



**Suruhanjaya  
Kredit Pengguna**  
*Consumer Credit Commission*



# Authorisation Standards

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Version 1.0

## Authorisation Standards

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1.0	5 June 2026	5 June 2026 <sup>1</sup>	SKP-S-AS-2026-01

<sup>1</sup> Save for the following requirements, which will take effect from an entity's authorisation date:

- Within six months: Paragraph 13.4, which requires the submission of complaints data to SKP.
- Within 12 months: Paragraph 13.6, which requires the submission of credit consumer data to a credit reporting agency.

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## PART I: OVERVIEW

### 1. Introduction

- 1.1 The Consumer Credit Act 2025 (“CCA”) is primarily administered by the Consumer Credit Commission (*Suruhanjaya Kredit Pengguna, “SKP”*), which is responsible for regulating all matters relating to consumer credit, promoting fair and professional conduct among industry participants under SKP’s purview, and developing an orderly consumer credit industry that garners public trust and confidence.
- 1.2 Under the CCA, entities intending to carry out a credit business must obtain a licence, while those intending to undertake a credit service business must register with SKP. Undertaking any regulated activity in Malaysia without a valid licence or registration under the CCA shall constitute an offence.
- 1.3 Notwithstanding paragraph 1.2, the following persons are not subject to the requirement for licensing or registration:
  - (a) Persons set out in Schedule 5 of the CCA; and
  - (b) Entities carrying on a credit business or credit service business that do not involve credit consumers. They must submit an annual declaration to SKP under section 79(2) of the CCA regarding their involvement in regulated activities. Further details on the non-application of the authorisation requirement are provided in Part III.
- 1.4 The Authorisation Standards set out the licensing and registration requirements (collectively referred to as “authorisation requirements”) to ensure compliance with the relevant provisions under the CCA. They must be read together with the Conduct Standards, applicable regulations, and standards or guidelines issued by SKP.
- 1.5 The Authorisation Standards set forth, among others, the—
  - (a) licensing requirements for entities carrying on a credit business as credit providers;
  - (b) registration requirements for entities carrying on a credit service business as credit service providers;
  - (c) specific requirements for different types of business;
  - (d) application process, documents required, and applicable fees for the licensing or registration of entities under the CCA; and
  - (e) ongoing obligations on authorised entities, including conditions of a licence or registration for a credit business or credit service business.
- 1.6 The content of this document is subject to review and update to ensure the standards remain relevant and aligned with any regulatory, operational, or strategic developments.

## **Incidental activity**

- 1.7 An authorised entity does not require a separate authorisation for an activity that is entirely incidental or supplementary to a regulated activity that is already authorised to perform under the CCA. A regulated activity is incidental if it—
- (a) serves exclusively internal business needs and not for any external party, including the entity's related corporations and associated companies;
  - (b) is secondary in nature and exists only to support the primary regulated activity; and
  - (c) does not represent a significant portion of the entity's business operations or revenue.

### ***Know more about...***

#### **Incidental activity within the same entity**

A buy now pay later scheme ("BNPL") provider may establish a dedicated debt collection unit or department within the same entity to manage the collection of outstanding debts from its BNPL users or clients. This entity must hold a licence for the regulated activity of BNPL; however, it is not required to register for the regulated activity of debt collection. To qualify as an incidental activity, debt collection must be confined solely to the entity's own BNPL clients, and the entity must not represent itself as a debt collection agency or offer such services to third parties.

## 2. Applicability and effective date

- 2.1 The Authorisation Standards are applicable to—
- (a) authorised entities as defined in paragraph 4.2; and
  - (b) persons seeking to carry out the following types of business:

**Table 1: Types of business**

<b>Credit business</b> (includes Islamic credit business)	Buy now pay later scheme
	Factoring
	Leasing
<b>Credit service business</b>	Impaired loan or financing acquisition
	Debt collection
	Debt counselling and management

- 2.2 The Authorisation Standards come into effect on 5 June 2026.

### **3. Legal provisions**

- 3.1 The requirements in the Authorisation Standards are issued pursuant to section 123 of the CCA.

## 4. Interpretation

4.1 The terms and expressions used in the Authorisation Standards shall have the same meaning assigned to them in the CCA, unless otherwise defined.

4.2 For the purposes of the Authorisation Standards—

**“authorised entity”** refers to a non-bank credit provider or credit service provider regulated by SKP that carries on any or a combination of the following:

- (a) Buy now pay later scheme (including Islamic buy now pay later scheme);
- (b) factoring (including Islamic factoring);
- (c) leasing (including Islamic leasing);
- (d) impaired loan or financing acquisition;
- (e) debt collection; or
- (f) debt counselling and management;

**“BNM”** refers to Bank Negara Malaysia, which is the same body corporate referred to in section 3 of the Central Bank of Malaysia Act 2009;

**“BNPL”** refers to a buy now pay later scheme, as set out in Schedule 2 of the CCA;

**“board”** refers to the board of directors of an authorised entity, including any committee of the board to which the authority and responsibilities of the board have been delegated. However, the main board of directors remains fully accountable for any authority and responsibilities delegated to such committee;

**“CCA”** refers to the Consumer Credit Act 2025;

**“CORE System”** refers to the Consumer Credit Commission Online Regulatory System;

**“credit business”** refers to any of the following businesses and for the purposes of the Authorisation Standards, including their Islamic equivalents, as set out in Schedule 2 of the CCA:

- (a) BNPL;
- (b) Factoring; or
- (c) Leasing;

**“credit consumer”** refers to any of the following persons:

- (a) An individual who obtains, has obtained or intends to obtain credit wholly or predominantly for personal, domestic or household purposes;
- (b) A person who is a micro or small enterprise<sup>2</sup> who obtains, has obtained or intends to obtain credit, where such credit does not exceed RM300,000;
- (c) Any other person or class, category or description of person as may be specified by SKP; and

<sup>2</sup> As defined in the Guideline for SME Definition issued by SME Corporation Malaysia, including any amendments or modifications made thereto.

- (d) An individual who acts as a social guarantor, not for the purpose of making profit, to a credit consumer under paragraph (a), (b) or (c) in respect of a credit agreement to which the CCA applies.

**“credit provider”** refers to a person that carries on any credit business as defined in the Authorisation Standards and is licensed by SKP to carry on such business;

**“credit reporting agency”** refers to a person that carries on a credit reporting business and is registered under section 14(2) of the Credit Reporting Agencies Act 2010;

**“credit service business”** refers to any business that provides services relating to credit through one or more of the following activities, as set out in Schedule 2 of the CCA:

- (a) Impaired loan or financing acquisition;
- (b) Debt collection; or
- (c) Debt counselling and management;

**“credit service provider”** refers to a person that carries on any credit service business as defined in the Authorisation Standards and is registered by SKP to carry on such business;

**“Islamic Credit Business Fund”** or **“ICBF”** refers to the Islamic fund established by a licensed conventional credit provider, approved to carry on Islamic credit business via a “window” model, to fund its Islamic window operations;

**“Islamic credit provider”** refers to a person that carries on any credit business as defined in the Authorisation Standards in accordance with the principles of Shariah, and is authorised by SKP to carry on such business;

**“key persons”** collectively refer to—

- (a) controllers, both corporate and individual;
- (b) directors; and
- (c) senior management, including the person responsible for compliance.

**“leasing”** and **“Islamic leasing”** refer to leasing contract as set out in Schedule 2 of the CCA, where the contract is subject to a minimum leasing period of three months;

**“outsourcing arrangement”** refers to an arrangement<sup>3</sup> in which a service provider performs a function on an ongoing<sup>4</sup> basis on behalf of an authorised entity; and

**“SKP”** refers to *Suruhanjaya Kredit Pengguna* or the Consumer Credit Commission.

<sup>3</sup> Excludes advisory services like legal and tax, as well as general administrative and utility services such as office cleaning, general maintenance, and standard utilities.

<sup>4</sup> Refers to the repeated or sustained performance of a function by a service provider on behalf of an authorised entity, thereby excluding one-off engagements (for instance, one-time data migration consultants).

