



**Suruhanjaya
Kredit Pengguna**
Consumer Credit Commission



Conduct Standards

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Conduct Standards

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PART I: OVERVIEW

1. Introduction

- 1.1 The mandates of the Suruhanjaya Kredit Pengguna (“SKP”) include promoting fair and professional conduct among consumer credit industry players under the purview of SKP and the development of a sound and orderly consumer credit industry that garners public trust and confidence.
- 1.2 Every authorised entity must ensure that fair treatment is given, and it engages responsibly and upholds professional conduct when dealing with credit consumers, as set out under the Consumer Credit Act 2025¹ (“CCA”).
- 1.3 The Conduct Standards set out minimum obligations supplemented by expectations of SKP in respect of its authorised entities. The Conduct Standards serve as a document for consumer credit industry players and must be read together with the Authorisation Standards and other relevant regulations, standards or guidelines issued by SKP.

¹ Pursuant to section 84 of the CCA.

2. Applicability and effective date

- 2.1 The Conduct Standards are applicable to an authorised entity as defined in paragraph 4.2. In this regard, **Appendix I** clarifies each requirement and guidance relevant to specific authorised entities by sector. However, it is encouraged for the Conduct Standards to be read in totality for a complete understanding of all requirements and expectations that apply.
- 2.2 Where an authorised entity enters into any arrangement with a representative as defined in paragraph 4.2, the authorised entity remains accountable for the action or the conduct practice of the representative.
- 2.3 The Conduct Standards come into effect on 5 June 2026.

3. Legal provisions

3.1 The Conduct Standards are issued pursuant to section 123 of the CCA.

4. Interpretation

4.1 The terms used in the Conduct Standards shall have the same meaning as defined in the CCA, unless stated otherwise.

4.2 In the Conduct Standards:

“affordability assessment” refers to an evaluation by a credit provider, conducted during the credit assessment process, on the ability of a credit consumer to fully repay a credit obligation without facing undue financial challenges throughout the tenure of the credit agreement;

“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 credit businesses or credit service businesses:

- (a) buy now pay later scheme or “BNPL” (including Islamic BNPL);
- (b) factoring (including Islamic factoring);
- (c) leasing (including Islamic leasing);
- (d) impaired loan/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;

“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;

“BNPL” refers to buy now pay later scheme, as prescribed in Schedule 2 of the CCA. For the purposes of the Conduct Standards, this includes Islamic BNPL;

“CCA” refers to the Consumer Credit Act 2025;

“conduct” refers to any action or statement², including inactions or omissions, related but not limited to the promotion, offering or supply of credit products or credit services to credit consumers, including any reference to the features or price of the credit products or services;

² As contained in relevant materials on products or services, including advertisement, illustration, comparison, promotional or marketing materials and written or oral sales presentations.

“credit business” refers to the following businesses and for the purposes of the Conduct 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 enterprise³ 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
- (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 limit” refers to the maximum amount of credit that a credit provider extends to a credit consumer under a credit agreement, either as a facility limit or line of credit. Where credit is extended on a per-transaction basis, the credit limit refers to the cumulative transactions amount;

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

“credit service business” refers to the following businesses that provide services relating to credit, as set out in Schedule 3 of the CCA:

- (a) Impaired loan/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 Conduct Standards and is registered by SKP to carry on such business;

“creditworthiness assessment” refers to an evaluation by a credit provider, conducted during the credit assessment process, on the likelihood of default of a credit consumer to meet a credit obligation under the credit agreement;

³ As defined in the Guideline on SME Definition issued by SME Corporation in March 2026, including any amendments or modifications made thereof.

“debt collection agency” or **“DCA”** refers to a person that provides debt collection services, as prescribed in Schedule 3 of the CCA and is registered with SKP;

“debt collection representative” refers to a person, or by whatever term called, such as agents, employees or intermediaries, in the direct employment of, or acting for an authorised entity, to recover debt from credit consumers;

“debt counselling and management agency” or **“DCMA”** refers to a person that provides debt counselling and management services, as prescribed in Schedule 3 of the CCA and is registered with SKP;

“effective interest/profit rate” refers to a rate that reflects the actual finance cost on annualised basis of a loan/financing agreement, which must be disclosed regardless of the type of the loan/financing rate;

“factoring” refers to factoring arrangements, as prescribed in Schedule 2 of the CCA. This includes Islamic factoring;

“fixed rate” refers to loan/financing with an interest or profit rate that will remain at a specified rate, which is determined on or prior to the disbursement of funds, for the whole tenure of the loan/financing. The interest/profit is calculated based on the reducing balance method;

“flat rate” refers to loan/financing with an interest/profit rate that will remain at a specified rate for the whole tenure of the loan/financing. The interest/profit is calculated based on the amount of the original loan/financing disbursed at the beginning of the loan/financing period;

“impaired loan buyer” or **“ILB”** refers to a person that provides impaired loan/financing acquisition services, as prescribed in Schedule 3 of the CCA and is registered with SKP;

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

“leasing” refers to leasing contracts, as prescribed in Schedule 2 of the CCA, where the contract is subject to a minimum leasing period of three months. This includes Islamic leasing which is also prescribed in the same schedule;

“plain language” refers to the use of clear, concise and simple terms to ensure that information is easily understood by the intended audience. This is achieved by avoiding jargon, technical terms, and complex sentence structures;

“representative” refers to a person, by whatever term called such as agents, employees or intermediaries, in the direct employment of, or appointed by an authorised entity, to carry out any dealings with a credit consumer on behalf of the authorised entity;

“Rule of 78 method” refers to an interest/profit calculation method that multiplies the total interest/profit payable over the loan/financing tenure by a fraction, the numerator of which is the number of periods remaining on such financing at the time the calculation is made, and the denominator of which is the sum of all the whole numbers from one to the number which is the total number of complete months in the period of the loan/financing agreement;

“Shariah Advisory Council” or **“SAC”** refers to the Shariah Advisory Council established under section 51 of the Central Bank of Malaysia Act 2009; and

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

PART II: BUSINESS CONDUCT AND CREDIT CONSUMER PROTECTION

5. Corporate culture

- 5.1 In line with section 84 of the CCA, the board and senior management of an authorised entity must set clear expectations for achieving the objectives of fair, responsible and professional conduct in all its dealings with credit consumers. These objectives must be embedded in the corporate culture and core values of the authorised entity.
- 5.2 The board must provide adequate oversight and approve the establishment and implementation of internal governance structures, policies, procedures and controls relating to the conduct of an authorised entity in all its dealings with credit consumers, which shall—
- (a) strive to produce good credit consumer outcomes;
 - (b) remain relevant and appropriate in view of material changes with regard to the business profile of the authorised entity, including the size, nature and complexity of its business and the associated impact on risks of credit consumer harm; and
 - (c) promote alignment of incentives through appropriate key performance indicators for senior management that are consistent with fair treatment of credit consumers.
- 5.3 In achieving the objectives set out in paragraph 5.2, the board of an authorised entity must set an appropriate tone from the top by—
- (a) working with the senior management to promote a sound corporate culture which reinforces values and behaviours that are in line with the objectives;
 - (b) demonstrating commitment to the objectives through actions, communications and measures;
 - (c) approving key internal policies, procedures or controls to ensure effective management of pertinent operational, conduct, technology and data protection risks; and
 - (d) ensuring appropriate reflection of the objectives in the business strategies and operations of the authorised entity.
- 5.4 In supporting the board, the senior management is responsible for translating the objectives of fair, responsible and professional conduct into corporate culture, core values and internal control mechanisms including in the policies and practices implementation of an authorised entity. This includes—
- (a) embedding the objectives in the business model, strategies and business practices across the product lifecycle (product design, promotions, distribution, advisory and debt collection), to ensure the delivery of fair consumer outcomes;
 - (b) ensuring that decision-making processes consider the best interest of credit consumers;
 - (c) setting, communicating and reinforcing the core values and behaviours needed to deliver the objectives to representatives, via recruitment, training, appraisals and reward scheme;

- (d) developing monitoring mechanisms and ensuring implementation of corrective measures where the outcomes are not met; and
 - (e) providing avenues for periodical reporting and early escalation⁴ to the board on operational concerns affecting achievement of the objectives.
- 5.5 If an authorised entity suspects or has reason to believe its representatives are involved in misconduct which has or may result in poor consumer outcomes or is detrimental to the reputation of the authorised entity, the board and senior management must ensure timely and independent investigations are undertaken to establish the root causes and liable parties.
- 5.6 In relation to paragraph 5.5, the board and senior management must implement prompt and proportionate remedial measures, which include disciplinary measures, to prevent future recurrence of such misconduct.
- 5.7 The board and senior management of an authorised entity are encouraged to promote awareness and educate credit consumers, including the following—
- (a) instilling and exercising good financial discipline by making sound borrowing decisions appropriate to their financial needs;
 - (b) staying informed on emerging financial scams, fraud risks and digital security threats through accessible safety tips across platforms, and recognising common fraudster tactics displayed, via warnings on authorised websites or applications; and
 - (c) consistently practising precautionary measures⁵ at all times such as verifying sources and securing personal information.
- 5.8 The board of an Islamic credit provider must institutionalise a Shariah governance framework that is commensurate with its business size, complexity and nature. Oversight accountability of the board over Shariah governance and compliance must reflect the integration of Shariah governance considerations within the business of the Islamic credit provider.

⁴ Operational concerns that may warrant early escalation to the board include breaches in policies and procedures as well as services disruption due to operational and technology failure, adversely affecting the interest of credit consumers.

⁵ Examples of such measures include verifications of alleged genuine websites and mobile applications of an authorised entity.

6. Prohibited business conduct

- 6.1 An authorised entity is strictly prohibited from engaging in misleading, deceptive, exploitative or harassing conduct in any dealings with credit consumers as prescribed in Schedule 6 of the CCA.
- 6.2 Any person who commits offences under Schedule 6 of the CCA shall, on conviction, be liable to a fine not exceeding RM5 million, imprisonment for a term not exceeding 5 years, or both pursuant to section 87(2) of the CCA, regardless of whether the conduct causes actual financial losses to the credit consumer. This is to serve as a strong deterrence against such unfair and unethical business practices.
- 6.3 The list of prohibited business conduct under the CCA is intended to prevent—
- (a) credit consumers from receiving false, misleading or deceptive information in connection with credit products and services;
 - (b) predatory business practices that subject credit consumers to intimidation, exploitation or undue pressure;
 - (c) unhealthy or unethical business practices that restrict the freedom of credit consumers; and
 - (d) collusive business practices that may result in unfavourable outcomes to credit consumers.

Engaging in misleading or deceptive conduct

Paragraph 1 of Schedule 6 of the CCA

Engaging in conduct that is misleading or deceptive, or is likely to mislead or deceive in relation to the nature, features, terms or price of any credit product or services offered or provided by any person to a credit consumer under any business relating to the provision of credit or credit service, as the case may be.

- 6.4 The following are non-exhaustive examples of misleading or deceptive conducts—
- (a) falsely claiming to be an agent, representative, or partner of any authorised entity unless a formal and documented agreement exists;
 - (b) misrepresenting the actual benefits, features, conditions or terms of credit products or services offered;
 - (c) describing a credit product or service as “free” or “at no cost” without any charges or conditions imposed, prior to or during the term of the account or contract, when in actual fact there are hidden charges or conditions; or
 - (d) omitting material facts relevant for credit consumers to make an informed decision, including using small print to obscure such facts.

Inducing action or non-action by credit consumers

Paragraph 2 of Schedule 6 of the CCA

Inducing or attempting to induce a credit consumer, including through an advertisement, to do an act or omit to do an act in relation to any credit product or service offered or provided by any person under any business relating to the provision of credit or credit service, as the case may be, by—

- (a) making a statement, illustration, promise, forecast or comparison which is misleading, false or deceptive;
- (b) dishonestly concealing, omitting or providing material facts in a manner which is ambiguous; or
- (c) recklessly making any statement, illustration, promise, forecast or comparison which is misleading, false or deceptive.

6.5 An authorised entity may be guided by the following non-exhaustive examples of inducing action or non-action by credit consumers—

- (a) falsely claiming that the credit products or services have been authorised or endorsed by a relevant authority;
- (b) creating a false sense of urgency, by claiming that the credit products or services (including any promotional gifts) are only available for a limited time or are in limited supply in order to elicit an immediate decision, when supply is actually unrestricted and widely available;
- (c) falsely presenting a rightful entitlement of a credit consumer as an exclusive benefit offered by the authorised entity to the credit consumer; or
- (d) enticing credit consumers with attractive promises, for example, exclusive promotions or gifts, when the authorised entity is aware it is not able to reasonably fulfil such promises.

Exerting undue pressure or influence

Paragraph 3 of Schedule 6 of the CCA

Exerting undue pressure, influence or using or threatening to use harassment, coercion or physical force in relation to—

- (a) the offer or provision to a credit consumer or any related third-party of such credit consumer, of any credit product or services; or
 - (b) the payment by a credit consumer or any related third-party of such credit consumer for any credit product or services offered or provided,
- by any person under any business relating to the provision of credit or credit service, as the case may be.

6.6 The following are non-exhaustive examples of exerting undue pressure, influence or using harassment or coercion on credit consumers—

- (a) taking advantage of a position of power to pressure credit consumers that deprives them from making well-informed decisions;

- (b) harassing credit consumers by making unnecessary or excessive contact⁶;
- (c) using, or threatening to use, any physical or forceful actions that limit choice or freedom of the credit consumers to act;
- (d) making repeated solicitations to promote credit products or services to credit consumers who have expressed disinterest;
- (e) creating obstacles to discourage or prevent credit consumers from leaving the premises of the authorised entity, or from ending a call, until a contract is signed or secured; or
- (f) refusing to leave the residence or workplace of the credit consumers, which may tantamount to trespassing, or implying or threatening to place credit consumers under surveillance.

Demanding payments for unsolicited credit products or services

Paragraph 4 of Schedule 6 of the CCA

Demanding payments from a credit consumer in any manner for unsolicited credit product or services of any person under any business relating to the provision of credit or credit service, as the case may be, including threatening to bring legal proceedings.

- 6.7 The following are non-exhaustive examples of demanding payments for unsolicited credit products or services—
- (a) billing credit consumers for the cost of unsolicited credit products or services, such as through automatic enrolment schemes, where credit consumers are automatically enrolled to receive new or additional credit products or services without their express consent, or where the credit consumers are deemed to have accepted the credit products or services unless they expressly decline the offer;
 - (b) confusing credit consumers during a promotion into signing a contract and subsequently demanding for payment without clearly obtaining acceptance of the credit consumer for the credit products or services;
 - (c) engaging in coercive practices, such as, threatening legal action to recover payments for unsolicited credit products or services, or listing or threatening to list credit consumers on blacklist of defaulters as a means of intimidation or applying undue pressure; or
 - (d) continually sending bills, reminders or communications to demand settlement of outstanding amounts for unsolicited credit products or services.

