurring/GIRO arrangements you may have on your existing unsecured credit facilities. You will also need to make alternative payment arrangements with your respective billing organisations.

27. If DCP amount is insufficient to repay my existing credit facilities, what will happen?

You will be responsible for repaying any outstanding amounts you owe to any financial institution in excess of the approved DCP amount. Your obligations under such unsecured credit facilities shall remain unchanged and continue.

28. What will happen to me if I am under DCP but fail to pay my excess/shortfall on my existing credit facilities?

If a DCP borrower defaults on the existing credit facilities, the relevant financial institution shall follow their regular collection/remedial process.

29. Do I need to inform the FIs to close my accounts?

No. Upon DCP loan approval, the Participating FI with whom you have taken up the DCP will proceed to pay down your outstanding amounts with existing financial institutions and will also notify your existing financial institutions of account suspension.

30. When can I start applying for new facilities?

You can start applying for new unsecured credit facilities:

- with another financial institution (non-DCP financial institution) once your overall BTI reduces to or below 8 times your monthly income; or

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- with the DCP financial institution once your overall BTI reduces to below 4 times your monthly income

Note: BTI = Aggregate interest-bearing unsecured outstanding balance ÷ monthly income

31. Can I settle the DCP balance anytime when I have available funds?

Yes. However please note that you may need to pay a prepayment fee at such rate(s) as financial institutions may from time to time prescribe. Please check with your DCP financial institution on the specific repayment fee amount, if any.

32. Can I refinance my DCP loan with another Participating FI?

Yes, but you may only do so at least 3 months after the approval of your latest DCP and subject to any penalty fee imposed by the original DCP financial institution for early termination.

33. If I seek to refinance my DCP loan with another financial institution, can the applicable cancellation fee be consolidated in the new DCP loan?

No. The DCP is designed to help customers pay down their outstanding debts. DCP customers will need to bear any cancellation or other fees incurred in the refinancing process, without an increase in the outstanding DCP loan amount.

34. What will be my DCP refinanced loan amount?

You will need to obtain a settlement notice from your existing DC bank before submitting a refinancing application, which will indicate your actual outstanding principal and accrued interest up to the date of notice generation. The outstanding principal stated on the notice will be your refinancing loan amount.

35. How will my Credit Bureau records be impacted if I take up DCP?

Your Credit Bureau record will be updated with the “Debt Consolidation” product code as the DCP is viewed to be a unsecured credit product.

Note: To ensure that all your other accounts are not reflected as being past due, you are encouraged to continue servicing at least the monthly minimum payment amounts until the DCP is approved, and make sure that outstanding amounts (if any) in excess of the DCP amount are settled.

36. How long will the DCP account stay in my Credit Bureau report?

Credit information will stay on your Credit Bureau report for 3 years after DCP closure, as is the practice for other products.

37. What is a DC Registry?

This is a centralised registry that helps FIs ensure that customers only have one active DC account at any point in time. The registry helps to prevent a situation where a borrower is on multiple DCPs with multiple FIs.