## PART II: AUTHORISATION CRITERIA

### 5. General requirements

#### General

- 5.1 In assessing an application for a licence or registration (collectively referred to as “authorisation”), SKP will consider the applicant’s ability to contribute meaningfully to the consumer credit ecosystem, without compromising the interests of credit consumers, and supporting a well-regulated consumer credit environment.
- 5.2 An applicant for an authorisation under the CCA must demonstrate its capability and competency in carrying out a credit business or credit service business, including the ability to comply with the following criteria:
- (a) Financial adequacy;
  - (b) Organisational requirements; and
  - (c) Fitness and propriety of key persons.

#### ***Know more about...***

##### **Entry criteria**

An applicant needs to satisfy the entry requirements at:

- (a) **Entity level:** the entity must put in place the necessary internal controls, systems, policies, and procedures, as well as adequate financial resources; and
- (b) **Individual level:** the key persons managing and influencing the business direction of the entity must be fit and proper.

- 5.3 An applicant must provide in its application, the purpose of the credit business or credit service business, relevant experience and expertise to run the business, details of the proposed operations, product offerings, financial projections, and any other documents or information as may be specified by SKP from time to time.
- 5.4 An entity shall only apply for authorisation for the business it intends to undertake on an immediate basis, and not for a future potential business. If the business changes, such as an expansion to include another type of credit business or credit service business, the entity must apply for an additional licence or registration for the new business, as the case may be. This requirement does not apply to an activity that is incidental, as described in paragraph 1.7.
- 5.5 SKP may refuse an application for authorisation if, among others, the applicant fails to satisfy any of SKP’s requirements, including where it is found that the applicant is not fit and proper to be authorised to carry out the credit business or credit service business, or if any of its key persons are not fit and proper.

## Minimum financial requirements

- 5.6 An authorised entity must at all times comply with the applicable financial threshold outlined in Table 2.

**Table 2: Minimum financial requirements**

Types of business		Financial threshold
<b>Credit business</b> (includes Islamic credit business)	BNPL	Shareholders' funds or total equity of RM2 million.
	Factoring	
	Leasing	
<b>Credit service business</b>	Impaired loan or financing acquisition	Shareholders' funds or total equity of RM500,000; <b>or</b> Shareholders' funds or total equity of RM250,000 and professional indemnity insurance coverage of RM250,000.
	Debt collection	
	Debt counselling and management	

- 5.7 Where an entity is authorised to carry on more than one type of credit business or credit service business or any combination thereof, the authorised entity shall be subject to the **higher of the financial thresholds**.
- 5.8 To evaluate financial adequacy, SKP will consider the capacity of the applicant's controllers and, where relevant, its other shareholders, to collectively and continuously provide financial support for the running of the credit business or credit service business.

## Organisational requirements

### **Entity set-up**

- 5.9 An applicant intending to carry on credit business or credit service business must be a company incorporated in Malaysia under the Companies Act 2016.
- 5.10 An authorised entity must ensure that its business entity name and brand or trade name do not—
- create an impression that it offers a product or service beyond its authorised scope;
  - or
  - contain any phrases that misrepresents or exaggerates the services offered.

***Know more about...***

**Business entity name requirement**

A credit service provider using the name “Guaranteed Loan Approval Services Sdn Bhd” is in breach of this requirement as the name is misleading and implies that it offers loans to credit consumers, which is not within the authorised scope of a credit service provider.

Further, such a name must not be used by a credit provider as it suggests that loan approvals are guaranteed, which is an exaggeration or overstatement of the actual services it provides. Responsible lending dictates that loan approvals are subject to factors such as the borrowers’ creditworthiness and the stability of their income sources.

***Sound business management***

- 5.11 An applicant must comply with the minimum fit and proper criteria set out in the appendix, and ensure its business viability in carrying on the credit business or credit service business through sound business management.

***Know more about...***

**Sound business management**

Sound business management is the application of adequate and prudent principles to the process of planning, organising, and controlling business activities and resources. It aims to achieve the desired business objectives, and to ensure business viability.

Examples of sound business management:

- (a) Having a clear vision, mission, values, and culture that guide the direction and behaviour of the business.
- (b) Setting realistic and measurable goals to fulfil the business mission.
- (c) Planning and organising the activities, processes, and systems in a logical, efficient, and effective manner, while incorporating adequate checks and balances, and considering available resources and constraints.
- (d) Ensuring that the business adheres to all applicable laws, regulations, and standards or guidelines.

In support of an entity’s business objectives, an effective internal control framework is necessary for preventing fraud, managing conflicts of interests, promoting professional conduct, ensuring operational efficiency, and cultivating a corporate culture that prioritises the fair treatment of credit consumers.

### **Organisational competence**

5.12 To demonstrate its organisational competence, an applicant must provide the required details, which include, but are not limited to, the following:

- (a) Ownership
  - (i) Complete ownership structure of the entity from its immediate to ultimate shareholding<sup>5</sup>;
  - (ii) Profiles of its corporate and individual (direct and indirect) shareholders; and
  - (iii) Overall corporate structure comprising its subsidiary, associate, and affiliate companies, where applicable;
  
- (b) Entity and organisational structure
  - (i) Corporate profile, introducing its business mission, goals, vision, and history;
  - (ii) Board composition, senior management, and organisational structure;
  - (iii) Relevant policies and procedures governing its operations, as outlined in Chapter 6; and
  - (iv) Profiles of key persons, including information on their credentials and experience as well as their role(s) and responsibilities; and
  
- (c) Business viability
  - (i) Business plan for the next two years, including objectives, target market, product offerings, and strategies; and
  - (ii) A two-year financial projection (a profit and loss forecast) with the basis for each assumption.

### **Outsourcing arrangements**

5.13 An authorised entity must not outsource any functions that could lead to the delegation of management oversight and responsibilities or compromise the effectiveness and integrity of its internal controls.

5.14 Before entering into any outsourcing arrangement with a service provider, an authorised entity must ensure that—

- (a) prior approval has been obtained from the appropriate internal approving authority;
- (b) there is effective oversight of outsourcing arrangements, which includes thorough due diligence and ongoing monitoring of service providers. This includes assessing the service provider's capabilities, performance track record, adequacy of resources, and compliance with applicable regulations and standards; and
- (c) the scope and nature of the functions to be outsourced will not undermine internal controls and risk management. The authorised entity must ensure the outsourcing arrangement—
  - (i) does not diminish its critical decision-making authority;
  - (ii) does not jeopardise its reputation, integrity, or credibility;

<sup>5</sup> An immediate shareholder is an individual or organisation that holds an equity interest in an entity directly. Immediate shareholders are the first level of ownership, irrespective of share class or voting rights. An ultimate shareholder or ultimate beneficial owner refers to the individual (or individuals) who ultimately owns the entity, either directly or indirectly through a chain of ownership. The ultimate shareholder is the highest level of ownership and may not necessarily have voting rights in the entity.

- (iii) complies with all applicable regulatory and supervisory requirements;
- (iv) includes adequate plans for business continuity in the event of service provider disruption; and
- (v) is governed by a written agreement that is legally enforceable (such as a service level agreement), which must include, among others, detailed description of the services provided, specific measurable goals for service performance, roles and responsibilities of the service provider, and measures to protect sensitive information and data.

5.15 The authorised entity remains fully liable and accountable for all outsourcing arrangements.

5.16 The board and senior management must conduct regular reviews to enhance the authorised entity's operational resilience and ensure compliance with regulatory requirements.

## **Fitness and propriety of key persons**

### ***Fit and proper obligations***

5.17 The key persons of an authorised entity are in a position to influence decisions affecting the entity's business. Therefore, these key persons must comply with the minimum fit and proper criteria set out in the appendix, which are based on the following key factors:

- (a) Probity, integrity, character, and reputation;
- (b) Competency and capability; and
- (c) Financial integrity.

5.18 The onus is on the applicant or authorised entity to satisfy SKP that the entity and its key persons are fit and proper. An applicant or authorised entity must demonstrate and provide justifications, accompanied by relevant materials or information, to SKP through its application or submission, confirming that the entity is fit and proper to be authorised to carry on the credit business or credit service business, and its key persons are fit and proper.

### ***Chief executive***

5.19 An applicant or authorised entity must appoint a chief executive who is fit and proper, and primarily responsible for the management of the overall operations and resources of the entity.

5.20 The applicant or authorised entity must obtain SKP's approval prior to the appointment of the chief executive.

5.21 In assessing an application for the appointment of a chief executive under sections 46(1)(a)(ii) or 63(1)(b) the CCA, as the case may be, SKP will consider the applicant or authorised entity's rationale for selecting the candidate, particularly regarding the candidate's capability and competence to lead the entity. SKP may also engage with the proposed candidate during this process. If the appointment is approved, SKP may impose conditions for such appointment as deemed appropriate.