⁶ Including harassing the credit consumer's family, relative, neighbour, friend or employer either by telephone or via other forms of communication for information about whereabouts of the credit consumer.

7. Marketing and promotions

Conduct of representatives in carrying out marketing and promotion activities

- 7.1 An authorised entity must ensure that its sales and marketing representatives provide an official form of identification, including an authorisation card where appropriate, when engaging with credit consumers. Such identification documents or materials must include basic information, such as the name, designation and contact details of the representative, as well as the name and address of the authorised entity.
- 7.2 An authorised entity must ensure that its sales and marketing representatives do not engage in any conduct that is improper, including but not limited to the following, when interacting with credit consumers to promote or offer its credit products or services—
- (a) adopting aggressive tactics to harass, coerce or inappropriately induce credit consumers into signing up for any credit product or service;
 - (b) making false commitments or representation to credit consumers, such as falsely claiming that more attractive financing terms that are far below the market rate can be secured for repayment of existing debts; or
 - (c) providing misleading, false or deceptive information to credit consumers, such as marketing a credit product or service as “free” or “zero cost” without clarifying the terms and conditions for eligibility.
- 7.3 An authorised entity must ensure that its financial incentives including reward and remuneration schemes for sales and marketing representatives, is designed to promote fair outcomes for credit consumers.
- 7.4 In relation to paragraph 7.3, such financial incentives must go beyond the achievement of sales targets and include indicators relating to customer experience, and regulatory compliance.

Disclosures relating to advertisements and promotional materials

- 7.5 An authorised entity must ensure that any advertisements or promotional materials for its credit products or services contain the following information:
- (a) Name and contact details of the authorised entity;
 - (b) Pertinent information on the key features of the credit products or services that are likely to affect the decisions of the credit consumers, such as any applicable fees and charges, as well as effective interest or profit rate and repayment terms, where applicable, are written or displayed in clearly legible font size and colours; and

- (c) Any appropriate disclaimers⁷ to be prominently displayed and must not be obscured or disguised by the content or design of the advertisement or promotional material.
- 7.6 An authorised entity must not misrepresent or give the false impression in any advertisements or promotional materials, that a credit product or service is “free” from interest, fees, charges or qualifications, without disclosing the specific conditions or eligibility criteria that must be fulfilled to be entitled for such promotional offers.
- 7.7 For the purposes of paragraph 7.6, the conditions or eligibility criteria attached may include a specific repayment period or amount. For example, the “free from interest” offer to credit consumers may only be applicable if the total amount is paid over a three-month instalment period or in full after a set time frame.
- 7.8 An authorised entity must ensure any applicable conditions or eligibility criteria to qualify for benefits offered, including gifts and prizes, are clearly and prominently disclosed in the advertisements or promotional materials.
- 7.9 For Shariah-compliant credit products, an Islamic credit provider must ensure that the advertisements and promotional materials for such credit products contain information on—
- (a) the approval of the credit products by the Shariah adviser or Shariah committee of the authorised entity; and
 - (b) the key elements embedded in the credit products such as the underlying Shariah contracts.
- 7.10 A credit provider must not use phrases that imply the offering of Shariah compliant credit products when the products do not comply with Shariah principles.
- 7.11 Where an authorised entity is promoting credit products or services of another entity or of a different business activity under an agreement or arrangement, the authorised entity must clearly inform credit consumers the key features of the promoted products or services including fees and charges, as well as roles and responsibilities of the respective parties with regard to the credit products or services.

⁷ Refers to any related information that is considered important for a decision-making process by the credit consumers prior to subscribing or onboarding to particular credit products and services. For example, a disclaimer highlighting the scope of the roles and responsibilities of a marketplace platform operator that is promoting a product on behalf of a credit provider, based on an agreed commercial arrangement between both parties.

- 7.12 An authorised entity is prohibited from using the name or logo of SKP or include any such information or presentation in an advertisement or with any of its promotional activities that may give the impression or imply that SKP recommends, endorses or is in any manner, associated with the credit products, services or the authorised entity.

8. Transparency and disclosure

- 8.1 An authorised entity must at all times ensure that information provided to credit consumers on credit products or services offered is accurate, clear, timely and not misleading. The information provided shall facilitate credit consumers particularly in making informed decisions on the suitability of the credit products or services to meet their needs.
- 8.2 An authorised entity must make its disclosure materials⁸ available in at least 2 languages comprising Bahasa Malaysia and any other language(s) that meets the needs of its existing and targeted customer segments.
- 8.3 Notwithstanding paragraph 8.2, for legally enforceable documents such as the credit agreements, the documents must be made available in either Bahasa Malaysia or English, based on the language that the credit consumers understand and opt for.
- 8.4 All key information concerning credit products or services must be legible and presented in plain language to facilitate improved understanding of any pertinent information including the rights and obligations, to enable informed decision making by the credit consumers throughout the product lifecycle⁹. An authorised entity shall avoid the use of legal and technical jargons whenever possible. Where the use of legal and technical jargons is necessary, the authorised entity must explain the meaning of these jargons, for instance, in the glossary of the credit agreement or in a footnote on the same page the jargons appear, to help credit consumers understand them.
- 8.5 For the purposes of paragraph 8.4, “pertinent information” refers to the key features of the credit products or services, potential risks and the consequences associated with such products or services offered, as well as the rights and responsibilities of credit consumers. Such pertinent information includes the following, where applicable—
- (a) loan/financing amount;
 - (b) tenure of financing;
 - (c) method for calculation of interest/profit rate, and whether the calculation is on a daily or monthly rest basis;
 - (d) effective interest/profit rate;
 - (e) periodic and total repayment amount;
 - (f) outstanding loan/financing amount; and
 - (g) any associated fees and charges (including late payment charges).

⁸ Including advertisement, illustration, comparison, promotional or marketing materials as well as written or oral sales presentations.

⁹ This extends to credit application, collection, restructuring or recovery stage.

- 8.6 In relation to paragraph 8.5(d), “effective interest/profit rate” refers to a rate that reflects the actual finance cost on annualised basis of a loan/financing agreement, which must be disclosed prominently regardless of the type of the loan/financing rate. It reflects the real economic cost of the loan/financing over its full tenure that—
- (a) enables accurate comparison of the finance cost across different credit products, even where the products differ in terms of nominal rate or repayment schedule; and
 - (b) enhances transparency by allowing credit consumers to better understand the total amount payable in practice and assess whether it is affordable.
- 8.7 An authorised entity must disclose such pertinent information in a mode or channel that is easily accessible and available to all credit consumers.
- 8.8 An authorised entity must ensure that disclosures¹⁰ made through digital channels are effective, particularly in facilitating informed decision making by credit consumers.
- 8.9 Upon request, an authorised entity must provide credit consumers with access to their transaction records throughout the credit product lifecycle. These records must include details of outstanding amount, repayments made, any fees or charges imposed, and the dates on which such amounts were applied to the account. This requirement ensures that credit consumers remain fully informed of their credit obligations under the credit agreement until the credit facility is fully settled.
- 8.10 An authorised entity must effectively communicate to the credit consumers, with sufficient advance notice, on any changes to credit products or services. Such changes include modifications to the terms and conditions, fees and charges, or alterations to the rights and obligations of credit consumers. The mode of notification may be in writing via mail or digital means or prominently displayed at business premises and website of the authorised entity.

¹⁰ This includes adoption of visual aids, infographics and “bite-size” guides.

9. Fairness of terms in credit agreements

- 9.1 The requirements in this Chapter do not apply to terms of credit agreements that—
- (a) have been individually negotiated, i.e. where the credit consumers are able to influence the substance of such terms; or
 - (b) reflect statutory or regulatory provisions and requirements.
- 9.2 A credit provider must ensure that the terms in its standard credit agreement are fair to credit consumers. A term in the credit agreement is regarded as unfair if it unduly favours a credit provider to the detriment of the affected credit consumer, taking into consideration relevant factors such as the relative bargaining power of the contracting parties and effects on the liabilities of the parties for the performance of contractual obligations.
- 9.3 For the purposes of paragraph 9.2, **Appendix II** sets out examples of contract terms that are likely to be regarded as unfair.
- 9.4 A credit provider must clearly explain the key terms and conditions of the credit agreement to the credit consumers by providing adequate and comprehensible information. The credit provider must obtain written acknowledgement confirming understanding of the credit consumers of these terms and conditions. This acknowledgement must be documented either within the credit agreement itself or in a separate accompanying document and must not be presented in the form of auto-filled or pre-ticked boxes.
- 9.5 A credit provider must disclose all available repayment options under the credit agreement. The agreement must not contain any terms or conditions that discourage credit consumers from making early repayments, whether in full or in part, of the credit obligations.
- 9.6 When a credit consumer opts for early repayment of a credit obligation, the credit provider must provide written disclosure of the following information—
- (a) remaining obligations of the credit consumer under the credit agreement;
 - (b) the amount required for early repayment, whether in full or in part, on the specified date along with the method of calculation; and
 - (c) the applicable interest or profit rate, any fees or charges payable, and the respective methods of calculation.

10. Imposition of interest/profit, fees and charges

- 10.1 An authorised entity must ensure that any interest¹¹ or profit, as well as fees and charges¹² payable by the credit consumers under a credit agreement or credit service agreement, are fair and not excessive or unreasonable. In addition, any profit or fees and charges relating to Islamic credit products and services must, at all times, comply with Shariah principles and be in accordance with the rulings and resolutions issued by the SAC.
- 10.2 For the purposes of paragraph 10.1, a fee or a charge may be deemed excessive or unreasonable if it—
- (a) is disproportionate to the actual costs incurred by the authorised entity or if fees imposed for ad hoc services requested by the credit consumers exceed the costs directly attributable to providing such services;
 - (b) arises from enhancements to the overall internal operating processes of the authorised entity and/or risk management practices that is not specifically related to the credit products or services offered; or
 - (c) is determined to be excessive under any other circumstances, as specified by SKP.
- 10.3 An authorised entity must provide clear and transparent explanations in response to any credit consumer enquiries regarding the rationale for imposing any fee or charge.
- 10.4 An Islamic credit provider is prohibited from imposing or charging profit or fees on any portion of outstanding amount that relate to profit or fees carried forward from a previous statement (non-compounding).

Repayment reminder and late payment charges (LPC)

- 10.5 A credit provider must clearly disclose the applicable LPC and the circumstances under which it will be imposed in the terms and conditions of its credit products, at the point of onboarding credit consumers, as well as in repayment reminders. This disclosure must include a simple illustration showing when the LPC will be applied and how it is calculated. The credit provider must also highlight that the LPC will increase the overall cost of financing borne by the credit consumers.

¹¹ Interest denotes the cost of borrowing money, usually expressed as a percentage of the principal amount, over a specific period. It represents the compensation charged by a credit provider to a credit consumer for the use of funds over a specified period, in considering the time value of money and the risk of lending.

¹² Fees and charges denote fixed or variable costs imposed for specific services or tasks related to providing a credit product or service. In general, a “fee” is a pre-determined fixed or variable amount charged for specific services or relevant administrative processes, such as processing or membership fees. Meanwhile, a “charge” is an amount imposed for transaction-based action, usage or penalty, such as late payment charge and over-the-limit charge.

- 10.6 A credit provider must send a repayment reminder to the credit consumers **at least 3 calendar days** before any repayment is due.
- 10.7 For the purposes of paragraph 10.6, such reminders may be delivered through any communication channel deemed most effective for reaching the credit consumers, such as mobile application notifications, short messaging service (“SMS”) or email.
- 10.8 A credit provider must comply with the following requirements to ensure that the LPC imposed on the credit consumers is fair and reasonable:
- (a) The quantum of the LPC must not be excessive, i.e. disproportionate to the actual direct costs incurred in recovering overdue instalments¹³;
 - (b) The LPC must only be charged on the instalment amount in arrears, i.e. must not apply on the total outstanding amount;
 - (c) The LPC must exclude costs associated with debt-recovery actions performed by externally appointed representatives (as reiterated in paragraph 12.16) and any costs not directly related to overdue instalment recovery, such as funding costs, marketing and advertising expenses, or opportunity costs not attributable to late payments; and
 - (d) Any unpaid LPC must not be added to the total outstanding amount for computing interest or profit due, i.e. no compounding of LPC for subsequent repayment cycles.
- 10.9 In addition to paragraph 10.8, an Islamic credit provider must obtain written approval from its Shariah adviser or Shariah committee on the component of actual cost treated as *ta'widh*¹⁴ (compensation) for LPC.
- 10.10 A credit provider must not rely on LPC as an additional source of income. LPC is intended solely to encourage timely payments and promote financial discipline among credit consumers.

¹³ For BNPL, the overdue amount includes any deferred payments that are scheduled to be repaid under a postpaid arrangement.

¹⁴ *Ta'widh* refers to claim for compensation arising from actual loss suffered by the Islamic credit provider due to the delay in payment of the financing amount by the credit consumers. This paragraph shall be read together with the SAC resolutions on “Imposition of *Ta'widh* and *Gharamah* in Islamic Financing Facilities” at the SAC’s 4th, 95th and 101st meetings, as well as “Method of Late Payment Charge on Judgement Debt” at the SAC’s 50th meeting, 61st meeting and 100th meeting. Refer to paragraph 81 (page 129) and paragraph 83 (page 133) of the Shariah Resolutions in Islamic Finance (Second Edition) issued on 26 October 2010 and https://www.bnm.gov.my/documents/20124/9198675/shariah_resolutions_2nd_edition_EN.pdf.

Early termination of agreement

- 10.11 An authorised entity must ensure that any early termination fee does not penalise or create a barrier that prevents credit consumers from switching or closing their accounts. This includes circumstances such as early repayment of a credit obligation or termination of a credit service agreement.
- 10.12 In relation to paragraph 10.11, an authorised entity must ensure that any interest or profit, as well as fees and charges imposed are not excessive or unreasonable. These costs must exclude any consideration of loss of profit that would have been received if the agreement continues until the end of the tenure, marketing expenses or other costs associated with acquiring new credit consumers.