5.22 If the position of the chief executive becomes vacant, the authorised entity must fill the position **within four months** from the date of the vacancy.

5.23 In the event of a vacancy or anticipated vacancy in the chief executive position, the authorised entity is expected to identify a suitably qualified and experienced person to assume the role and responsibilities of the chief executive on an immediate basis and notify SKP of the interim arrangements.

#### ***Person responsible for compliance***

5.24 An applicant or authorised entity must at all times have a person responsible for compliance to—

- (a) ensure compliance with the CCA, regulations, standards or guidelines, and other regulatory requirements applicable to the credit business or credit service business; and
- (b) act as the main liaison with SKP.

5.25 A person responsible for compliance must be identified from the applicant or authorised entity's senior management, other than the chief executive.

5.26 Where the person responsible for compliance assumes multiple roles, the applicant or authorised entity must ensure that this person is capable of performing the multiple roles effectively and there is no conflict for such person to do so.

#### ***Conflict of interest management***

5.27 If an applicant or authorised entity intends to carry on more than one type of credit business or credit service business, or a combination of both, it must demonstrate its capability and capacity to do so. This includes having in place all necessary policies and procedures to effectively manage multiple businesses within the entity. It must implement adequate procedures and controls to effectively manage and mitigate against any potential conflicts that may arise.

5.28 An authorised entity must put in place effective policies and procedures to ensure its business operations and dealings with credit consumers are free from any actual, perceived, or potential conflicts of interest that may affect the prudent management of the authorised entity or result in unfair outcomes for credit consumers.

5.29 These policies and procedures should encompass the following:

- (a) Identification of circumstances of actual, perceived, or potential conflicts of interests that may arise from its business operations and dealings with credit consumers;
- (b) Specific governance arrangements, approving authorities, or controls to manage conflicts of interest;
- (c) Adequate training to all employees and representatives on the procedures for preventing risks and the appropriate actions for handling conflicts; and
- (d) Establishment of effective record-keeping protocols for all conflicts of interest assessments, management decisions, and mitigation actions, ensuring such records are accurate, complete, and available to SKP upon request.

***Know more about...***

**Managing conflicts of interest**

A conflict of interest arises when an individual or entity has competing interests that may compromise their ability to make impartial decisions, potentially harming credit consumers. This situation can occur when an individual or entity has multiple roles or businesses that could introduce bias, leading to decisions that do not align with the best interests of all parties involved.

**Multiple roles**

An individual holding any of the following dual roles would create a conflict of interest and should be avoided:

- An officer responsible for both credit approval and compliance oversight may struggle to maintain impartiality and enforce accountability effectively.
- An individual tasked with ensuring regulatory compliance should not also be responsible for driving sales, as this could lead to a risk of overlooking compliance violations in favour of enhancing sales and business performance.

**Multiple businesses**

While a business combination of credit provision and debt counselling and management services is not prohibited in principle, such arrangements present inherent challenges to upholding the arm's length principle and ensuring fair treatment for consumers. Entities are expected to manage these challenges, which arise from the dual roles of providing credit and earning from debt counselling and management services. Comprehensive policies, procedures, and internal controls to proactively identify, prevent, and mitigate conflicts of interest must be put in place, with the aim for effective monitoring, and regular review to demonstrate the entity's commitment to sound market conduct and consumer protection.

## 6. Requirements specific to type of business

### General

6.1 An applicant or authorised entity must put in place policies and procedures specific to its type of business. While the areas set out in Table 3 are non-exhaustive, such policies and procedures must be submitted as part of the application for an authorisation.

**Table 3: Policies and procedures**

No.	Area	Credit business (including Islamic credit business)			Credit service business		
		BNPL	Factoring	Leasing	Impaired loan or financing acquisition	Debt collection	Debt counselling and management
1.	Marketing and promotions	•	•	•			•
2.	Transparency and disclosure	•	•	•	•	•	•
3.	Interest or profit rates, fees and charges	•	•	•	•	•	•
4.	Creditworthiness and/or affordability <sup>6</sup> assessments	•	•	•			
5.	Debt collection	•	•	•	•	•	•
6.	Financial hardship assistance	•	•	•	•		
7.	Complaints handling	•	•	•	•	•	•
8.	Credit consumer information management	•	•	•	•	•	•
9.	Technology framework	•	•	•	•	•	•
10.	Anti-money laundering and counter financing of terrorism (AML / CFT)		•	•			
11.	Conflict of interest management <sup>7</sup>	•	•	•	•	•	•
12.	Shariah governance <sup>8</sup>	•	•	•	•		

<sup>6</sup> Applicable to entities that apply alternative data models for affordability assessment.

<sup>7</sup> Applicable to those triggering the requirements under paragraphs 5.26 and/or 5.27.

<sup>8</sup> Applicable to Islamic credit providers and acquirers of impaired Islamic financing portfolios.

## 7. Requirements specific to Islamic credit business

7.1 This Chapter applies to all Islamic credit providers, regardless of the form of establishment or set-up, unless stated otherwise. The requirements in this Chapter are supplementary to the authorisation criteria and post-authorisation obligations as outlined in the Authorisation Standards.

### Authorisation criteria

#### Organisational requirements

#### Entity set-up

7.2 An Islamic credit provider shall only carry on an Islamic credit business in either of the following forms of establishment or set-up:

- (a) A full-fledged entity licensed to carry on an Islamic credit business exclusively<sup>9</sup> (“full-fledged Islamic credit provider”); or
- (b) A licensed conventional provider approved to carry on an Islamic credit business side-by-side with its conventional business (“Islamic window credit provider” or “IWCP”).

7.3 A licensed credit provider engaged exclusively in a conventional credit business is prohibited from using phrases in its name that imply it is carrying on an Islamic credit business.

7.4 An IWCP must ensure it does not give the impression that its entire business is fully Shariah-compliant. It must not have branding strategies that suggest complete adherence to Islamic principles or that it is a full-fledged Islamic credit provider. This ensures credit consumers and stakeholders understand clearly the scope of its Shariah-compliant offerings.

#### Submission requirements

7.5 An entity intending to become an Islamic credit provider must submit an application to carry on an Islamic credit business, accompanied by the following information and materials, where applicable, to SKP via the CORE System:

#### For full-fledged Islamic credit provider and IWCP

- (a) Proposed value propositions and Shariah-compliant products to be offered;
- (b) Appointed Shariah adviser or Shariah committee members;
- (c) Proposed application of funds, including the investment in Shariah-compliant instruments;
- (d) Plans to ensure full and ongoing compliance with the requirements on Shariah governance; and
- (e) Capacity building plans to support requisite knowledge and skills, in particular for the Shariah advisers or Shariah committee members.

<sup>9</sup> Such an entity must not carry on any conventional credit business, either licensed by SKP or by any other regulatory and supervisory authorities such as conventional moneylending business licensed by the Ministry of Housing and Local Government.

### **For IWCP only**

- (f) Method of segregating the funds of its Islamic operations from the funds of its conventional operations; and
- (g) Infrastructure and logistic plans to be developed by the credit provider in carrying on the Islamic “window” operations, including details on shared services arrangements and applicable documentations.

### **Post-authorisation obligations**

#### **End-to-end Shariah compliance**

- 7.6 An Islamic credit provider must at all times ensure its compliance with Shariah, including compliance with applicable advice or rulings of the Shariah Advisory Council (“SAC”) of BNM.
- 7.7 An Islamic credit provider must at all times ensure that its credit business, affairs, and activities, are in compliance with Shariah through the establishment of effective mechanisms and controls. Its compliance with Shariah must be end-to-end<sup>10</sup>, before the Islamic credit provider can present itself as carrying on an Islamic credit business.
- 7.8 In relation to paragraph 7.7, an Islamic credit provider must develop internal policies with regard to compliance with Shariah in every aspect of the business, including governance, infrastructure, and product development. The policies must include among others, measures to address Shariah non-compliance risks<sup>11</sup> with regard to its credit business, affairs and activities.

#### ***Know more about...***

##### **End-to-end Shariah compliance**

##### **Islamic windows**

To ensure the establishment of effective mechanisms to support end-to-end Shariah compliance in the implementation of its Islamic business operations, an IWCP may consider developing the following:

- (a) a business plan for the Islamic business operations covering business growth and financial projections as well as target market segment(s) and product offerings, which shall be integrated with the licensed credit provider’s overall business and risk strategies;
- (b) internal policies and procedures including system and product development, marketing, processing, business development, reporting and credit control, with emphasis on ensuring compliance with specific requirements relating to its Islamic business operations. Its internal policies and procedures should also establish adequate Shariah governance processes; and
- (c) qualified and knowledgeable employees who are proficient in the administering and offering of Islamic financing.

<sup>10</sup> In terms of scope, the end-to-end Shariah compliance is required at the entity level for full-fledged Islamic credit providers, and at the Islamic window operations level for IWCP.

<sup>11</sup> “Shariah non-compliance risk” refers to the risk of legal or regulatory sanctions, financial loss or non-financial implications including reputational damage, which an Islamic credit provider may suffer arising from failure to comply with the published rulings and advice of the SAC of BNM, regulations on Shariah matters prescribed pursuant to section 122(2)(b) of the CCA, and standards on Shariah matters issued by SKP pursuant to section 123(2)(a) of the CCA, or decisions or advice of the Shariah adviser/Shariah committee.

- 7.9 An Islamic credit provider must ensure that its funding (equity and debt) is structured in a Shariah-compliant manner.
- 7.10 In relation to paragraph 7.5(f), an IWCP is prohibited from commingling funds between its Islamic and conventional business operations.
- 7.11 An Islamic credit provider must submit a representation from its Shariah adviser or Shariah committee annually, confirming its compliance with Shariah. Where the Islamic credit provider becomes aware that it is carrying on any of its business in a manner that is not in line with Shariah, the Islamic credit provider shall submit details of the breach and corrective measures taken or to be taken to SKP.

***Know more about...***

**Prohibition on commingling of funds**

In line with Shariah principles, any commingling of funds between the Islamic and conventional business operations is prohibited, disallowing the use of capital and liquidity of the Islamic credit business operations to fund conventional assets or any other purpose(s) that are not Shariah-compliant. This was established by a select group of eminent Islamic scholars, initiated by Bank Negara Malaysia when embarking on the initiative to introduce Islamic banking counters in 1991. The scholars affirmed that a conventional bank, whose operations are conducted on the basis of interest, is not prohibited from operating Islamic banking business, on the condition that the conventional operations, including the mobilisation and the utilisation of the funds, can be properly segregated from funds mobilised and utilised for its Islamic banking business. The scholars also affirmed that this was premised on the legal maxim of ***“what cannot be completely attained, should not be completely left”*** even if it is not possible to achieve the ultimate Islamic objective (i.e. to have a full Islamic financial system).

Ringfencing of such funds requires the licensed credit provider operating Islamic credit business on a “window” model or IWCP to segregate the funds of its Islamic window operations from the funds of its conventional operations at all times.

The segregation of funds must be observed by an IWCP through the establishment of the following:

- (a) an Islamic Credit Business Fund (quasi-capital) or ICBF to fund the operations of the Islamic window business (paragraphs 7.16 to 7.20); and
- (b) tagging of Islamic window operations in the licensed credit provider’s system and controls (paragraphs 7.21 to 7.23).

**Financial protection for Islamic credit facility**

- 7.12 For an Islamic credit facility that requires financial protection, an Islamic credit provider must offer a takaful coverage as the first option to credit consumers.
- 7.13 If a credit consumer decides to include the cost of takaful coverage as part of his or her Islamic credit facility, an Islamic credit provider is only then permitted to include the takaful contribution as part of the facility.

- 7.14 If a credit consumer opts for an insurance coverage for his or her Islamic credit facility, an Islamic credit provider must not include the insurance premium from being part of the facility.<sup>12</sup>
- 7.15 Notwithstanding paragraph 7.14, for *ijarah* facility, in the event a credit consumer opts for insurance coverage based on the circumstances as ascertained by the SAC of BNM, the cost of the insurance premium may be included as part of the *ijarah* facility.

**Know more about...**

**Financial protection for Islamic credit facility**

The SAC of BNM, at its 41<sup>st</sup> meeting on 8 March 2004 and 43<sup>rd</sup> meeting on 29 April 2004, resolved the following:

- (a) For an Islamic financing package which does not include an amount of contribution for coverage, the Islamic financial institution (“IFI”) shall offer a takaful plan as the first option to the customer who applied for the Islamic financing that requires coverage. If the customer refuses the takaful plan on particular reasons, the customer may choose any conventional insurance as he wishes. Such an exemption is only given in consideration of the following factors:
  - (i) The insurance premium is totally borne by the customer;
  - (ii) There is a sector or specific class in insurance whereby takaful has no expertise; or
  - (iii) The customer’s application was rejected by takaful company on certain grounds.
- (b) For an Islamic financing package that includes the amount for contribution of coverage, the IFI shall ensure that only takaful plan is used to cover such Islamic financing. Conventional insurance premium shall not be included in Islamic financing package; and
- (c) If a customer who has taken a conventional insurance coverage for an Islamic financing passes away or suffers any kind of peril that results in his or her inability to pay for the financing, the IFI is entitled to receive compensation from the conventional insurance.

The SAC of BNM at its 181<sup>st</sup> meeting on 27 October 2017 also ruled that for the first year of *ijarah* financing, an IFI should ensure takaful is the first option for the coverage plan. The IFI is required to promote the subscription of takaful in the second year of financing and thereafter. Customers are given the flexibility to take up insurance under the following circumstances:

- (a) Takaful protection is not offered in particular sectors or classes;
- (b) None of the available takaful operators approves the customer’s application for takaful protection; or
- (c) The cost of insurance coverage is significantly more competitive compared to takaful.

The SAC of BNM also agreed that in the case where the insurance coverage is subscribed based on the above circumstances, the amount of insurance premium may be included in the total *ijarah* financing.

<sup>12</sup> Insurance coverage for Islamic financing is categorised as *Hajah* Type 2 in the [Policy Document on Hajah and Darurah](#) issued by BNM on 3 January 2024.

## **Islamic Credit Business Fund**

- 7.16 In relation to paragraphs 7.9 and 7.10, an IWCP must establish an Islamic Credit Business Fund (“ICBF”), which shall be—
- (a) sourced from the capital funds of the licensed credit provider and any other Shariah-compliant sources of funds; and
  - (b) segregated from the capital funds of the licensed credit provider for the operations of its Islamic business.
- 7.17 An IWCP must ensure that the ICBF is clearly segregated from the capital fund designated for conventional operations and must not be reallocated to fund conventional operations.
- 7.18 Income generated from the operations of an IWCP must be retained in its ICBF and must not be utilised for the purpose of funding its conventional operations.
- 7.19 An IWCP must use the ICBF to cover all expenditures related to its Islamic window operations unless paragraph 7.20 applies.
- 7.20 Notwithstanding paragraph 7.19, an IWCP may leverage the shared services arrangements of the entity for the purpose of the sharing of resources between Islamic and conventional operations within such entity.<sup>13</sup>

## **System and controls**

- 7.21 An IWCP must have internal controls to ensure the effectiveness of its Islamic window operations and its compliance with Shariah, legal and regulatory requirements.
- 7.22 An IWCP must ensure that its reporting system is able to address the separation between Islamic and conventional business transactions.
- 7.23 An IWCP must ensure proper financial reporting and disclosure of its Islamic window operations.

## **Shariah governance**

- 7.24 The institutionalisation of Shariah governance structures is instrumental in promoting end-to-end Shariah compliance in the operations of Islamic credit providers. Accordingly, Islamic credit providers must demonstrate that their Shariah governance arrangements are operating effectively and are commensurate to their size, nature of business, complexity of activities, and structure. Islamic credit providers must ensure adequate alignment in the promotion and execution of Shariah compliance.
- 7.25 An Islamic credit provider is required to—
- (a) appoint an internal or external<sup>14</sup> Shariah adviser who is Shariah-qualified; or
  - (b) establish a Shariah committee consisting of at least three members, with a majority being Shariah-qualified individuals, including the Chairman,

<sup>13</sup> This includes shared infrastructures, expertise and network (physical and technology services) which aim to provide lean and cost-effective setup in conducting IWCP operations.

<sup>14</sup> Includes outsourcing to the group.