11. Creditworthiness and affordability assessments

- 11.1 A credit provider must promote a sound credit risk management environment to support prudent credit decision making and at the same time protect the well-being of credit consumers from over indebtedness. This includes establishing a credit risk strategy that sets the overall direction for credit activities and adequate protection from credit consumers. An effective credit risk strategy must ensure long-term viability by achieving an optimal balance between credit quality, profitability, growth and consumer protection objectives.
- 11.2 A credit provider must implement a comprehensive credit risk assessment framework that provides in-depth understanding of key characteristics of credit exposures to facilitate sound decision making.
- 11.3 A credit provider must set clear and well-defined credit acceptance criteria to evaluate the creditworthiness of potential customers before granting the credit. These criteria must—
- (a) reflect common credit characteristics for different customer segments;
 - (b) align with the credit risk strategy and policy; and
 - (c) align with the necessary creditworthiness and affordability assessments required by the Conduct Standards.
- 11.4 When assessing financial soundness of a credit consumer, a credit provider must determine whether the credit consumer can and will meet obligations on time, under both normal and stressed conditions. The assessment must—
- (a) consider all relevant factors, including key terms and conditions; and
 - (b) obtain and verify sufficient evidence on repayment capacity of the credit consumer.
- 11.5 A credit provider must not offer credit or increase a credit limit if the credit consumer is—
- (a) insolvent;
 - (b) likely to default on repayment obligations; or
 - (c) expected to face significant difficulty in fully repaying the credit.
- 11.6 At onboarding, a credit provider must assess the creditworthiness of the credit consumer, considering at a minimum—
- (a) the credit repayment history; and
 - (b) the insolvency status.
- 11.7 To ascertain the financial standing of a credit consumer, a credit provider must obtain relevant information or documents, including—
- (a) the financial means (amount, income sources and stability); and
 - (b) the existing and outstanding credit obligations and repayment history.

- 11.8 In relation to paragraph 11.7, a credit provider may request documents for verification such as Employee Provident Fund (EPF) statements, income tax returns, bank statements, employer-issued income statements and payslips.
- 11.9 Where individual credit consumers are unable to provide evidence or lack of credit history, a credit provider may determine repayment capacity of the credit consumer through—
- (a) assessment of recurring payment obligations, such as on utilities, rental payments and insurance premiums; or
 - (b) self-attestation of financial means, supplemented by verification measures such as Central Credit Reference Information System (CCRIS) reports, income slips, or current account/savings account statements.
- 11.10 Where variable income¹⁵ is considered in evaluating income stability of an individual credit consumer, a credit provider is encouraged to adopt the following measures:
- (a) Assessment of income variability over a minimum period of 3 consecutive months and the use of a prudent portion of the average amount in the affordability assessment;
 - (b) Evaluation of the primary income sources stability for credit consumers without permanent employment or who are self-employed, by requiring documented evidence of income over a period of at least 6 consecutive months; or
 - (c) Consideration of the month-to-month income fluctuations. In the case where significant variance is observed, the credit provider may require a longer period of income documentation than those specified in paragraphs (a) and (b), to determine a reliable estimate of stable income. One-off variable income sources, such as windfall gains, should be excluded from the income assessment.
- 11.11 For an individual credit consumer, a credit provider must also conduct an affordability assessment prior to—
- (a) entering into a credit agreement with the credit consumer; or
 - (b) increasing the credit limit provided to the credit consumer under an existing credit agreement.

A proper affordability assessment will enable a credit provider to determine the ability of a credit consumer to fully repay a credit obligation without facing undue financial challenges throughout the credit tenure, in mitigating excessive debt burden.

¹⁵ Examples of variable incomes are overtime, allowance, commission, contractual bonus and discretionary bonus. For the discretionary bonus payments, their stability needs to be evaluated over a sufficient period of time and to assess if they are extraordinary in nature. This is to ensure that a one-off high bonus income does not distort the overall affordability assessment.

- 11.12 In order to prevent credit consumers from becoming over-leveraged, a credit provider must take reasonable steps to ensure—
- (a) individual credit consumers are offered a credit limit that is appropriate to their financial circumstances; and
 - (b) repayment ability of the credit consumers, by observing prudent Debt Service Ratio (DSR) and minimum net disposable income (NDI) thresholds.

The DSR and NDI thresholds complement, and do not replace, other factors considered by the credit provider in lending decisions, such as repayment history and credit scores of the individual credit consumer.

- 11.13 The DSR is calculated as follows:

$\frac{\text{Total outstanding debt repayment obligations from bank and non-bank credit providers, and the new instalment}}{\text{Total income after statutory deductions (i.e. tax, EPF and Social Security Organisation (SOCSO))}}$

- 11.14 The NDI is computed as follows:

<p style="text-align: center;">Total income after statutory deductions (i.e. tax, EPF and SOCSO)</p> <p style="text-align: center;">less</p> <p style="text-align: center;">All outstanding debt repayment obligations from banks and non-banks, and the new instalment</p>
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- 11.15 In setting a prudent limit for DSR and a minimum NDI threshold, a credit provider must consider relevant circumstances of the individual credit consumers that have a bearing on their level of expenditures. This may include, place of residence, cost of living, nature of employment, sources and stability of income, lifestyle and number of dependants.

- 11.16 A credit provider is also encouraged to establish, at a minimum, specific and differentiated prudent DSR and minimum NDI thresholds applicable to individual credit consumers in different income groups and location of residence.

Alternative models

- 11.17 In relation to paragraphs 11.13 and 11.14, a credit provider may rely on alternative models to facilitate affordability assessment of an individual credit consumer, as a substitute to the conventional DSR and NDI computations.

- 11.18 In instances where an alternative model is used for assessing affordability of an individual credit consumer, a credit provider must ensure the following:
- (a) The use of the alternative model must comply with the requirements and guiding principles set out by SKP, covering accountability, soundness and transparency, as specified in **Appendix III**;

- (b) The alternative model must incorporate adequate buffers for essential expenditures and contingencies, thereby minimising vulnerability of credit consumers to adverse events and income shocks. It must reflect a prudent approach to affordability that aligns with consumer protection principles; and
- (c) Notify SKP **no later than 14 calendar days** prior to implementing the alternative model, assuring compliance with the guiding principles and providing details of the model, which include the following—
 - (i) design and methodology of the alternative model;
 - (ii) key assumptions and parameters;
 - (iii) validation and testing outcomes; and
 - (iv) governance and oversight mechanisms.

12. Fair debt collection

General

- 12.1 An authorised entity must at all times act professionally and reasonably when collecting any payment due from credit consumers under the terms of the credit agreement or credit service agreement.
- 12.2 An authorised entity may manage past-due accounts through an internal debt collection function or outsource this function to external debt collectors.
- 12.3 Where the debt collection function is outsourced, an authorised entity must ensure the external debt collector is registered with SKP.
- 12.4 An authorised entity must ensure that its system for reward and remuneration of debt collection representatives, promotes fair outcomes for credit consumers.
- 12.5 For past-due accounts, an authorised entity must undertake the following:
- (a) Ensure that credit consumers are issued with clear and timely repayment reminders which, at a minimum, disclose—
 - (i) the outstanding amount due, with a breakdown of interest/profit and any other fees or charges; and
 - (ii) the missed repayment due date; and
 - (b) Clearly explain the possible actions and consequences if repayment reminders are ignored, including commencement of recovery actions.
- 12.6 In relation to paragraph 12.5(b), an authorised entity must issue a written recovery notice to a credit consumer, **at least 7 calendar days** before recovery actions as per paragraphs 12.10 to 12.16 commenced. The notice, at a minimum discloses:
- (a) The outstanding amount, including interest/profit and other fees or charges;
 - (b) Missed repayment due date;
 - (c) Commencement date of recovery actions;
 - (d) Extended repayment due date;
 - (e) Name and contact details of the recovery department or appointed external debt collector; and
 - (f) Any changes on the appointment of external debt collectors.
- 12.7 In relation to paragraphs 12.5 and 12.6, the authorised entity must ensure, on its best effort basis, to contact the credit consumers and that the reminders or notices reach the credit consumers. This may include sending the reminders or notices to the last known correspondence address such as residential/home address or email address.

- 12.8 In relation to paragraph 12.7, non-contactable circumstances may include:
- (a) Returned mail or undeliverable email notifications;
 - (b) Repeated unsuccessful attempts via phone or other agreed communication channels; and
 - (c) Lack of response to prior communications over a reasonable period.
- 12.9 An authorised entity must retain records of all communication attempts and demonstrate reasonable steps have been taken based on the most recent and reliable contact information.

During Recovery Stage

- 12.10 When collecting debt due from a credit consumer, an authorised entity must ensure its debt collection representatives have the following:
- (a) Clear and accurate information of the credit consumer; and
 - (b) A verification document confirming their authorisation to act on behalf of the authorised entity. The verification document (for instance, an authorisation document or card), at a minimum, must contain—
 - (i) name and contact details of the authorised entity;
 - (ii) name and contact details of the external party (if applicable);
 - (iii) name and identification number of the representative;
 - (iv) photo identification; and
 - (v) validity period of the appointment.
- 12.11 An authorised entity is encouraged to advise the credit consumer to verify the identity of its representatives before engaging in any interaction.
- 12.12 An authorised entity must ensure that its debt collection representatives confirm the identity of the credit consumer before discussing any matters relating to the outstanding debt. The debt information must not be disclosed to spouses or family members of the credit consumer, or to any third parties, unless explicit written consent is provided by the credit consumer.
- 12.13 An authorised entity must ensure that all payments by credit consumers are made directly to the authorised entity, and its debt collection representatives do not accept payments on its behalf to eliminate risks of loss, theft, mishandling of monies received, or fraud.
- 12.14 In relation to paragraph 12.13, the authorised entity must subsequently issue a receipt or statement acknowledging the payment.
- 12.15 An authorised entity must ensure its debt collection representatives do not engage in:
- (a) Any conduct that involves giving false, misleading or inaccurate information, including:
 - (i) misleading the credit consumer on the amount owed; and
 - (ii) falsely implying legal authority (e.g. claiming court instructions);

- (b) Any action that exerts undue psychological pressure or fear, including:
 - (i) using threatening, foul or intimidating language;
 - (ii) deploying public shaming tactics (e.g. posting debts on social media);
 - (iii) causing or threatening bodily harm; and
 - (iv) causing or threatening property damage or forcible removal of items;

- (c) Any conduct that violates privacy, boundaries or reasonable contact practices, including:
 - (i) contacting the credit consumer or related parties at unreasonable hours. The appropriate contact times shall be between 8.00 a.m. and 9.00 p.m., unless otherwise requested by the credit consumer;
 - (ii) excessive contact attempts (calling more than 3 times per week or 12 times per month); and
 - (iii) visiting the workplace, except as a last resort, unless:
 - (A) other communication attempts have failed;
 - (B) the credit consumer is not contactable elsewhere;
 - (C) the credit consumer has agreed to the visit; or
 - (D) the credit consumer is the proprietor or director of businesses related to the debt;

- (d) Any actions that improperly reveal personal information, including—
 - (i) threatening to disclose account details or publish non-payment; and
 - (ii) public humiliation (e.g. posters or social media posts);

- (e) Unlawfully entering or refusing to leave premises of the credit consumer, including the residence, workplace or business building; or

- (f) Contacting or attempting recovery from individuals other than the actual credit consumer, including family members, friends, relatives or the employer or employees of the credit consumer, for the purpose of locating or collecting debts of the credit consumer.

12.16 An authorised entity must ensure that costs incurred for debt recovery by externally appointed representatives are not passed on to the credit consumer, including in the form of debt collection charges.

Post Recovery Stage

12.17 An authorised entity must thoroughly investigate all complaints related to debt recovery and take appropriate remedial actions for any misconduct or unacceptable practices by its the debt collection representatives.

- 12.18 An authorised entity must ensure the status of consumer credit is updated in a timely manner and any debt recovery actions against the credit consumer are ceased immediately, when the credit consumer has—
- (a) regularised the account;
 - (b) fully settled the outstanding amount; or
 - (c) been accepted under a debt resolution plan.

13. Financial hardship assistance

- 13.1 A credit provider must consider granting relief from existing financial obligations when credit consumers experience genuine financial hardship or circumstances that materially affects their ability to meet repayment obligations during the tenure of a credit agreement. Pursuant to section 86(1)(a) of the CCA, SKP specifies the following circumstances as “financial hardship circumstances”¹⁶ in which a credit provider shall assess and consider whether to grant financial hardship assistance:
- (a) Critical illness;
 - (b) Critical injury;
 - (c) Non-voluntary loss of income;
 - (d) Natural disaster;
 - (e) Death of a breadwinner; or
 - (f) Any other reasonable causes as may be determined by SKP.
- 13.2 A credit provider must maintain a prominently displayed avenue or point of contact for credit consumers seeking financial hardship assistance. The contact person must be easily accessible and reachable during working hours.

Responsiveness

- 13.3 In ensuring each of financial hardship assistance application is assessed and addressed in a fair, transparent and timely manner, a credit provider must provide the credit consumers with a prompt acknowledgement and response within the specified timelines based on the following classifications:
- (a) Application approved by the credit provider and accepted by the credit consumer (**Scenario A**);
 - (b) Application approved by the credit provider but the terms are rejected by the credit consumer, and the credit consumer opts NOT to appeal (**Scenario B(i)**);
 - (c) Application approved by the credit provider but the terms are rejected by the credit consumer, and the credit consumer opts to appeal (**Scenario B(ii)**);
 - (d) Application NOT approved by the credit provider, and the credit consumer opts NOT to appeal (**Scenario C(i)**); and
 - (e) Application NOT approved by the credit provider, and the credit consumer opts to appeal (**Scenario C(ii)**).

Appendix IV illustrates the flow chart for the above classifications.

- 13.4 A credit provider must communicate with the credit consumer throughout the assessment period (application and appeal stages) as per the identified scenarios. Communication of processes and key decisions, supported by clear explanations, must be in writing.

¹⁶ Critical illness, critical injury and non-voluntary loss of income must be personally affecting the credit consumers.

- 13.5 The suspension of the rights of the credit provider to initiate any proceedings, execution or other legal process¹⁷ shall take effect from the date of the acknowledgement issued by the credit provider on the application and appeal received, and it shall resume in accordance with paragraph 13.24.
- 13.6 In relation to paragraph 13.5, the credit provider—
- (a) must clearly disclose whether interest/profit, fees or charges will be paused, reduced or continued, including relevant terms and conditions; and
 - (b) any continued charging of interest/profit, fees or charges must be justified, proportionate and transparent, taking into account the financial circumstances of the credit consumer.