- to advise the board and senior management on Shariah-related matters to ensure end-to-end Shariah compliance.
- 7.26 SKP will consider the person(s) appointed as a recognised Shariah adviser or Shariah committee members of an Islamic credit provider as long as their registration with the Securities Commission Malaysia or approval by BNM as Shariah advisers or Shariah committee members remains valid. For individual Shariah advisers, they must also be registered with the Association of Shariah Advisors in Islamic Finance Malaysia (ASAS).
- 7.27 An Islamic credit provider remains accountable for the appointment of the Shariah adviser or Shariah committee members and must at all times ensure the fitness and propriety of the appointed person(s).
- 7.28 Where an Islamic credit provider appoints an external Shariah adviser or establishes a Shariah committee, it must—
- (a) ensure that the Shariah adviser or Shariah committee is engaged on an ongoing basis at all times, providing continuous advisory support for the Islamic operations, and not limiting their role to a one-off product structuring approval; and
  - (b) assign at least one internal officer to provide the necessary administrative support and to act as the main liaison with the Shariah adviser or Shariah committee. In assigning the liaison officer, the Islamic credit provider must observe sound governance practices by maintaining a clear demarcation between advisory and support functions on Shariah matters. To avoid any conflict of interest, the role of the liaison officer must be strictly administrative or secretarial in nature, with no involvement in the Shariah research or advisory work, so as not to impair the independence and objectivity of the external Shariah adviser or Shariah committee.
- 7.29 In relation to paragraph 7.28(b), the assigned officer is responsible for delivering operational and administrative support to the Shariah adviser or Shariah committee, ensuring their effective functioning. Such operational support includes—
- (a) co-ordinating communication and disseminating information among the Shariah adviser or Shariah committee members, the board and senior management; and
  - (b) ensuring proper dissemination of the decisions or advice of the Shariah adviser or Shariah committee.
- 7.30 The responsibilities of the appointed Shariah adviser or Shariah committee members in relation to Shariah-related matters, among others, include—
- (a) ensuring compliance with Shariah principles: attesting that the business operations do not involve any element contrary to Shariah, where it has confirmed that such is the case. This includes ensuring that sources of funding, internal policies, procedures, controls, and infrastructure are aligned with Shariah considerations, and the credit products or offerings are in compliance with Shariah rulings issued by the SAC of BNM;
  - (b) conducting thorough deliberations and providing guidance: considering all Shariah-related matters in detail, and in the case of a Shariah committee, deliberating among members before making any decision to advise the board or management of the Islamic credit provider;

- (c) regularly updating and reporting to the board of the Islamic credit provider: keeping the board informed about any changes in relevant Shariah rulings, emerging compliance risks, and the status of Shariah-related decisions. This includes submitting periodic reports on Shariah audit findings, governance structures, and recommendations for improvements;
- (d) approving products and policies, including variations to existing products, as well as introduction of new products and policies: evaluating and endorsing any new credit products or policies before they are introduced, if such products or policies are in line with Shariah, ensuring compliance with Shariah; and
- (e) with regard to Shariah non-compliance events:
  - (i) deliberating and affirming Shariah non-compliance events;
  - (ii) endorsing rectification measures to address Shariah non-compliance events; and
  - (iii) deciding or advising on matters which require escalation to the SAC of BNM.

## PART III: DECLARATION PURSUANT TO SECTION 79 OF THE CCA

### 8. Non-application of the requirement for authorisation

- 8.1 For the purposes of this Chapter, “MSE” refers to a micro or small enterprise, as defined in section 4 of the CCA.
- 8.2 The requirement for licensing or registration does not apply to a person carrying on a credit business or credit service business where—
- (a) such person is listed in Schedule 5 of the CCA; or
  - (b) such person does not involve credit consumers in its credit business or credit service business.
- 8.3 An entity carrying on a credit business or credit service business that does not serve credit consumers must, in accordance with section 79(2) of the CCA, submit a declaration to SKP stating that—
- (a) at the point of making the declaration, it does not provide credit to a credit consumer as defined in the CCA;
  - (b) it will submit a declaration under section 79(2) of the CCA on an annual basis; and
  - (c) it will seek prior authorisation from SKP should it intend to serve any credit consumer.
- 8.4 Entities submitting a declaration under section 79(2) of the CCA must furnish SKP with any requested information within the time frame specified by SKP.
- 8.5 A declaration pursuant to section 79(2) of the CCA must be made via the CORE System.

#### ***Know more about...***

##### **Non-application of the authorisation requirements**

The entities in the following scenarios, while carrying on a credit business, will not be subject to SKP’s licensing requirement:

##### **Scenario 1: The clientele of Entity X consists entirely of MSEs whose credit facilities are all above RM300,000**

- Entity X is not required to be licensed by SKP for carrying on the credit business as the credit granted is more than the amount prescribed for MSEs under the Consumer Credit (Prescription of Credit Amount for Micro or Small Enterprise) Order 2026.
- Instead of being licensed, Entity X must provide a declaration to SKP as set out under paragraph 8.3.
- In the event Entity X decides to offer a loan amount of RM300,000 or below to any MSEs, Entity X would be required to obtain a licence from SKP.

##### **Scenario 2: The clientele of Entity Y consists entirely of medium enterprises and large corporations**

Entity Y is not subject to the licensing requirement because medium enterprises and large corporations do not fall within the definition of “credit consumer” in the CCA, regardless of the amount of credit granted.

## PART IV: APPLICATION PROCESS

### 9. Authorisation application process

- 9.1 To facilitate the authorisation application process, an applicant must—
- (a) thoroughly understand the requirements in the CCA, regulations, the Authorisation Standards, the Conduct Standards, and any other regulatory requirements applicable to the credit business or credit service business;
  - (b) fully comprehend how the authorisation requirements apply to its business, and the ensuing obligations as an authorised entity, ensuring that the appropriate systems and processes are in place to meet the same;
  - (c) clearly demonstrate its—
    - (i) competence and readiness to carry on the credit business or credit service business; and
    - (ii) ability to comply with all applicable requirements;
  - (d) ensure that its submission, including all supporting materials, is complete, accurate, and valid, and complies with the form instructions and requirements; and
  - (e) be able to provide clarification to support its application within the time frame specified by SKP.

#### Fit and proper disclosure

- 9.2 The applicant is required to have each of its individual key persons (controller, director, and senior management, including the chief executive and the person responsible for compliance) fill out the fit and proper disclosure form as specified by SKP, which must be retained as part of its internal submission record. The forms must be completed and signed by all individual key persons **within 30 calendar days** prior to the date of the application submission.
- 9.3 The applicant must submit all requested items, including the original fit and proper disclosure forms, within the time frame specified by SKP.

#### Submission of application

- 9.4 An applicant must complete and submit the application, together with the required supporting materials and processing fee, via the CORE System.

#### Assessment of application

- 9.5 The assessment process only commences upon receipt of a complete submission. The duration of the assessment may vary based on factors such as the quality of the submission, the applicant's responsiveness and cooperation, and any material changes made by the applicant after submission.
- 9.6 SKP may **return** an application if it is incomplete, deficient, or contains unresolved fundamental issues.
- 9.7 Upon addressing all identified gaps, issues or errors, the applicant must resubmit its application **within 90 days** from the date of return, for SKP's reconsideration and further

processing. If the application is not resubmitted within this time frame, the processing fee will be forfeited, and the applicant will need to submit a new application and pay the processing fee for that application as prescribed in the Consumer Credit (Fees) Regulations 2026.

- 9.8 SKP will consider whether the applicant has fulfilled the authorisation criteria set forth in Part II of the Authorisation Standards. SKP may seek clarification or request for additional information regarding the submission.
- 9.9 When such a request is made, the applicant must provide the requested information within the time frame specified by SKP. Until the applicant responds to this request, the assessment will be put on hold.
- 9.10 Failure to provide the requested information within the specified time frame will result in a lapse in application processing.
- 9.11 An applicant that still intends to pursue authorisation may submit a fresh application accompanied by the prescribed processing fee. The assessment process will begin upon the date of complete submission of the new application.

#### **Outcomes of application**

- 9.12 Upon completion of the assessment process, SKP will convey its decision via the CORE System, with any one of the following outcomes:
- (a) Approval of an application, via grant of a licence or registration;
  - (b) Conditional approval, where SKP may approve an application subject to conditions, which the applicant must satisfy within the time frame specified by SKP; or
  - (c) Refusal of an application, where the applicant is prohibited from reapplying for the same type of business during a cooling-off period of six months.

#### **Withdrawal of application**

- 9.13 In circumstances where an application for authorisation is withdrawn by the applicant before a decision is made by SKP, the withdrawal must be accompanied by a written explanation.
- 9.14 Upon withdrawal of an application, the applicant must observe a cooling-off period of six months, during which resubmission of a fresh application is prohibited.

## 10. Submission procedures

- 10.1 SKP requires all regulatory submissions and correspondence, including applications for authorisation and declarations under section 79(2) of the CCA, to be made via the CORE System. Submissions must be made in accordance with the relevant digital forms, accompanied by the supporting materials as specified by SKP, where applicable.
- 10.2 The CORE System is a digital regulatory platform that provides electronic forms and submission services for industry participants and new entrants. Aimed at promoting digitalisation and streamlining paperless processes, the system offers such functions as electronic submissions of web-based forms for authorisation applications, declarations, notices, and regulatory filings, along with electronic payment of applicable fees. It also features a two-way communication channel to facilitate efficient interaction and broadcasting of industry announcements.
- 10.3 All applicants, authorised entities, and declarants under section 79(2) of the CCA (collectively referred to as “users”) must create a user account to access the CORE System and agree to adhere to the prevailing terms and conditions throughout their use of the system. The terms of use of the CORE System are available at <https://core.skp.gov.my>.
- 10.4 Before making a submission, users must verify that all information and supporting materials are valid, accurate, and complete.
- 10.5 Submissions required via the CORE System are subject to change from time to time. Further details on the CORE System, including the list of submissions and the account creation procedures, are available on the SKP website at [www.skp.gov.my](http://www.skp.gov.my).
- 10.6 In the event of interruptions to or inaccessibility of the CORE System for more than five calendar days, users must make email submissions to SKP. Submission instructions can be found on the SKP website.
- 10.7 All applications, notices, or declarations submitted to SKP, whether at the entity or individual level, must have been approved by the entity’s appropriate internal approving authority. Such evidence must be furnished to SKP upon request. The submitting entity must maintain a complete record of each submission, including all supporting materials and evidence of approval.
- 10.8 Authorised entities must keep personal data current by submitting the relevant forms via the CORE System within the time frame stipulated in paragraph 13.3.
- 10.9 SKP may disclose personal data to other law enforcement agencies and government bodies within or outside Malaysia if required or permitted by law or under a regulatory or investigatory assistance arrangement.

- 10.10 All communications relating to a submission must occur directly between SKP and the submitting entity, particularly its person responsible for compliance or, in the case of a declaration under section 79(2) of the CCA, the chief executive. Submitting entities are required to collaborate closely with existing or prospective key persons, both corporate and individual alike, to ensure they are informed of all communications from SKP and that the information provided is valid, accurate, and complete.
- 10.11 The approach outlined in paragraph 10.10 ensures accuracy and prevents misinformation from its existing or prospective key persons. SKP may contact relevant key persons directly as required.

## 11. Requirements for validity, accuracy, and completeness of submissions

- 11.1 Any person furnishing SKP with any statement, information, or material (collectively referred to as “representation”), whether directly or indirectly, by whatever means or in any form, must ensure that the representation is valid, accurate, and complete.
- 11.2 SKP may at any time request any representation, and an applicant or authorised entity must fulfil such requests within the specified time frame. SKP may consider other relevant factors or impose additional requirements as it deems appropriate.
- 11.3 An applicant or authorised entity, along with its chief executive and the person responsible for compliance, must be accountable for ensuring the validity, accuracy, and completeness of all information submitted to SKP.
- 11.4 In relation to any submission to SKP, the applicant or authorised entity must ensure that—
  - (a) all relevant parties have authorised the submission of their particulars or records; and
  - (b) SKP is immediately notified in writing of any change or development in the circumstances or information pertaining to the submission that may impact the assessment or outcome. This obligation includes disclosing any information that may materially compromise the fitness and propriety of its key persons.
- 11.5 Upon authorisation of the applicant, the pertinent information of the entity shall be published in the public register of authorised entities on the SKP website, with all such information being derived from the CORE System.
- 11.6 An authorised entity must at all times ensure the validity, accuracy, and completeness of all data at entity and individual levels in their entity account in the CORE System. It must promptly address any data discrepancies, errors, or changes by submitting the appropriate form.

## PART V: POST-AUTHORISATION OBLIGATIONS

### 12. Conditions of authorisation

- 12.1 SKP may grant authorisation to a person subject to such conditions as it deems fit pursuant to sections 42(2) and 59(2) of the CCA. SKP may also add, amend, vary, revoke, waive, or cancel any condition as it deems fit.
- 12.2 An authorised entity must at all times:
- (a) ensure that both it and its key persons remain fit and proper. The authorised entity must immediately notify SKP in writing upon becoming aware of any information that may materially compromise the fitness and propriety of its key persons;
  - (b) comply with the CCA, regulations, standards or guidelines, and other regulatory requirements;
  - (c) carry on the business for which it is licensed or registered in a fair, responsible, and professional manner;
  - (d) ensure that all information in the CORE System is kept up to date;
  - (e) ensure that its personnel are adequately—
    - (i) supervised in the performance of their duties; and
    - (ii) trained to carry out their duties, with the necessary skills and level of expertise; and
  - (f) ensure that it retains, for a period of not less than seven years, all the relevant records relating to its credit business or credit service business that will sufficiently explain the transactions relating to its credit consumers, including any advice provided on matters relating to a credit agreement, where applicable.
- 12.3 Regarding the minimum financial requirements stipulated in Chapter 5:
- (a) In the event of a potential breach, an authorised entity must immediately notify SKP in writing, including the corrective measures to ensure ongoing compliance with the financial threshold.
  - (b) In the event of an actual breach, an authorised entity must not continue its licensed or registered business without prior consent from SKP as provided under sections 44(3) and 61(3) of the CCA.
- 12.4 When seeking consent under paragraph 12.3(b), the authorised entity must furnish SKP with a detailed account of the breach of financial threshold requirement and the corrective measures taken or to be taken to address the breach through submitting the appropriate form via the CORE System.

## 13. Post-authorisation submissions

13.1 An authorised entity is required to comply with continuous obligations, including the submission of data and notifications to SKP, as well as obtaining prior approval from SKP for specified matters.

### Matters requiring prior approval

13.2 An authorised entity must obtain the prior approval of SKP for the following proposals:

- (a) Any change in ownership of the authorised entity that will result in a direct or indirect change of its controller;
- (b) The appointment of its chief executive;
- (c) The addition of a credit business or credit service business;
- (d) The conversion of a licence from conventional to Islamic, or vice versa;
- (e) Any material change to the business model pertaining to the authorised type of business; and
- (f) The cessation of a business through the voluntary surrender of a licence or voluntary deregistration.

### Matters requiring notification

13.3 An authorised entity must notify SKP of any of the following matters **within 14 calendar days** from the date of the occurrence:

- (a) Changes implemented following an approval granted pursuant to paragraph 13.2, specifically the change in ownership and the appointment of the chief executive;
- (b) Change of ownership of the authorised entity that does not result in a direct or indirect change of controller;
- (c) Change of entity particulars, including the entity name, contact information, financial year end, and particulars of corporate shareholders;
- (d) Establishment, relocation, and closure of a branch;
- (e) Establishment of new business, share acquisition, or disposal of business or shares within or outside Malaysia;
- (f) Appointment of directors or senior management, including the person responsible for compliance;
- (g) Change of individual particulars for individual shareholders and key persons;
- (h) Cessation of directors or senior management, including the chief executive and the person responsible for compliance;
- (i) Appointment and cessation of a Shariah adviser or any member of the Shariah committee;
- (j) Any outsourcing arrangement upon signing the service level agreement with a service provider;
- (k) Material changes to any policies and procedures outlined in Table 3; and
- (l) Any other matters or material changes as may be specified by SKP, including those that may arise subsequent to the authorised entity's board approval but prior to implementation.

### Periodic filings and ad hoc information submissions

13.4 An authorised entity must submit the data outlined in Table 4 on a periodic basis, in the format specified by SKP, and in accordance with the stipulated submission deadlines. The required data in Table 4 is non-exhaustive and may be supplemented by additional information as requested by SKP on an ad hoc basis.