Application stage

(a) Assessment

- 13.7 A credit provider must issue a written acknowledgement to the credit consumer **no later than the next business day**¹⁸ after the financial hardship assistance application is received. The acknowledgement must, at a minimum, include—
- (a) date of the application receipt;
 - (b) contact point details of the credit provider; and
 - (c) maximum assessment period as per paragraph 13.26.
- 13.8 Upon issuing the acknowledgement, the credit provider must promptly assess the application and take reasonable steps to offer appropriate assistance to the credit consumer, where applicable. This process must be guided by clear governance and internal procedures to ensure consistency and fairness, and the process must be communicated accordingly to the credit consumer.
- 13.9 In ensuring effective assessment of the financial hardship assistance application, a credit provider must—
- (a) establish effective internal governance for the assessment of financial hardship assistance applications;
 - (b) maintain clear, documented procedures for handling such applications;
 - (c) communicate decisions and terms of any financial hardship assistance arrangements to the credit consumer in a timely and transparent manner;
 - (d) avoid practices that unreasonably disadvantage the credit consumer, while balancing financial interests of the credit provider; and
 - (e) maintain records on applications, assessments, decisions and appeals.

¹⁷ Pursuant to section 86(5) of the CCA.

¹⁸ If it falls on a weekend or a public holiday, the calculation will be on the next business day.

- 13.10 A credit provider must clearly explain to the credit consumer the nature, purpose and implications of financial hardship assistance. This can entail rescheduling or restructuring the credit facility that may include extended repayment period, temporary payment deferrals, reduced instalment amounts or other reasonable modifications. The credit consumer must be informed of any applicable conditions and how the assistance affects the overall repayment obligations.
- 13.11 A credit provider must properly explain to the credit consumer that financial hardship assistance does not constitute debt forgiveness, indefinite moratorium, or unreasonable blanket interest-waivers. This is to prevent misuse or misaligned expectations by the credit consumer.

(b) Decision on application

- 13.12 A credit provider must make a decision on the application, which is to be communicated to the credit consumer **within 30 calendar days** from the date of application acknowledgement. This will entail **Scenarios A, B and C**, as set out below.
- 13.13 Where the financial hardship assistance application is approved by the credit provider, the credit provider must allow **sufficient time** for the credit consumer to revert with his decision on the proposed terms and conditions of the financial hardship assistance.
- 13.14 Where an application is not approved, the credit provider must clearly state the reasons for the decision.

Scenario A: Application approved

- 13.15 In relation to paragraph 13.13, where the financial hardship assistance application is approved by the credit provider, and the credit consumer accepts the proposed assistance terms and conditions, both parties are bound by the terms and conditions of the assistance arrangement.
- 13.16 The financial hardship assistance may take the form of an alternative repayment plan that—
- (a) aligns with the changed financial circumstances of the credit consumer; and
 - (b) does not unduly increase their financial burden.
- 13.17 For this purpose, the credit provider may vary the original credit agreement terms reasonably to facilitate future payments.

Scenario B: Application approved, but the terms are rejected by the credit consumer

- 13.18 In relation to paragraph 13.13, where the financial hardship assistance application is approved by the credit provider, but the credit consumer rejects the proposed assistance terms and conditions, the credit provider must—
- (a) formally record the disagreement of credit consumer; and
 - (b) inform the credit consumer of the consequences of not accepting the offered assistance, in writing and in a timely manner.
- 13.19 For this purpose, the credit consumer may either—
- (a) opt not to appeal (**Scenario B(i)**); or
 - (b) opt to appeal (**Scenario B(ii)**)
- on the decision by the credit provider.

Scenario C: Application not approved

- 13.20 In relation to paragraph 13.14, where the financial hardship assistance application is not approved by the credit provider, the credit consumer may either—
- (a) opt not to appeal (**Scenario C(i)**); or
 - (b) opt to appeal (**Scenario C(ii)**)
- on the decision by the credit provider.

Appeal stage

- 13.21 In both circumstances under paragraphs 13.19 and 13.20, the credit provider must inform the credit consumer of—
- (a) the right to appeal; and
 - (b) the available avenues for submitting such an appeal.
- 13.22 In the case where the credit consumer decides to appeal under paragraphs 13.19(b) and 13.20(b), the credit provider must allow **sufficient time** for the credit consumer from the date of receiving the decision from the credit provider, to submit an appeal.
- 13.23 Upon receiving an appeal from the credit consumer, the credit provider must—
- (a) acknowledge the appeal **no later than the next business day**;
 - (b) further suspend initiating any proceedings, execution or other legal process; and
 - (c) complete the appeal assessment and communicate a decision to the credit consumer **within 14 calendar days** from the date of the appeal acknowledgement.

Resumption of recovery actions

- 13.24 Proceedings, execution or other legal processes suspended under paragraph 13.5 may resume when—
- (a) the application is approved by the credit provider and the credit consumer rejects the proposed assistance terms and conditions, and opts not to appeal (**Scenario B(i)**);
 - (b) the application is not approved by the credit provider and the credit consumer opts not to appeal (**Scenario C(i)**); or
 - (c) the appeal by the credit consumer, under **Scenario B(ii)** or **Scenario C(ii)**, is not approved by the credit provider.
- 13.25 In relation to paragraph 13.24, a credit provider must ensure that the credit consumer receives reasonable notice of the decision and other details such as the next steps and timelines, where applicable before resumption of actions.

Completion of financial hardship assistance assessment

- 13.26 A credit provider must ensure end-to-end completion of a financial hardship assistance assessment **within 90 calendar days**.

14. Complaints handling

- 14.1 An authorised entity must ensure that it serves as the first referral point for its credit consumers in lodging complaint.
- 14.2 An authorised entity must establish an effective complaint-handling function to ensure independence and impartiality in addressing and resolving complaints in prompt and objective manner, supported by adequate resources, dedicated platform and effective procedures in—
- (a) administering effective processes, procedures and controls to facilitate timely, objective and fair resolution of complaints;
 - (b) ensuring proper tracking of complaint handling encompassing initiation, assessment, escalation and closure; and
 - (c) keeping senior management regularly informed on key issues, including the volume and types of complaints handled, turnaround times for resolving complaints as well as customer satisfaction and experience. This is intended to serve as an effective feedback loop on possible enhancements required to the complaint-handling function or other key business functions.
- 14.3 An authorised entity must ensure adequacy and competency of representatives in charge of the complaint-handling function is proportionate to the business size, complexity of the product offerings, and the profile of credit consumers served.
- 14.4 For the purposes of paragraph 14.3, an authorised entity must ensure that the representatives managing complaints—
- (a) are empowered to act decisively in responding to and resolving complaints; and
 - (b) receive continuous training to—
 - (i) properly assess and respond to complaints fairly and in time; and
 - (ii) engage professionally with diverse credit consumers.
- 14.5 An authorised entity must establish a centralised complaints management platform¹⁹ to maintain comprehensive and accurate records of all complaints received and the resolutions.
- 14.6 In relation to paragraph 14.5, an authorised entity must either—
- (a) fully adopt system for management of complaints developed by SKP under a white-label arrangement; or
 - (b) integrate its existing internal system for submission and management of complaints data with the system of SKP.

¹⁹ Refers to any method, such as using data management tools or specialised complaints management software, established by an authorised entity to facilitate the recording, tracking and analysis of complaints. The chosen method should correspond to the size and complexity of the business operations, products and services offered, as well as consumer base of the authorised entity.

Accessibility

- 14.7 An authorised entity must ensure its complaint-handling channels are easily accessible to the credit consumers.
- 14.8 An authorised entity must prominently publish key information at its premises (where applicable, at the front counters of the authorised entity premises²⁰) and on its website, including—
- (a) contact points and channels for lodging of complaints; and
 - (b) description of the complaint-handling process and turnaround times.
- 14.9 An authorised entity must ensure that its website features a “Contact Us” tab on the homepage, linking directly to the dedicated customer service page with complaints lodgement details.
- 14.10 In relation to paragraphs 14.8 and 14.9, an authorised entity must—
- (a) provide the relevant information to credit consumers upon request, or when acknowledging a complaint;
 - (b) ensure that any changes to details of its complaint-handling channels are promptly updated at its premises and on the website; and
 - (c) promptly communicate any changes to SKP to ensure such changes are reflected accordingly on the SKP website.
- 14.11 An authorised entity may also include details of the relevant contact points for submission of enquiries and complaints in all documents related to its credit products and services, such as contracts, agreements as well as terms and conditions.

Procedures

- 14.12 An authorised entity must implement effective and transparent complaint-handling policies and procedures for fair and timely complaints resolution, which at a minimum incorporate—
- (a) channelling all complaints to the centralised complaint-handling platform;
 - (b) conducting accurate root causes analysis to support fair resolution;
 - (c) establishing clear criteria for classifying simple and complex cases;
 - (d) defining timelines and governance arrangements²¹ for handling complaints of varying complexity;

²⁰ An authorised entity may display at its premises and physical outlets any reasonable methods to facilitate access to information for credit consumers to lodge a complaint. This may include providing a Quick Response (QR) code (either in physical or digital format, where applicable) or links to its website.

²¹ This includes establishing clear policies on the lines of authority for decision-making on complaints received, based on their complexity level.

- (e) providing timely updates to the credit consumers on complaint status; and
 - (f) issuing written communication of final decisions, including the justifications.
- 14.13 In relation to paragraph 14.12(f), an authorised entity must communicate its final decision in writing such as via a letter, email or other reasonable written form of communication, which at a minimum, includes–
- (a) clear and concise explanations, written in plain language²², regarding the basis for its final decision;
 - (b) appropriate prominence to material information that may impact the interest of credit consumers; and
 - (c) a translation of the final decision for credit consumers who face difficulty in understanding due to language barriers.
- 14.14 An authorised entity must ensure its complaint-handling procedures are well documented and accessible to all relevant staff.
- 14.15 An authorised entity must conduct regular reviews of complaints management function including the processes to ensure fair outcomes and drive strategic improvements. This includes generating reports on common issues, resolution turnaround times and satisfaction levels of the credit consumers.

Responsiveness

- 14.16 In ensuring each complaint is addressed in a fair, transparent and timely manner, an authorised entity must provide the credit consumer with a prompt acknowledgement and response within the specified timelines based on the following classifications:
- (a) Simple case;
 - (b) Complex case (no third-party information required);
 - (c) Simple case later classified as complex (no third-party information required);
 - (d) Complex case requiring third-party information;
 - (e) Simple case later classified as complex (third-party information required); and
 - (f) Unresolved case.
- 14.17 In determining whether a case is simple or complex, an authorised entity should apply the relevant parameters in a proportionate manner, taking into account–
- (a) the nature, scale and complexity of its business and operations;
 - (b) the level of automation and digital maturity in maintaining and sourcing information; and
 - (c) the extent of reliance on third-party arrangements.

²² Where an authorised entity cannot avoid the use of a legal or technical terminology, the authorised entity must explain the meaning of such terminology which must be provided to credit consumers for reference.

14.18 An authorised entity must issue a written acknowledgement to the credit consumer **no later than the next business day** after the complaint is received. The acknowledgement must, at a minimum, include:

- (a) date of the receipt;
- (b) contact point details of the authorised entity; and
- (c) estimated turnaround time for resolving the complaint.

14.19 An authorised entity must inform the credit consumer of the alternative avenues²³ for further recourse if the credit consumer is not satisfied with the decision of the authorised entity.

(a) Simple case

14.20 For a complaint classified as a simple case, an authorised entity must communicate its decision to the credit consumer **within 14 calendar days** from the date of acknowledgement of the complaint, as illustrated in **Appendix V(a)**.

(b) Complex case – No third-party information required

14.21 For a complaint classified as a complex case, an authorised entity must communicate its decision to the credit consumer **within 30 calendar days** from the date of acknowledgement of the complaint, as illustrated in **Appendix V(b)**.

(c) Simple case later classified as complex – No third-party information required

14.22 For a complaint initially classified as a simple case which was subsequently determined to be complex, an authorised entity must notify this change in writing, **within 14 calendar days** from the date of acknowledgement of the complaint. The notification details shall include:

- (a) the revised timeline for resolution; and
- (b) the reasons additional time is required.

14.23 The authorised entity must then communicate its final decision to the credit consumer **within 30 calendar days** from the date of acknowledgement of the complaint.

Appendix V(c) illustrates the flow chart for this classification.

(d) Complex case – Third-party information required

14.24 **Within 30 calendar days** from the date of acknowledging a complaint, an authorised entity must provide written communication to the credit consumer which is either—

- (a) confirming resolution of the complaint; or

²³ This may include escalation to SKP or initiating legal action.

- (b) explaining the reason for any delay in resolution, either due to complexity or the need for material information or documents from a third party such as police investigation reports.

14.25 Where material information or document is required from a third party, an authorised entity must follow up with the third party **at least once every 7 calendar days**.

14.26 Once complete information is received, the authorised entity must finalise its investigation and inform the credit consumer of its decision **within 30 calendar days** from the date of receiving complete information or documents.

Appendix V(d) illustrates the flow chart for this classification.

(e) Simple case later classified as complex – Third-party information required

14.27 For a complaint classified as a simple case which was subsequently determined to be complex, the authorised entity must notify in writing this change **within 14 calendar days** from the date of acknowledging a complaint. The notification details shall include—

- (a) the revised timeline for resolution; and
- (b) the reasons for the additional time required to resolve the complaint.

14.28 **Within 30 calendar days** from the date of acknowledging a complaint, the authorised entity must provide written communication to the credit consumer explaining why resolution is delayed, due to complexity or the need for material information or document from a third party such as police investigation reports.

14.29 Where resolution is further delayed due to complexity or a third-party dependency, the authorised entity must inform the credit consumer in writing on—

- (a) the reasons for the delay; and
- (b) the additional **30 calendar days** allowed for resolution.

14.30 In relation to paragraphs 14.28 and 14.29, where material information or document is required from a third party, an authorised entity must follow up with the third party **at least once every 7 calendar days**.

14.31 In relation to paragraph 14.29, once complete information is received, the authorised entity must finalise its investigation and communicate its decision to the credit consumer **within 60 calendar days** from acknowledgement receipt.

Appendix V(e) illustrates the flow chart for this classification.

(f) Unresolved case

- 14.32 Where material information or document is required from a third party, an authorised entity must follow up with the third party **at least once every 7 calendar days**.
- 14.33 Under exceptional circumstances where the authorised entity is unable to obtain the required third-party information **within 60 calendar days** from the date of acknowledging a complaint²⁴, senior management of the authorised entity must eventually make a final decision or determine alternative measures to resolve the complaint **within the next 30 calendar days**.

The flow chart is as illustrated in **Appendix V(f)**.

²⁴ Referring to complex case or simple case later classified as complex, which require third-party information.

15. Competency of representatives

- 15.1 An authorised entity must undertake assessment on its representatives to ensure they possess the appropriate academic qualifications, as well as the requisite experience, character, integrity and commitment to effectively discharge their responsibilities as representatives.
- 15.2 The assessment must be conducted for each representative prior to initial appointment and thereafter annually or whenever the authorised entity becomes aware of any information that may materially compromise competency of the representative.
- 15.3 In assessing the character and integrity of a representative, an authorised entity must ensure that the representatives do not have adverse track record, such as the following—
- (a) being subject to investigations or criminal proceedings;
 - (b) contravention of laws designed to protect the public against financial loss due to dishonesty, incompetence or malpractice;
 - (c) engagement in deceitful, oppressive or improper business practices; or
 - (d) dismissal or resignation from a position of trust, due to concerns about his honesty and integrity.
- 15.4 An authorised entity must ensure that its representatives, particularly those dealing directly with credit consumers—
- (a) receive adequate training on behaviours that deliver fair outcomes;
 - (b) remain updated on new developments, skills and knowledge relevant to business activities; and
 - (c) are familiar with current fraud risks and end-to-end fraud investigation processes to advise credit consumers.
- 15.5 An authorised entity must also ensure that its representatives do not engage in prohibited business conduct as outlined in Chapter 6 of the Conduct Standards. An authorised entity must adopt measures to ensure its representatives demonstrate fair and professional conduct, including—
- (a) engaging with credit consumers without mis-selling or misrepresentation;
 - (b) clearly explaining key contractual terms, obligations of credit consumers and the consequences of defaulting on repayments; and
 - (c) exercising due care in handling credit consumer information.

16. Credit consumer information management

- 16.1 An authorised entity manages substantial volumes of credit consumer information in the course of delivering credit products and services. Safeguarding this information is vital to protect interests of credit consumers. For this purpose, the authorised entity must—
- (a) ensure protection against theft, loss, misuse or unauthorised access, modification or disclosure by whatever means, including disclosure made in verbal or written form; and
 - (b) preserve confidentiality and security of all information provided by credit consumers at all times.
- 16.2 An authorised entity must have in place and implement adequate measures and controls in handling credit consumer information throughout the information lifecycle, covering collection, storage, use, transmission, sharing, disclosure and disposal of the information. At a minimum, an authorised entity must—
- (a) protect and secure credit consumer information;
 - (b) ensure the adequacy and effectiveness of its policies and procedures; and
 - (c) investigate any credit consumer information breach, take appropriate measures to address any consumer harm arising from the breach and prevent its recurrence.
- 16.3 An authorised entity must not disclose credit consumer information to any third party, unless—
- (a) the disclosure is required by any law, a court of law or relevant authorities²⁵; or
 - (b) consent has been obtained from the credit consumer for the disclosure.

Control Measures

(a) Information and communication technology (ICT) controls

- 16.4 An authorised entity must deploy preventive and detective ICT controls to prevent theft, loss, misuse or unauthorised access, modification or disclosure of credit consumer information, as well as to detect errors and irregularities when they occur.
- 16.5 Credit consumer information stored on any storage medium must be adequately protected through appropriate controls, including password protection and data encryption.
- 16.6 Unauthorised disclosure may occur in many ways and forms such as staff taking photograph of documents or screens that contain credit consumer information. An authorised entity must have in place mechanisms that strongly deter unauthorised disclosure of credit consumer information by the representatives.

²⁵ Refers to any enforcement agency in Malaysia under any written law for the purposes of an investigation or prosecution of an offence under any written law.

- 16.7 In relation to paragraph 16.6, such mechanisms may include raising staff awareness on the disciplinary actions for unauthorised disclosure, installing CCTVs at relevant areas, or restricting personal electronic devices at high-risk areas like data centres and call centres.
- 16.8 An authorised entity must restrict access to web-based communication websites and social media platforms, particularly those with end-to-end encryption²⁶ for staff who handle credit consumer information, to prevent unauthorised disclosure of consumer information to external parties via internet services.
- 16.9 An authorised entity must also implement mechanisms for the prompt detection—
- (a) unauthorised access to credit consumer information;
 - (b) unusual or frequent viewing of credit consumer information in the systems by its representatives;
 - (c) unusual or suspicious downloading activities that involve credit consumer information; and
 - (d) unauthorised disclosure of credit consumer information to external parties.
- 16.10 In relation to paragraph 16.9, such mechanisms may include installing key-logger software, conducting regular reviews of audit trails and carrying out random periodic sample checks.

(b) Cyber security controls

- 16.11 An authorised entity must develop a cyber risk framework, proportionate to the size and operational complexity of the authorised entity, which clearly articulates the governance for managing cyber risks, its cyber resilience objectives and its risk tolerance, with regard to the evolving cyber threat environment. Objectives of the cyber risk framework shall include ensuring operational resilience against extreme but plausible cyber attacks. The framework must be able to support the effective identification, protection, detection, response and recovery of systems and data hosted on-premises or by third party service providers from internal and external cyber attacks.
- 16.12 The complex and fast evolving digital fraud cases including identity theft, require the authorised entities to be vigilant against new fraud techniques and be proactive in strengthening its cyber defence for credit consumer protection. An authorised entity is encouraged to establish cyber resilience measures, including—
- (a) identification of cybersecurity threats and countermeasures, which also includes mobile devices and access points of credit consumers; and

²⁶ Examples include WhatsApp Desktop and Facebook Messenger.

- (b) clearly defined and effective incident-handling procedures to assist credit consumers to contain the potential damage resulting from a cybersecurity breach involving digital services.
- 16.13 An authorised entity must establish a clear data-loss prevention strategy, policies and processes to ensure that proprietary, customer and counterparty information is identified, classified and secured. At a minimum, an authorised entity must—
- (a) ensure that data owners are accountable and responsible for identifying and appropriately classifying data;
 - (b) undertake a data discovery process prior to the development of a data classification scheme and data inventory; and
 - (c) ensure that data accessible by third parties is clearly identified and policies must be implemented to safeguard and control third-party access. This includes adequate contractual agreements to protect the interests of the authorised entity and its credit consumers.
- 16.14 In relation to paragraph 16.13, an authorised entity must design internal control procedures and implement appropriate technology in all applications and access points to enforce data-loss prevention policies and trigger alerts of any policy violations.

(c) Physical security controls

- 16.15 An authorised entity must implement adequate physical security controls to ensure credit consumer information stored either in paper or electronic forms are properly protected, by whatever means, against theft, loss, misuse or unauthorised access, modification or disclosure.
- 16.16 In relation to paragraph 16.15, at a minimum, an authorised entity must—
- (a) restrict access and employ robust intruder deterrents to areas where credit-consumer information is accessible and stored, for example, the server and filing rooms; and
 - (b) minimise the risk of theft, loss, misuse or unauthorised access, modification or disclosure of credit consumer information, for example implementing a clear-desk policy.
- 16.17 To effectively safeguard credit consumer information throughout its lifecycle, an authorised entity must have proper procedures in place to identify credit consumer information that is no longer required from the perspective of its operations or requirements of any written law. An authorised entity shall deploy appropriate methods to securely dispose such credit consumer information which includes any paper and digital records.

Breaches of Controls

- 16.18 To ensure effective incident handling procedures, an authorised entity must adopt, at a minimum, the following measures in protecting credit consumers in response to any data breach—
- (a) heightening the monitoring of affected accounts;
 - (b) notifying affected credit consumers and providing them with the necessary information to apply mitigating measures and reduce the risk of fraud; and
 - (c) revoking and re-issuing affected user credentials, where there is potential fraud risk involving the exploitation of the compromised data.
- 16.19 An authorised entity must ensure that its representatives are trained to handle queries from affected credit consumers and to provide them with the necessary assistance on protective measures against potential harm that could be caused by the breach.
- 16.20 An authorised entity must have in place a register to record all credit consumer information breaches covering the root causes, remedial actions and lessons learnt to prevent future recurrences. In addition, an authorised entity must retain the investigation reports of all credit consumer information breach incidents for at least 7 years.

(a) Notification to SKP

- 16.21 An authorised entity must notify SKP²⁷ immediately upon becoming aware of a credit consumer information breach which—
- (a) causes or is likely to cause significant harm to affected credit consumers; or
 - (b) involves or is likely to involve a large number of credit consumers (i.e. significant scale).
- 16.22 With respect to paragraph 16.21(a), such breach may include risks where the compromised information—
- (a) may result in financial loss, damage to or loss of property, loss of business opportunities, damage to reputation, a negative effect on credit record or threat to safety of the credit consumers;
 - (b) may be misused for illegal purposes;
 - (c) could enable identify theft or fraud; or
 - (d) consists of sensitive credit consumer information²⁸.

²⁷ In addition to notifying SKP, authorised entities as data controllers shall comply with the mandatory data breach notification obligation to the Personal Data Protection Commissioner as prescribed in in Section 12B of PDPA and Circular of Personal Data Protection Commissioner No.2/2025 (Data Breach Notification), effective 1 June 2025 onwards.

²⁸ Examples of sensitive credit consumer information include security credentials to access account, biometric data, medical or health related information of the credit consumer.

- 16.23 With respect to paragraph 16.21(b), a breach involving or likely to involve a large number of credit consumers shall be computed as more than 1,000 affected credit consumers or involving 5% of the total consumer base of the authorised entity, whichever is lower.
- 16.24 If based on the assessment by an authorised entity, a credit consumer information breach appears to involve fraud, criminal activity or may result in identity theft, the authorised entity must also notify the relevant law enforcement agency, as soon as reasonably practicable.
- 16.25 Authorised entities must ensure that the notification to SKP, at a minimum, includes details of credit consumer information breach and breach handling as per **Appendix VI**.

(b) Submission of detailed investigation report to SKP

- 16.26 Authorised entities must carry out an investigation to ascertain the root causes of a credit consumer information breach and determine appropriate remedial actions to prevent future recurrence.
- 16.27 Authorised entities must complete the investigation **within 3 months** upon detecting a credit consumer information breach having regard to the complexity of the breach.
- 16.28 Authorised entities must submit the detailed investigation report as per exhibit in **Appendix VI** to SKP in respect of a credit consumer information breach that—
- (a) causes or is likely to cause significant harm to the affected credit consumers;
 - (b) is of significant scale (in reference to paragraph 16.23); or
 - (c) involves a deliberate attempt on unauthorised disclosure of credit consumer information.
- 16.29 If a credit consumer information breach at one authorised entity involves a credit consumer information breach belonging to another authorised entity, the authorised entity in which the credit consumer information breach occurred shall be the entity responsible to carry out the requirements under paragraphs 16.26 to 16.28.

(c) Notification to affected credit consumers

- 16.30 In relation to paragraph 16.21, an authorised entity must notify the affected credit consumers without undue delay after notification to SKP.
- 16.31 An authorised entity must notify the affected credit consumers directly²⁹, unless doing so would involve a disproportionate effort³⁰ by the authorised entity. In such a case, a public announcement and prominent notices at the branches and website of the authorised entity would be sufficient.

²⁹ Direct notification includes email, short message service (SMS) and application notification.

³⁰ Examples include the contact details of the credit consumers are not updated or have been lost due to the information breach.

- 16.32 An authorised entity must ensure that the notification to the affected credit consumers, at a minimum, includes the following information—
- (a) a brief description of the credit consumer information breach that has occurred;
 - (b) potential consequences to the credit consumers as a result of the breach;
 - (c) advice on the steps that should be taken by the credit consumers to reduce or mitigate any potential consequences resulting from the breach³¹;
 - (d) a description of the measures taken or proposed to be taken by the authorised entity to remedy the breach and mitigate its potential consequences; and
 - (e) contact details of the authorised entity from whom more information or assistance regarding the credit consumer information breach can be obtained.
- 16.33 Authorised entities must ensure that notification to the affected credit consumers is clear and written in plain language. The authorised entity must draw the attention of the credit consumers to the steps that they should take to protect themselves from any potential harm in view of the credit consumer information breach.

³¹ Examples include monitoring accounts for unusual activities, being alert to phishing emails and phone calls, changing passwords where access credentials of credit consumers have been compromised, etc.

17. Requirements in relation to Shariah matters

- 17.1 An Islamic credit provider must at all times ensure its compliance with Shariah, including compliance with published rulings and advice of the SAC. At a minimum, the Islamic credit provider must ensure the following:
- (a) An Islamic credit product is structured based on appropriate underlying Shariah contracts consistent with the business and operational models, product features and contractual terms of the product, preserves the primary objective of the contract (*muqtada 'aqad*) and does not give rise to usury (*riba*) practices; and
 - (b) Collective use of Shariah contracts as the underlying structure for Islamic credit products must observe the relevant Shariah requirements which are applicable to each Shariah contract and where a combined contract is adopted in one single product—
 - (i) each Shariah contract is permissible by Shariah;
 - (ii) there is no clear Shariah injunction on such Shariah contracts to be used collectively, such as restriction on the combination of sales and loan contracts (*bai 'wa salaf*); and
 - (iii) there is no contradiction between Shariah principles governing each contract, such as gift (*hibah*) and lease of the same asset to the same recipient simultaneously.
- 17.2 In relation to paragraph 17.1, Shariah rulings and advice may be obtained from the following publications:
- (a) Shariah Resolutions in Islamic Finance (Second and Third Editions) and its subsequent publications;
 - (b) Latest rulings and advice of the SAC as published on the BNM website pursuant to section 52 of the Central Bank of Malaysia Act 2009; and
 - (c) Shariah requirements embedded in regulations, standards or guidelines issued by BNM, including policy documents on Shariah contracts and concepts, for instance, *Hajah* and *Darurah*.
- 17.3 An Islamic credit provider must ensure transaction conducted using Islamic credit products at a premise or on a platform which also offers Shariah non-compliant goods and services—
- (a) is confined only to Shariah compliant goods and services; and
 - (b) safeguards are put in place to ensure no transaction involving Shariah non-compliant goods and services can be facilitated.
- 17.4 Where there is an ambiguity or uncertainty relating to any Shariah matters, an authorised entity must consult the SAC as the recognised authoritative body for Shariah rulings for Islamic credit business. For instance, in the case of a credit product to be offered by an Islamic credit provider, it must only consult the SAC where the credit product is complex or involves a deviation (significant variation in the structures or underlying contracts) to existing credit products or instruments in the market.