**Table 4: Periodic filings to SKP**

No.	Data requirement	Credit business (including Islamic credit business)			Credit service business		
		BNPL	Factoring	Leasing	Impaired loan or financing acquisition	Debt collection	Debt counselling and management
<b>A. Annual submission</b> that must be made <b>within six months</b> from the end of each financial year							
1.	Audited financial statements (including the auditor's report duly signed by an independent auditor)	•	•	•	•	•	•
<b>B. Quarterly submission</b> that must be made <b>within 30 calendar days</b> from the end of each quarter							
2.	No. of credit consumers	•	•	•	•	•	•
3.	Transaction volume and value	•					
4.	Outstanding financing	•	•	•			
5.	Impaired and non-performing financing	•	•	•			
6.	Distressed debt assets, both acquisition costs and book value of debt				•		
7.	Debt assignments					•	
8.	Recovered and unrecovered debts on behalf of clients					•	
9.	Financing approved under repayment plan						•
10.	Client fees or debt management cost recovery fees						•
11.	Financial hardship relief requests	•	•	•	•		
<b>C. Monthly submission</b> that must be made <b>within 14 calendar days</b> from the end of each month							
12.	No. of pending and resolved complaints against the authorised entity	•	•	•	•	•	•

13.5 An authorised entity must submit an annual disclosure **by the last day of February each year**, affirming its compliance with specific requirements. These include the fitness and propriety of key persons and, for those carrying on an Islamic credit business, adherence to Shariah requirements.

13.6 All licensed credit providers and registered impaired loan or financing acquirers must submit, **on a monthly basis**, both positive and negative credit information of all credit

consumers, to a credit reporting agency or a centralised credit database established by the relevant regulatory and supervisory authority, as the case may be.

### **Request for extension of time or variation of requirement**

- 13.7 An authorised entity intending to request for an extension of time to comply with any requirement specified by SKP, or to seek a variation of such a requirement, must submit an application. This application must be accompanied by justifications and any relevant supporting materials, along with payment of the fee prescribed in the Consumer Credit (Fees) Regulations 2026. If the requirement is time-bound, the application must be submitted **no later than 14 calendar days before the expiration** of the stipulated time frame for SKP's consideration.
- 13.8 A variation of a requirement specified by SKP may only be granted on an exceptional basis if SKP is satisfied that—
- (a) such variation is not contrary to the intended purpose of the relevant provision; or
  - (b) there are mitigating factors that justify the exemption or variation.

## PART VI: FEES

### 14. Fees payable

- 14.1 The fees payable to SKP are prescribed in the Consumer Credit (Fees) Regulations 2026. These fees must be paid in full in a timely manner and are non-refundable.
- 14.2 A processing fee of RM2,000 must be paid with the submission of an application for authorisation for each type of credit business or credit service business.
- 14.3 An authorised entity is required to pay the applicable inaugural authorisation fee for the approved type of credit business or credit service business, as outlined in Table 5.

**Table 5: Inaugural authorisation fee**

No.	Fee	Payment due date
(a)	RM8,000 for each licence to carry on a credit business	Within 30 days from the approval of an application for authorisation
(b)	RM5,000 for each registration to carry on a credit service business	

- 14.4 The inaugural fee for a licence or registration is determined by the approval date. Applications approved between 1 January and 30 June are subject to the full fee, while those approved between 1 July and 31 December will be charged 50% of the fee.
- 14.5 Upon payment of the inaugural authorisation fee, relevant details of the authorised entity and its licence or registration status will be published on the SKP website.
- 14.6 If the inaugural authorisation fee is not paid within the stipulated time frame, SKP's approval for authorisation will lapse.
- 14.7 An authorised entity is required to pay the applicable annual authorisation fee for the type of credit business or credit service business, by the stipulated payment due date, as outlined in Table 6.

**Table 6: Annual authorisation fee**

No.	Fee	Payment due date
(a)	Annual licensing fee according to the revenue band specified in the annual fee column to carry on each of the following types of credit business: (i) Buy now pay later scheme (ii) Leasing (iii) Factoring (iv) Islamic buy now pay later scheme (v) Islamic leasing (vi) Islamic factoring	By the last day of February of each year

No.	Fee	Payment due date															
	<table border="1"> <thead> <tr> <th>Tier</th> <th>Revenue band (RM)</th> <th>Annual fee (RM)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>&lt;3 million</td> <td>8,000</td> </tr> <tr> <td>2</td> <td>3 million to &lt;15 million</td> <td>20,000</td> </tr> <tr> <td>3</td> <td>15 million to &lt;50 million</td> <td>40,000</td> </tr> <tr> <td>4</td> <td>≥50 million</td> <td>100,000</td> </tr> </tbody> </table>	Tier	Revenue band (RM)	Annual fee (RM)	1	<3 million	8,000	2	3 million to <15 million	20,000	3	15 million to <50 million	40,000	4	≥50 million	100,000	
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1	<3 million	8,000															
2	3 million to <15 million	20,000															
3	15 million to <50 million	40,000															
4	≥50 million	100,000															
(b)	<p>Annual registration fee according to the revenue band specified in the annual fee column to carry on each of the following types of credit service business:</p> <p>(i) Debt collection  (ii) Impaired loan or financing acquisition  (iii) Debt counselling and management</p> <table border="1"> <thead> <tr> <th>Tier</th> <th>Revenue band (RM)</th> <th>Annual fee (RM)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>&lt;3 million</td> <td>5,000</td> </tr> <tr> <td>2</td> <td>3 million to &lt;15 million</td> <td>12,000</td> </tr> <tr> <td>3</td> <td>15 million to &lt;50 million</td> <td>25,000</td> </tr> <tr> <td>4</td> <td>≥50 million</td> <td>50,000</td> </tr> </tbody> </table>	Tier	Revenue band (RM)	Annual fee (RM)	1	<3 million	5,000	2	3 million to <15 million	12,000	3	15 million to <50 million	25,000	4	≥50 million	50,000	By the last day of February of each year
Tier	Revenue band (RM)	Annual fee (RM)															
1	<3 million	5,000															
2	3 million to <15 million	12,000															
3	15 million to <50 million	25,000															
4	≥50 million	50,000															

14.8 The annual authorisation fee is determined based on the revenue reported in the most recent audited financial statements submitted to SKP. Authorised entities must provide a clear breakdown of revenue attributable specifically to the credit business or credit service business.

If this breakdown is not included in the audited financial statements, a separate submission is required:

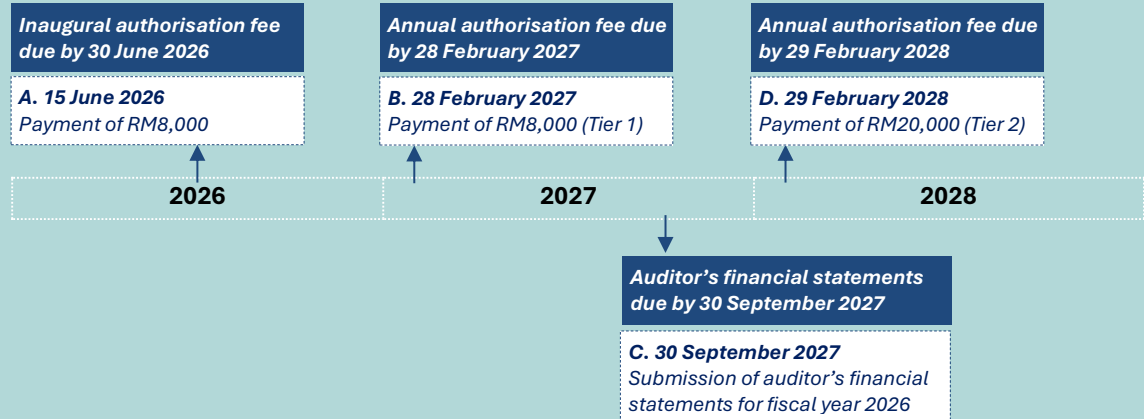
- (a) For entities with applicable revenue of RM3 million and above: The revenue breakdown must be confirmed by an external auditor; or
- (b) For entities with applicable revenue below RM3 million: The breakdown may be confirmed by the chief executive.

Such confirmation must be submitted to SKP through the relevant form in the CORE System.