- 17.5 For any application of a new Shariah contract³² underlying a credit product or services structuring, an Islamic credit provider must refer to the SAC to ascertain that it does not involve any element which is inconsistent with Shariah.
- 17.6 Any request for consultation with the SAC or the Shariah Advisory Council of SC³³, where applicable, must be arranged through SKP.

³² Refers to a Shariah contract that has never been introduced in the Malaysian market and there is no current SAC resolution on such contract.

³³ Established under section 31ZI of the Securities Commission Malaysia Act 1993.

18. Additional requirements specific to BNPL

- 18.1 Notwithstanding the general conduct requirements set out in the preceding Chapters, the provisions in this Chapter prescribe additional requirements applicable to BNPL scheme, which BNPL providers must comply with accordingly.
- 18.2 This Chapter establishes additional specific conduct requirements for BNPL providers, recognising the unique features and risks of BNPL arrangements. It introduces additional safeguards, covering white labelling arrangements, pricing methodologies, affordability thresholds, late payment practices, merchant conduct, digital authentication and Shariah compliance. This is to ensure that BNPL providers uphold high standards of fairness, transparency and consumer protection in line with the broader objectives of the Conduct Standards.

- 18.3 For the purposes of this Chapter:

“affordability threshold” or **“AT”** refers to a maximum credit limit that may be allowed by a BNPL provider to a credit consumer without the need to carry out an affordability assessment. For the avoidance of doubt, the AT is not intended to serve as a cap on the credit limit offered by a BNPL provider to a credit consumer;

“merchant” refers to a person or an entity that has a contractual agreement with an acquirer to accept payment instruments for the sale or offer of products or services. This includes the merchants acquired by a payment facilitator on behalf of an acquirer;

“registered merchant acquirer” refers to any person who is registered pursuant to sections 17(1) and 18 of the Financial Services Act 2013 to provide merchant acquiring services and fulfils the criteria under paragraph 2.1 of the Policy Document on Merchant Acquiring Services issued by BNM³⁴;

“white labelling” refers to an arrangement between BNPL provider and a partner or other entity to allow such counterparty to offer credit product to credit consumers under their own brand, while the ultimate responsibility remains with the BNPL provider in managing the credit products offered.

White labelling

- 18.4 A BNPL provider must provide clear and prominent disclosure to credit consumers on its websites and any other communication channels, including mobile applications and marketing materials, on the following:
- (a) Name of the BNPL provider and its white labelling partner or other entity; and

³⁴ Refers to [Policy Document on Merchant Acquiring Services](#) issued by BNM on 15 September 2021 and includes any changes made to such policy document.

- (b) Roles and responsibilities of the BNPL provider and its white labelling partner or other entity respectively, including in managing any disputes or issues faced by the credit consumers.
- 18.5 In relation to paragraph 18.4, a BNPL provider must ensure that its white labelling partner or other entity adopts the same disclosure practices to avoid confusion among the public on the legitimacy of the credit products offered. This will provide assurance that the white labelling partner or other entity is collaborating with the BNPL provider, and at the same time protect credit consumers against entities operating illegally.
- 18.6 A BNPL provider must ensure that its white labelling partner or other entity does not make any form of explicit representation or otherwise, which suggests it is regulated by SKP.
- 18.7 A BNPL provider must remain accountable in complying with the relevant requirements under the Conduct Standards for the white labelling arrangement of its credit products.

Prohibition of flat rate and Rule of 78 method

- 18.8 A BNPL provider must not offer credit products to credit consumers where the interest or profit charge is computed using flat rate and the Rule of 78 method.
- 18.9 For the avoidance of doubt, with respect to paragraph 18.8, a BNPL provider may offer credit products using a fixed rate or a variable rate with reducing balance basis, where the interest or profit is charged on the outstanding amount of principal remaining, after deducting from the original principal the total payments made by or on behalf of the credit consumers which are appropriated to the principal.

Affordability threshold (AT)

- 18.10 A BNPL provider must conduct an affordability assessment if the credit limit is above an AT of RM1,000 per credit consumer of the BNPL provider.³⁵
- 18.11 A BNPL provider may set a lower or tiered AT for a specific segment of credit consumers for which credit affordability risks are assessed to be higher such as based on analyses of historical default experience or other indicators of vulnerability.

LPC and suspension of account

- 18.12 A BNPL provider must ensure the LPC only covers the actual costs incurred from recovering overdue instalments.

³⁵ The AT amount of RM1,000 is intended to balance between expediency in approving short-term credit facilities for credit consumers and the need to ensure that appropriate affordability assessment is made for BNPL exceeding RM1,000 to mitigate risk of such consumers from accumulating unaffordable debt.

- 18.13 A BNPL provider must not set a predetermined minimum LPC for its BNPL transactions.
- 18.14 If a credit consumer has missed up to 2 consecutive payments, a BNPL provider must suspend the account of the credit consumer from being further utilised for new transactions until both the missed payments and any LPC are fully settled.
- 18.15 A BNPL provider may adopt a more prudent approach by suspending the account even if a credit consumer has missed a single payment for a purchase.

Merchant requirements

- 18.16 A BNPL provider that is not a registered merchant acquirer must comply with the following requirements in the following paragraphs 18.17 to 18.20.
- 18.17 A BNPL provider must ensure that merchants do not set BNPL as the default payment mode for credit consumers³⁶. In the exceptional circumstances where a BNPL provider finds that a merchant has imposed BNPL arrangement as the default payment mode, the BNPL provider must, on a best effort basis, take corrective measures, including suspending the acceptance of the BNPL payment mode by the merchant.
- 18.18 A BNPL provider must be transparent on the costs applicable to merchants in offering a BNPL scheme, particularly at the point of onboarding new merchants.
- 18.19 A BNPL provider is encouraged to strive for a short settlement period no longer than—
- (a) 2 business days for physical merchants³⁷; or
 - (b) 5 business days for e-commerce merchants³⁸;
- from the date the funds are received from the payment instrument network³⁹.
- 18.20 In the circumstances where a BNPL provider is unable to provide settlement to the merchants as set out in paragraph 18.19, the BNPL provider is encouraged to ensure that the funds are safeguarded by—
- (a) placing the outstanding settlement funds in a trust account at a licensed bank, licensed Islamic bank or prescribed development financial institution regulated by BNM under the relevant laws (financial institutions); or
 - (b) securing a bank guarantee on the outstanding amount for settlement from such financial institutions.

³⁶ This requirement is applicable to new or renewed agreements entered with merchants after the effective date of the Conduct Standards.

³⁷ Refers to merchants that sell or offer products or services physically over the counter (brick-and-mortar/face-to-face business).

³⁸ Refers to merchants that sell or offer products or services electronically over the Internet or any other channels not involving face-to-face interaction (such as mail or telephone order).

³⁹ Refers to a payment system that enables payment to be made using a payment instrument under its brand and provides clearing and/or settlement services for its members namely issuers and/or acquirers.

Authentication of online transactions

- 18.21 Authentication methods that depend on more than one factor i.e. the multi-factor authentication (MFA) typically are more difficult to compromise than a single factor system because MFA is more reliable and provides stronger fraud deterrence.
- 18.22 A BNPL provider must deploy MFA solution that is adequately secure, which includes the following elements:
- (a) Binding of the MFA solution to the account of credit consumers;
 - (b) Activation of MFA must be subject to verification by the BNPL provider; and
 - (c) Timely notification to credit consumers of any activation of and changes to the MFA solution via a verified communication channel with the credit consumers.
- 18.23 A BNPL provider that enables credit consumers to make unauthenticated online transactions must provide credit consumers with an option to opt-out or disable the function that allows such transactions. The option must be made available through convenient means.⁴⁰
- 18.24 A BNPL provider must strengthen security controls for updating credit consumer details (such as mobile number, postal and email address) used for the authentication of digital service transactions to prevent fraudsters from initiating transactions using stolen credentials. This includes:
- (a) Ensuring all credit consumers are immediately alerted upon detecting changes in credit consumer details;
 - (b) Ensuring that the registration of a new mobile phone number or replacement of an existing mobile phone number is only processed after applying robust verification methods to confirm the authenticity of the credit consumer; and
 - (c) Applying appropriate verification or cooling-off period for multiple successive high-volume transactions or other abnormal transaction patterns.
- 18.25 A BNPL provider must adopt sound fraud detection rules and triggers for blocking suspected fraudulent transactions by considering appropriate risk factors such as typical spending patterns, credit consumers device information and internet protocol location.
- 18.26 A BNPL provider must empower credit consumers to mitigate digital fraud risks where it is reasonably practical, which includes offering solutions to manage deactivation of accounts such as a “kill switch” which enable credit consumers to immediately suspend or disable their account in the event of suspected fraud, identity theft or unauthorised activity. The kill switch must be designed by the BNPL provider to be user-initiated, secure, and reversible (where appropriate), ensuring credit consumers are in full control of their digital identity and credit exposure.

⁴⁰ Examples include built-in settings in application or platform via a toggle, switch or menu option; and personalised customer service request using a secure in-application chat, email or customer service hotline.

- 18.27 A BNPL provider must ensure credit consumers details provided through electronic channels are adequately secured. This includes prohibiting the mobile application from storing credit consumer information used for authentication with the application server such as PIN and passwords. Authentication and verification of unique key and PIN must be centralised at the host.
- 18.28 A BNPL provider must undertake ongoing consumer awareness initiatives to ensure credit consumers understand potential risks of unauthenticated transactions as well as to introduce measures that may be taken by credit consumers in limiting such risks (e.g. opt-out).
- 18.29 In relation to paragraph 18.28, a BNPL provider must clearly inform credit consumers of their responsibilities to take reasonable steps on the following:
- (a) Keeping the security credentials, including passcode secure at all times and at any place⁴¹, and must not be disclosed to any other person;
 - (b) Notifying the BNPL provider soon as reasonably practicable after having discovered that the security credentials may have been compromised;
 - (c) Notifying the BNPL provider immediately after having discovered an unauthorised transaction has occurred or upon receiving a transaction alert for an unauthorised transaction; and
 - (d) Checking the transaction record or periodical account statement, and reporting any discrepancies without undue delay.
- 18.30 A BNPL provider must not hold credit consumers liable for losses incurred from unauthorised transactions if the cause of the losses is due to any of the following:
- (a) Failure of the BNPL provider to adequately inform credit consumers of their obligations as stated in paragraph 18.29;
 - (b) Failure of the BNPL provider to provide adequate means for the credit consumers to promptly notify the BNPL provider of any unauthorised transactions;
 - (c) A breakdown or other deficiencies in relevant systems of the BNPL provider;
 - (d) Weaknesses or vulnerabilities in the security features and controls adopted by the BNPL provider. This includes the failure to take reasonable measures to detect and block suspicious transactions and enhance fraud detection rules upon learning of new fraud techniques;
 - (e) Transactions that involve the use of a cancelled or closed account;
 - (f) Transactions that occur before the credit consumers receive the passcode or a similar security credential, or the security device;
 - (g) Fraudulent or negligent conduct of representatives of the BNPL provider, merchants or acquirers (where applicable);
 - (h) The unauthorised transactions that occur after the credit consumers have notified the BNPL provider of a compromised security credential (e.g. PIN); or

⁴¹ Including at the residence of credit consumers.

- (i) The BNPL provider has failed to resolve any contradictory evidence on the fraud case during the investigation.
- 18.31 In relation to paragraph 18.30(a), a BNPL provider must ensure that the credit consumers are regularly reminded, at a minimum, on the following:
- (a) Timely checking of transaction alerts and account balances or statements regularly as well as reporting to the BNPL provider as soon as any unauthorised transaction, error or discrepancy is detected;
 - (b) Verifying the authenticity of messages sent by the BNPL provider and the appropriate action to be taken upon detecting that a message is fraudulent;
 - (c) Reading security tips or warnings posted on website or mobile application of the BNPL provider, including the privacy policy statement, prior to providing confidential information to the BNPL provider or third parties; and
 - (d) Upholding the responsibilities of the credit consumers stipulated in paragraph 18.29.
- 18.32 Notwithstanding paragraph 18.30, a BNPL provider will not be held liable if the BNPL provider can prove that the credit consumers have—
- (a) acted fraudulently;
 - (b) refused to cooperate with the BNPL provider in the investigation; or
 - (c) failed to carry out the obligations informed by the BNPL provider as stated in paragraph 18.31.
- 18.33 A BNPL provider must implement robust security measures to protect credit consumers from heightened digital fraud risks such as phishing, scams and identity theft by third parties, when making disclosures via online channels.
- 18.34 A BNPL provider must mitigate inherent risk arising from its delivery of digital services.⁴² This includes adopting the following:
- (a) Secure communication channels to mitigate the risk of phishing. Compensating controls are encouraged to be adopted when using communication channels prone to phishing exploits⁴³;
 - (b) Practical ways for credit consumers to verify the authenticity of calls made by the authorised entity or its representatives; and
 - (c) Real-time alerts such as SMS notification of possible risks when security measures are absent or have yet to be implemented.

⁴² Digital services refer to the provision of credit products and services delivered to credit consumers via electronic channels and mobile devices, including smart phones, tablets and e-readers.

⁴³ An authorised entity is encouraged to remove any clickable hyperlinks in SMS messages to credit consumers and create awareness on this change to mitigate risk of phishing.

- 18.35 A BNPL provider must have in place adequate measures to safeguard information of the credit consumers to ensure confidentiality, integrity and availability, throughout the information lifecycle. At a minimum, the BNPL provider must—
- (a) maintain such information securely and safeguard it from theft, loss, misuse or unauthorised access, modification or disclosure;
 - (b) ensure the adequacy and effectiveness of the policies and procedures to protect such information; and
 - (c) have a breach management process in place to detect, report and investigate any breaches of consumer information, and take appropriate measures to address any harm to credit consumers and prevent such recurrence.

Islamic BNPL facility

- 18.36 An Islamic BNPL provider must ensure the purchase of gold and silver (*ribawi* items) that have the '*illah* (effective cause) of money using Islamic BNPL facility⁴⁴, be conducted on a spot basis.
- 18.37 Notwithstanding paragraph 18.36, where there are operational constraints or business customary practices (*'urf tijari*) requiring a longer settlement period, an Islamic BNPL provider must ensure that the settlement period **does not exceed 2 business days**.

⁴⁴ Shariah rulings on the permissibility of BNPL are captured in:
https://www.bnm.gov.my/documents/20124/13282254/SAC_Ruling_on_BNPL_220_228_231_SAC_Meeting.pdf

19. Additional requirements specific to impaired loan/financing acquisition

- 19.1 Notwithstanding the general conduct requirements set out in the preceding Chapters, the provisions in this Chapter prescribe additional requirements applicable to impaired loan/financing acquisition activities, which authorised entities must comply with accordingly.
- 19.2 This Chapter shall be read together with the Policy Document on Transfers of Business⁴⁵ as well as the Policy Document on Disposal and Purchase of Impaired Loans/Financing⁴⁶ issued by BNM which encompass requirements with regard to the disposal of impaired loan/financing by banking institutions. Selected requirements of the said policy documents are applicable to Impaired Loan Buyers (ILB) as non-bank buyers of impaired banking loan/financing.
- 19.3 Thus, the scope of this Chapter covers the requirements with regard to the disposal and acquisition of impaired non-banking loan/financing, where the seller and buyer are licensed or registered by SKP.

Obligations of the seller (credit provider)

- 19.4 The credit provider must notify the affected credit consumers in writing of its intention to dispose of its impaired loan/financing to an ILB **no later than 90 calendar days** prior to entering into an agreement or arrangement for the disposal of the impaired loan/financing to the ILB.
- 19.5 The credit provider must allow a **period of 90 calendar days** from the date of the notice provided in paragraph 19.4 for the affected credit consumers to regularise or settle their outstanding loan/financing, before entering into an agreement or arrangement for the disposal of the impaired loan/financing to the ILB.
- 19.6 Upon completion of the disposal of impaired loan/financing, where the ILB assumes the rights and titles to such impaired loan/financing, the credit provider must notify the affected credit consumers in writing of the following **within 7 calendar days**:
- (a) The fact that the disposal is completed, including the name and contact number of the ILB;
 - (b) That all complaints or any matters related to such impaired loan/financing prior to the completion of the disposal of impaired loan/financing, shall be promptly directed to the credit provider; and

⁴⁵ Refers to [Policy Document on Transfers of Business](#) issued by BNM on 10 April 2025 and includes any changes made to such policy document.

⁴⁶ Refers to [Policy Document on Disposal and Purchase of Impaired Loans/Financing](#) issued by BNM on 25 June 2024 and includes any changes made to such policy document.

- (c) Informing the credit consumers of the impact on their rights and obligations after the impaired loan/financing has been sold to an ILB. A credit provider must also send a copy of the notice to the guarantor, if applicable.

19.7 For the disposal of impaired loan/financing where the loan/financing is made in accordance with Shariah principles:

- (a) The board of the credit provider must ensure Shariah risks, if any, at both entity and group levels, arising from the disposal of the impaired loan/financing are appropriately managed;
- (b) The senior management of the credit provider must ensure that the implementation of policies and transactions carried out in respect of the disposal comply with Shariah requirements and approved by its Shariah adviser or Shariah committee; and
- (c) Application under section 56(1) of CCA on the disposal of impaired financing is supported with an assessment by the Shariah adviser or Shariah committee of the credit provider that the disposal scheme is—
 - (i) undertaken in accordance with Shariah requirements; and
 - (ii) is approved by the Shariah adviser or Shariah committee of the credit provider.

Appendix VII illustrates the flow chart with regard to the above.

Obligations of the buyer (ILB)

19.8 Upon completion of the disposal and purchase of impaired loan/financing where an ILB assumes the rights and titles to such impaired loan/financing, the ILB must disclose its intention to recover debts in a responsible manner, as well as how it intends to implement such intention which shall, at a minimum, include—

- (a) the contact details for queries and complaints;
- (b) the time taken to respond to queries and resolve complaints; and
- (c) if applicable, assurances that its business conduct complies with Shariah requirements at all times.

19.9 The intention may be disclosed to the affected credit consumers through the publication of a notice or charter on its website or prominently displayed at its business premises, or by sending a notice directly to affected credit consumers.

19.10 Upon the completion date of the purchase of the impaired loan/financing that entails the ILB to assume the rights and titles to such impaired loan/financing, and where the impaired loan/financing concerned are already under the purview of a DCMA (e.g. Agensi Kaunseling dan Pengurusan Kredit or AKPK):

- (a) For impaired loan/financing that are under the debt resolution plan (DRP), the ILB must comply with the debt repayment plan and the terms and conditions set by the DCMA; and
- (b) For impaired loan/financing that are not yet under DRP, the ILB must—

- (i) allow credit consumers that are facing financial distress to seek services of the DCMA;
- (ii) negotiate and work out a debt repayment plan with the identified DCMA for credit consumers who have debts with multiple creditors; and
- (iii) comply with DRP and terms and conditions set by the DCMA, in circumstances where the ILB and the credit consumers have agreed to reschedule or restructure such impaired loan/financing.

19.11 **Within 7 calendar days** from the completion date of the purchase of the impaired loan/financing, the ILB must inform the affected credit consumers in writing that any complaints or queries on matters pertaining to the purchase, management and recovery procedures of the impaired loan/financing must be directed to the ILB.

19.12 **Within 7 calendar days** from the full settlement of the impaired loan/financing amount by credit consumers to an ILB, the ILB must –

- (a) update the credit reporting agency or a centralised credit database established by the relevant RSA⁴⁷ of the latest status of the credit consumers; and
- (b) provide the credit consumers with the necessary documentary evidence in relation to paragraph (a).

19.13 An ILB must not onward sell any impaired loan/financing purchased from a credit provider.

19.14 For the acquisition of impaired Islamic financing:

- (a) The board of the ILB must ensure Shariah risks, if any, arising from the acquisition of the impaired financing are appropriately managed;
- (b) The senior management of the ILB must ensure that the implementation of policies and transactions carried out in respect of the acquisition of impaired financing comply with Shariah requirements. For this purpose, ILB may enter into an arrangement with the credit provider that sells the impaired financing to leverage on the Shariah adviser or Shariah committee of the credit provider; and
- (c) The senior management of the ILB must ensure that an assessment is made, by the ILB and a Shariah adviser or Shariah committee appointed by the ILB, on the readiness of its existing infrastructure and resources to manage the acquired financing in a Shariah compliant manner on an ongoing basis⁴⁸.

Appendix VII illustrates the flow chart with regard to the above.

⁴⁷ Pursuant to paragraph 13.6 of the Authorisation Standards.

⁴⁸ For example, readiness of system and internal policy and procedure for compliance with the Shariah contract that underlies the Islamic financing portfolio.

20. Additional requirements specific to debt counselling and management

- 20.1 Notwithstanding the general conduct requirements set out in the preceding Chapters, the provisions in this Chapter prescribe additional requirements applicable to debt counselling and management activities, which authorised entities must comply with accordingly.

Verification

- 20.2 Where an authorised entity enters into an arrangement with an entity offering debt counselling and management services, the authorised entity must conduct due diligence on the entity, including ensuring that the entity is a DCMA registered with SKP, before entering into such arrangement.

Prohibition of misrepresentation

- 20.3 A DCMA, in its dealing with credit consumers, must not use branding, logos, or marketing materials that are misleading or that suggest endorsement by, or affiliation with, any authorised entity without the prior authorisation of that entity.
- 20.4 In relation to paragraph 20.3, a DCMA must—
- (a) provide written evidence of the arrangement between the DCMA and the authorised entity to the credit consumers;
 - (b) clearly disclose to the credit consumers, the nature of the relationship of the DCMA with the authorised entities; and
 - (c) ensure that it takes the necessary actions to avoid any conflicts of interest between the authorised entity and the DCMA through among others, disclosing all referral fees and commissions for the relevant services.

Know Your Customer and financial needs analysis

- 20.5 A DCMA must conduct a comprehensive consumer identification and financial needs analysis on the credit consumers, including on the following matters:
- (a) Personal identification and verification;
 - (b) Household composition and dependents;
 - (c) Employment status and prospects;
 - (d) Income sources and stability;
 - (e) Fixed and variable expenses;
 - (f) Existing debts, credit obligations, and arrears; and
 - (g) Assets and liabilities.
- 20.6 The fact-finding process must result in a documented financial profile that—
- (a) clearly identifies financial needs, goals, and constraints;
 - (b) assesses their attitude to risk, financial literacy, and behavioural patterns of the credit consumer; and
 - (c) forms the basis for a suitability assessment of any proposed advisory solution.

- 20.7 A DCMA must provide basic financial education to credit consumers, including—
- (a) budgeting and cash flow management;
 - (b) understanding credit and interest;
 - (c) debt prioritisation and repayment strategies; and
 - (d) avoiding predatory lending and scams.

Professional competence and Conduct

Professional competence

- 20.8 In terms of professional competence, a DCMA must ensure that its frontline personnel have the appropriate qualification, training and skills to effectively fulfil the role.
- 20.9 In relation to paragraph 20.8, at a minimum, the training programme shall cover disciplines such as fundamentals of financial planning, legal and regulatory framework governing the consumer credit industry, as well as retirement planning.
- 20.10 The training programme aims to equip DCMA frontline personnel with foundational knowledge in responsible lending, consumer protection, Islamic finance, and negotiation techniques, alongside proficiency in financial analysis, debt restructuring, communication, as well as ethical conduct for effective role performance.

Conduct

- 20.11 In recommending a suitable advisory solution to credit consumers, a DCMA must ensure that its frontline personnel—
- (a) provide clear, complete and comprehensible information to enable informed decision-making by the credit consumers;
 - (b) demonstrate that the solution is suitable, affordable and sustainable, based on the current and foreseeable circumstances of the credit consumers; and
 - (c) ensure all communications are clear, fair and not misleading, avoiding technical jargon or pressure tactics.
- 20.12 A DCMA must ensure that its frontline personnel are able to explain to credit consumers:
- (a) The key features, risks, and obligations of the proposed solution;
 - (b) The impact on credit scores, access to future credit, and legal implications, where applicable; and
 - (c) The rights and responsibilities of the credit consumers, including cancellation and complaints procedures, if any.

- 20.13 A DCMA must ensure that all advice and agreed solutions by a DCMA frontline personnel must—
- (a) be documented in writing, signed by the DCMA representative and the credit consumers;
 - (b) include a summary of the advice rationale, assumptions and expected outcomes; and
 - (c) be retained for a specified period, as agreed between the DCMA and the authorised entity, for audit and dispute resolution purposes.
- 20.14 A DCMA must not engage in exploitative conduct in dealing with the credit consumers, including—
- (a) guaranteeing loan approvals or outcomes from credit providers as defined in CCA;
 - (b) charging upfront fees for services under the pretence of securing loans or credit facilities; and
 - (c) using high-pressure sales tactics or exploiting the financial vulnerability of credit consumers.
- 20.15 A DCMA must not receive payment on behalf of an authorised entity to eliminate the risk of mishandling payment received and fraud. In this regard, a DCMA must inform the credit consumers to make payment directly to the authorised entity unless paragraph 20.17 applies.
- 20.16 In relation to paragraph 20.15, an authorised entity must issue a receipt or statement to the credit consumers acknowledging payment received.
- 20.17 Where a credit consumer has been enrolled in a debt-resolution plan (DRP), the credit consumer may make a single consolidated monthly payment to a DCMA.
- 20.18 In relation to paragraph 20.17, a DCMA must—
- (a) allocate and distribute the funds to the respective authorised entities in accordance with the agreed repayment schedule; and
 - (b) ensure that credit consumers have access to their transaction records on the payments made, upon request by the credit consumers.

Negotiation of a DRP

- 20.19 A DRP may be initiated by the credit consumer or proposed by the DCMA only as part of a documented, comprehensive advisory process following a full financial needs analysis.
- 20.20 A DCMA must not—
- (a) promote or recommend a DRP unsolicited, nor present it as the default or only solution without first assessing the financial situation of the credit consumers and exploring all viable alternatives;

- (b) engage in unsolicited marketing or cold calling to promote DRPs or other debt solutions;
- (c) use persistent, aggressive, or misleading tactics to pressure consumers into enrolling in a DRP;
- (d) imply that a DRP is mandatory, pre-approved, or endorsed by authorised entities or any other authorities without explicit, documented evidence of such representations; and
- (e) contact credit consumers who have opted out of marketing communications or who have indicated they do not wish to be contacted.

20.21 The DCMA must take reasonable steps to—

- (a) verify the accuracy and completeness of financial disclosures of the credit consumers;
- (b) obtain written consent from the credit consumers before engaging with authorised entities; and
- (c) keep the credit consumers informed of the negotiation progress and outcomes.

20.22 A DCMA must advise the credit consumers on the implications arising from a DRP enrolment, which include—

- (a) debt restructuring or rescheduling terms;
- (b) debt consolidation options and their costs;
- (c) eligibility for financial hardship assistance or insolvency alternatives; and
- (d) potential legal or credit bureau consequences.

20.23 A DCMA, when undertaking negotiation with an authorised entity on behalf of a credit consumer, must—

- (a) act as a duly authorised and accountable representative of the credit consumer, with written consent and clear terms of engagement;
- (b) conduct negotiations with a primary duty to act in the best interests of the credit consumer, ensuring that any proposed terms are fair, sustainable, and aligned with the financial capacity and long-term well-being of the credit consumer;
- (c) ensure that all communications with the authorised entity are—
 - (i) transparent, factually accurate and timely;
 - (ii) documented and traceable, with records retained for regulatory review; and
 - (iii) free from misleading representations or omissions that could disadvantage the credit consumer;
- (d) avoid any conflict of interest, including—
 - (i) receiving or soliciting undisclosed commissions, referral fees, or incentives from the authorised entity; and
 - (ii) prioritising the interests of any third party over those of the credit consumer; and

- (e) take reasonable steps to negotiate terms that improve the financial position of the credit consumer, including but not limited to—
 - (i) interest or profit rate reductions;
 - (ii) waivers of fees or penalties;
 - (iii) affordable repayment schedules; and
 - (iv) temporary payment relief or restructuring options.

Appendix VIII illustrates the flow chart of recommending advisory solutions.