**Know more about...**

**Inaugural authorisation fee and annual authorisation fee**

On 1 June 2026, Entity A receives SKP's approval to be licensed for BNPL. The following timeline depicts the key milestones relevant to annual authorisation fees:



- A 15 June 2026:** Entity A pays the inaugural authorisation fee of RM8,000 before the 30-day deadline and is granted a licence.
- B 28 February 2027:** Entity A pays the Tier 1 annual authorisation fee due to the unavailability of audited financial statements.<sup>^</sup>
- C 30 September 2027:** Entity A submits its audited financial statements for fiscal year 2026. A revenue of RM5 million from its BNPL business places Entity A in the Tier 2 revenue band. Entity A will, therefore, be required to pay an annual authorisation fee of RM20,000 by 29 February 2028.
- D 29 February 2028:** Entity A pays the annual authorisation fee.

<sup>^</sup> Pursuant to section 248 of the Companies Act 2016, Entity A, established in 2026, is given 18 months from its incorporation date to prepare the financial statements.

- 14.9 Failure to pay the annual authorisation fee within the time frame stipulated in Table 6 will incur a late payment fee of RM500 per calendar month, irrespective of the number of days or duration past due within the month.

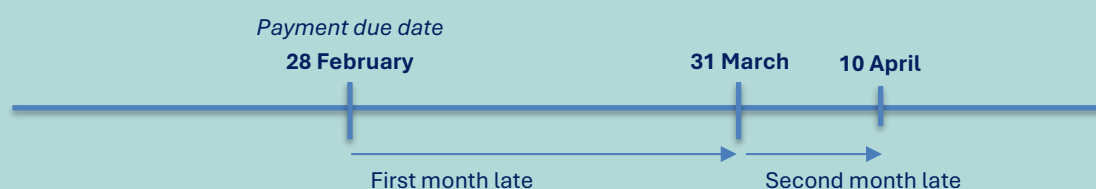
**Know more about...**

**Late payment fee**

Entity B is licensed for BNPL and reported a revenue of RM15 million in its most recent financial year. The annual authorisation fee of RM40,000 was due by 28 February, but Entity B failed to make the payment on time.

As a result, Entity B is required to pay the overdue annual authorisation fee along with a late payment fee of RM500 for each month it is late, regardless of the number of days missed.

Entity B pays on 10 April, hence it is considered two months overdue, as illustrated below:



The total amount due to SKP is calculated as follows:

$$\begin{aligned}
 \text{Total due} &= \text{Tier 3 fee} + (\text{Late payment fee} \times 2 \text{ months}) \\
 &= \text{RM}40,000 + (\text{RM}500 \times 2) \\
 &= \text{RM}40,000 + \text{RM}1,000 \\
 &= \text{RM}41,000
 \end{aligned}$$

- 14.10 An authorised entity is required to pay the following prescribed fee for applications submitted to SKP for an extension of time or variation of a requirement.

**Table 7: Extension of time and variation of requirement fee**

No.	Fee	Manner of payment
(a)	RM500 for an extension of time to meet a requirement in standards or guidelines issued by SKP	Upon submission of an application to SKP
(b)	RM800 for a variation of the applicability of a requirement in standards or guidelines issued by SKP	

## PART VII: REVOCATION, DEREGISTRATION, SUSPENSION, AND CESSATION

### 15. Revocation, deregistration, or suspension of authorisation

- 15.1 A licence or registration shall be deemed to be revoked or deregistered if the authorised entity is wound up or otherwise dissolved, either within or outside Malaysia.
- 15.2 SKP may revoke, deregister, or suspend an authorisation if—
- (a) there exists a ground for refusal under sections 43 and 60 of the CCA;
  - (b) the authorised entity has contravened any provisions of the CCA, or has breached any requirements under the CCA or any other requirements as may be specified by SKP;
  - (c) the authorised entity has failed or ceased to carry on all or some types of the authorised credit business or credit service business for a consecutive period of three months;
  - (d) the authorised entity has failed to comply with any terms or conditions in respect of its licence or registration, or any order or direction issued to it by SKP; or
  - (e) the authorised entity has failed to pay any amounts due and owing to SKP within the stipulated time frames, including the prescribed annual licensing or registration fees, penalties for late payment of the authorisation fees, and administrative monetary penalties.
- 15.3 Upon the revocation, deregistration, or suspension of a licence or registration, such authorised entity must immediately cease to carry on the credit business or credit service business<sup>15</sup>, as the case may be.

<sup>15</sup> Pursuant to sections 52(3) and 69(3) of the CCA, the revocation, deregistration, or suspension of a licence or registration will not void or affect any credit agreement, arrangement, or transaction made by the licensed credit provider or registered credit service provider with any person prior to that action. Such actions will not impact any rights, obligations, or liabilities that arise from those agreements, arrangements, or transactions.

## 16. Cessation of business

- 16.1 A licensed credit provider or registered credit service provider intending to cease carrying on a credit business or credit service business must submit an application to SKP for such cessation.
- 16.2 Prior to the cessation of its credit business or credit service business, an authorised entity must—
- (a) make adequate arrangements to fulfil all outstanding obligations in respect of the credit business or credit service business; and
  - (b) obtain approval from SKP for the cessation, upon which the authorisation to conduct the business will cease.

## APPENDIX: MINIMUM FIT AND PROPER CRITERIA

The minimum fit and proper criteria apply to the applicant or authorised entity and its key persons within or outside Malaysia.

Key persons comprise—

- (a) corporate controllers; and
- (b) individuals or natural persons, namely individual controllers, directors, and senior management, including the chief executive and the person responsible for compliance.

1. The entity is not in the course of being wound up or otherwise dissolved.
2. The individual is not an undischarged bankrupt.
3. There is no execution against the entity or its key persons in respect of a judgment debt that has been returned unsatisfied in whole or in part.
4. A receiver, a receiver and manager, or an equivalent person has not been appointed in respect of any property of the entity.
5. The entity or its key persons has not entered into a compromise or scheme of arrangement with its or his creditors, being a compromise or scheme of arrangement that is still in operation.
6. The entity and any of its key persons—
  - (a) have not been convicted of an offence involving bribery, fraud, dishonesty, or violence, or the conviction of which involved a finding that it or he acted fraudulently or dishonestly;
  - (b) have not been convicted of an offence under any law relating to the provision of financial services or the management of an entity;
  - (c) have not been in contravention of any provision under any written law, whether within or outside Malaysia, appearing to SKP to be enacted for protecting members of the public against financial loss due to dishonesty, incompetence, or malpractice by persons concerned in the provision of financial services or the management of an entity;
  - (d) have not been subject to any—
    - (i) investigation or criminal charge in any court of law for an offence involving bribery, fraud, dishonesty, violence, or mismanagement of an entity or violence;
    - (ii) compound issued or any administrative action taken by a regulator or law enforcement agency for any offence involving bribery, fraud, dishonesty, violence, or mismanagement of an entity;
    - (iii) civil enforcement action in any court of law by a regulator or law enforcement agency; or
    - (iv) disqualification of any of the key persons from holding the office of a director under the laws relating to the financial service industry or corporation laws;

- (e) have not engaged in any business practices appearing to SKP to be deceitful or oppressive or otherwise improper, whether unlawful or not, or which otherwise reflect discredit on its or his method of conducting business; or
  - (f) have not engaged in or has been associated with any other business practices or otherwise conducted itself or himself in such a way as to cast doubt on its or his competence and soundness of judgment.
7. SKP has no reason to believe that the entity or any of its key persons may not be able to act in the interest of the public, having regard to their reputation, character, financial integrity, and reliability.
  8. SKP is satisfied as to the financial standing of the entity or the manner in which the entity's business is to be conducted.
  9. SKP is satisfied as to the record of past performance or expertise of the entity or its key persons having regard to the nature of the business which the entity may carry on, or nature of the duties that the key persons may perform in connection with the licensing or registration of the entity.
  10. SKP is satisfied as to the educational or other qualification, or experience of the key persons having regard to the nature of the duties he is to perform in connection with the business.
  11. There are no other circumstances which are likely to—
    - (a) lead to the improper conduct of business by the entity or by any of its key persons; or
    - (b) reflect discredit on the manner of conducting the business of the authorised entity, or any person employed by or associated with it.
  12. SKP has no reason to believe that the entity or any of its key persons will not carry on the business fairly, responsibly, or professionally.

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