APPENDIX I: APPLICABILITY ON AUTHORISED ENTITIES

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
5. Corporate culture	5.1	✓	✓	✓	✓	✓	✓	✓	✓	✓
	5.2	✓	✓	✓	✓	✓	✓	✓	✓	✓
	5.3	✓	✓	✓	✓	✓	✓	✓	✓	✓
	5.4	✓	✓	✓	✓	✓	✓	✓	✓	✓
	5.5	✓	✓	✓	✓	✓	✓	✓	✓	✓
	5.6	✓	✓	✓	✓	✓	✓	✓	✓	✓
	5.7	✓	✓	✓	✓	✓	✓	✓	✓	✓
	5.8				✓	✓	✓			
6. Prohibited business conduct	6.1	✓	✓	✓	✓	✓	✓	✓	✓	✓
	6.2	✓	✓	✓	✓	✓	✓	✓	✓	✓
	6.3	✓	✓	✓	✓	✓	✓	✓	✓	✓
	6.4	✓	✓	✓	✓	✓	✓	✓	✓	✓
	6.5	✓	✓	✓	✓	✓	✓	✓	✓	✓
	6.6	✓	✓	✓	✓	✓	✓	✓	✓	✓
	6.7	✓	✓	✓	✓	✓	✓	✓	✓	✓
7. Marketing and promotions	7.1	✓	✓	✓	✓	✓	✓			✓
	7.2	✓	✓	✓	✓	✓	✓			✓
	7.3	✓	✓	✓	✓	✓	✓			✓
	7.4	✓	✓	✓	✓	✓	✓			✓

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
8. Transparency and disclosure	7.5	✓	✓	✓	✓	✓	✓			✓
	7.6	✓	✓	✓	✓	✓	✓			✓
	7.7	✓	✓	✓	✓	✓	✓			✓
	7.8	✓	✓	✓	✓	✓	✓			✓
	7.9				✓	✓	✓			
	7.10				✓	✓	✓			
	7.11	✓	✓	✓	✓	✓	✓			✓
	7.12	✓	✓	✓	✓	✓	✓			✓
	8.1	✓	✓	✓	✓	✓	✓	✓	✓	✓
	8.2	✓	✓	✓	✓	✓	✓	✓	✓	✓
	8.3	✓	✓	✓	✓	✓	✓	✓	✓	✓
	8.4	✓	✓	✓	✓	✓	✓	✓	✓	✓
8.5	✓	✓	✓	✓	✓	✓	✓	✓	✓	
8.6	✓	✓	✓	✓	✓	✓	✓	✓	✓	
8.7	✓	✓	✓	✓	✓	✓	✓	✓	✓	
8.8	✓	✓	✓	✓	✓	✓	✓	✓	✓	
8.9	✓	✓	✓	✓	✓	✓	✓	✓	✓	
8.10	✓	✓	✓	✓	✓	✓	✓	✓	✓	
9. Fairness of terms in credit agreements	9.1	✓	✓	✓	✓	✓	✓			
	9.2	✓	✓	✓	✓	✓	✓			
	9.3	✓	✓	✓	✓	✓	✓			

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
10. Imposition of interest/profit, fees and charges	9.4	✓	✓	✓	✓	✓	✓			
	9.5	✓	✓	✓	✓	✓	✓			
	9.6	✓	✓	✓	✓	✓	✓			
	10.1	✓	✓	✓	✓	✓	✓	✓		✓
	10.2	✓	✓	✓	✓	✓	✓	✓		✓
	10.3	✓	✓	✓	✓	✓	✓	✓		✓
	10.4				✓	✓	✓			
	10.5	✓	✓	✓	✓	✓	✓			
	10.6	✓	✓	✓	✓	✓	✓			
	10.7	✓	✓	✓	✓	✓	✓			
	10.8	✓	✓	✓	✓	✓	✓			
	10.9				✓	✓	✓			
10.10	✓	✓	✓	✓	✓	✓				
10.11	✓	✓	✓	✓	✓	✓			✓	
10.12	✓	✓	✓	✓	✓	✓			✓	
11. Creditworthiness and affordability assessments	11.1	✓	✓	✓	✓	✓	✓			
	11.2	✓	✓	✓	✓	✓	✓			
	11.3	✓	✓	✓	✓	✓	✓			
	11.4	✓	✓	✓	✓	✓	✓			
	11.5	✓	✓	✓	✓	✓	✓			
	11.6	✓	✓	✓	✓	✓	✓			

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
	11.7	✓	✓	✓	✓	✓	✓			
	11.8	✓	✓	✓	✓	✓	✓			
	11.9	✓	✓	✓	✓	✓	✓			
	11.10	✓	✓	✓	✓	✓	✓			
	11.11	✓	✓	✓	✓	✓	✓			
	11.12	✓	✓	✓	✓	✓	✓			
	11.13	✓	✓	✓	✓	✓	✓			
	11.14	✓	✓	✓	✓	✓	✓			
	11.15	✓	✓	✓	✓	✓	✓			
	11.16	✓	✓	✓	✓	✓	✓			
	11.17	✓	✓	✓	✓	✓	✓			
	11.18	✓	✓	✓	✓	✓	✓			
12. Fair debt collection	12.1	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.2	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.3	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.4	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.5	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.6	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.7	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.8	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.9	✓	✓	✓	✓	✓	✓	✓	✓	✓

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
	12.10	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.11	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.12	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.13	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.14	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.15	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.16	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.17	✓	✓	✓	✓	✓	✓	✓	✓	✓
	12.18	✓	✓	✓	✓	✓	✓	✓	✓	✓
13. Financial hardship assistance	13.1	✓	✓	✓	✓	✓	✓			
	13.2	✓	✓	✓	✓	✓	✓			
	13.3	✓	✓	✓	✓	✓	✓			
	13.4	✓	✓	✓	✓	✓	✓			
	13.5	✓	✓	✓	✓	✓	✓			
	13.6	✓	✓	✓	✓	✓	✓			
	13.7	✓	✓	✓	✓	✓	✓			
	13.8	✓	✓	✓	✓	✓	✓			
	13.9	✓	✓	✓	✓	✓	✓			
	13.10	✓	✓	✓	✓	✓	✓			
	13.11	✓	✓	✓	✓	✓	✓			
13.12	✓	✓	✓	✓	✓	✓				

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
	13.13	✓	✓	✓	✓	✓	✓			
	13.14	✓	✓	✓	✓	✓	✓			
	13.15	✓	✓	✓	✓	✓	✓			
	13.16	✓	✓	✓	✓	✓	✓			
	13.17	✓	✓	✓	✓	✓	✓			
	13.18	✓	✓	✓	✓	✓	✓			
	13.19	✓	✓	✓	✓	✓	✓			
	13.20	✓	✓	✓	✓	✓	✓			
	13.21	✓	✓	✓	✓	✓	✓			
	13.22	✓	✓	✓	✓	✓	✓			
	13.23	✓	✓	✓	✓	✓	✓			
	13.24	✓	✓	✓	✓	✓	✓			
	13.25	✓	✓	✓	✓	✓	✓			
	13.26	✓	✓	✓	✓	✓	✓			
14. Complaints handling	14.1	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.2	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.3	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.4	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.5	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.6	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.7	✓	✓	✓	✓	✓	✓	✓	✓	✓

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
	14.8	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.9	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.10	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.11	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.12	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.13	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.14	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.15	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.16	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.17	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.18	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.19	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.20	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.21	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.22	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.23	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.24	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.25	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.26	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.27	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.28	✓	✓	✓	✓	✓	✓	✓	✓	✓

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
15. Competency of representatives	14.29	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.30	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.31	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.32	✓	✓	✓	✓	✓	✓	✓	✓	✓
	14.33	✓	✓	✓	✓	✓	✓	✓	✓	✓
	15.1	✓	✓	✓	✓	✓	✓	✓	✓	✓
	15.2	✓	✓	✓	✓	✓	✓	✓	✓	✓
	15.3	✓	✓	✓	✓	✓	✓	✓	✓	✓
	15.4	✓	✓	✓	✓	✓	✓	✓	✓	✓
	15.5	✓	✓	✓	✓	✓	✓	✓	✓	✓
16. Credit consumer information management	16.1	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.2	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.3	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.4	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.5	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.6	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.7	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.8	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.9	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.10	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.11	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.12	✓	✓	✓	✓	✓	✓	✓	✓	✓

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
	16.13	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.14	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.15	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.16	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.17	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.18	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.19	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.20	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.21	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.22	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.23	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.24	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.25	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.26	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.27	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.28	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.29	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.30	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.31	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.32	✓	✓	✓	✓	✓	✓	✓	✓	✓
	16.33	✓	✓	✓	✓	✓	✓	✓	✓	✓

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
17. Requirements in relation to Shariah matters	17.1				✓	✓	✓			
	17.2				✓	✓	✓			
	17.3				✓	✓	✓			
	17.4				✓	✓	✓	✓		
	17.5				✓	✓	✓			
	17.6				✓	✓	✓	✓		
18. Additional requirements specific to BNPL	18.1									
	18.2	✓			✓					
	18.3	✓			✓					
	18.4	✓			✓					
	18.5	✓			✓					
	18.6	✓			✓					
	18.7	✓			✓					
	18.8	✓			✓					
	18.9	✓			✓					
	18.10	✓			✓					
	18.11	✓			✓					
	18.12	✓			✓					
	18.13	✓			✓					
	18.14	✓			✓					
18.15	✓			✓						
18.16	✓			✓						

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
	18.17	✓			✓					
	18.18	✓			✓					
	18.19	✓			✓					
	18.20	✓			✓					
	18.21	✓			✓					
	18.22	✓			✓					
	18.23	✓			✓					
	18.24	✓			✓					
	18.25	✓			✓					
	18.26	✓			✓					
	18.27	✓			✓					
	18.28	✓			✓					
	18.29	✓			✓					
	18.30	✓			✓					
	18.31	✓			✓					
	18.32	✓			✓					
	18.33	✓			✓					
	18.34	✓			✓					
	18.35	✓			✓					
	18.36				✓					
	18.37				✓					
	19.1	✓	✓	✓	✓	✓	✓	✓		

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
19. Additional requirements specific to impaired loan/financing acquisition	19.2							✓		
	19.3	✓	✓	✓	✓	✓	✓	✓		
	19.4	✓	✓	✓	✓	✓	✓			
	19.5	✓	✓	✓	✓	✓	✓			
	19.6	✓	✓	✓	✓	✓	✓			
	19.7				✓	✓	✓			
	19.8							✓		
	19.9							✓		
	19.10							✓		
	19.11							✓		
	19.12							✓		
	19.13							✓		
	19.14							✓		
	20. Additional requirements specific to debt counselling and management	20.1	✓	✓	✓	✓	✓	✓	✓	
20.2		✓	✓	✓	✓	✓	✓	✓		
20.3										✓
20.4										✓
20.5										✓
20.6										✓
20.7										✓
20.8										✓
20.9									✓	

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

Chapter	Paragraph	Credit provider						Credit service provider		
		BNPL provider	Factoring company	Leasing company	Islamic BNPL provider ⁴⁹	Islamic factoring company ⁴⁹	Islamic leasing company ⁴⁹	ILB	DCA	DCMA
	20.10									✓
	20.11									✓
	20.12									✓
	20.13									✓
	20.14									✓
	20.15									✓
	20.16	✓	✓	✓	✓	✓	✓	✓		
	20.17									✓
	20.18									✓
	20.19									✓
	20.20									✓
	20.21									✓
	20.22									✓
	20.23									✓

⁴⁹ Islamic credit businesses are carried out either by a full-fledged Islamic credit provider or an Islamic window credit provider (cross refer paragraph 7.2 of the Authorisation Standards).

APPENDIX II: CONTRACT TERMS THAT MAY BE REGARDED AS UNFAIR

1. A term that excludes or limits any obligation of the credit provider to act with due care, skill and diligence toward credit consumers in connection with the provision of any credit products or services.
2. A term that excludes or limits the liability of the credit provider for any error, omission, misrepresentation or negligence caused by its representatives.
3. A term that excludes or limits liability of the credit provider for breach of contract or non-performance of obligations by the credit provider.
4. A term that excludes or limits any obligation of the credit provider to honour commitments to credit consumers undertaken by representatives of the credit provider.
5. A term that excludes or limits rights of credit consumers to take legal action or access to legal remedy in the event of total or partial non-performance of contractual obligations of the credit provider.
6. A term that makes credit consumers fully liable for matters or losses incurred by the credit provider that are not caused by credit consumers.
7. A term that permits the credit provider to unilaterally terminate the contract without reasonable notice except where there is a valid reason for doing so.
8. A term that provides the credit provider a right to vary the terms of the contract at its discretion without a valid reason and reasonable notice to credit consumers.
9. A term that provides the credit provider a right to notify variations to contract terms in any manner the credit provider deems appropriate, and credit consumers are deemed to have agreed to the variation.
10. A term that requires credit consumers to pay a disproportionately high sum in compensation or permit the credit provider to retain entire sums (other than any outstanding instalments) paid by credit consumers where credit consumers terminate the contract before its maturity.
11. A term that requires credit consumers to pay a disproportionately high sum in penalty as a consequence of a breach of contract by credit consumers.
12. A term that gives the credit provider the discretion to refuse the request of credit consumers to terminate the contract without any valid reason.

13. A term that grants the credit provider the exclusive rights to interpret any terms of the contract as it deems fit.
14. A term that allows the credit provider to assign or transfer rights and obligations of the credit provider under the contract to the detriment of credit consumers.

APPENDIX III: GUIDING PRINCIPLES ON THE USE OF ALTERNATIVE MODELS FOR AFFORDABILITY ASSESSMENT

Principle 1: Accountability

There must be clear roles and responsibilities for the application of an alternative model in assessing affordability of credit consumers.

1. The chief executive and board of the credit provider must fully understand and be accountable for the use of the alternative model, regardless of whether it has been developed internally or sourced externally. The use of personal information also needs to be justified accordingly and comply with the relevant personal data protection laws.
2. Once the alternative model is in use, the decisions made using the model must be periodically reviewed by the chief executive and board of the credit provider to make sure that they meet the intended objectives. In addition, this alternative model needs to be validated for accuracy and relevance to ensure its representativeness and to minimise any unintentionally biased outcomes.
3. Clear roles and responsibilities for the use of an alternative model must be assigned to those within the existing structure of the credit provider overseeing business operations. These individuals must be able to explain the decisions and processes involved in a clear and understandable manner.

Principle 2: Soundness

The alternative model used must be robust and reliable, capable of producing consistent and accurate results in assessing the affordability of credit consumers.

4. A sound data management system must be put in place to ensure that the alternative model used in affordability assessment is of good quality and relevance. This applies to both internal and external data used to train, test, and validate the affordability assessment. If any data quality issues are found, the relevant personnel must report to the chief executive or board of the credit provider promptly for correction.
5. Before the alternative model is used in affordability assessment, it must undergo thorough checking to ensure its accuracy and suitability. This must include validations by an independent party such as a risk and compliance unit, internal audit or an external consultant.
6. It is important to document audit logs and relevant information throughout the application of the alternative model. Therefore, the credit provider must have records to support internal investigations or queries should there be any issues or unfavourable outcomes. The chief executive and board of the credit provider must take action to rectify any weaknesses found.

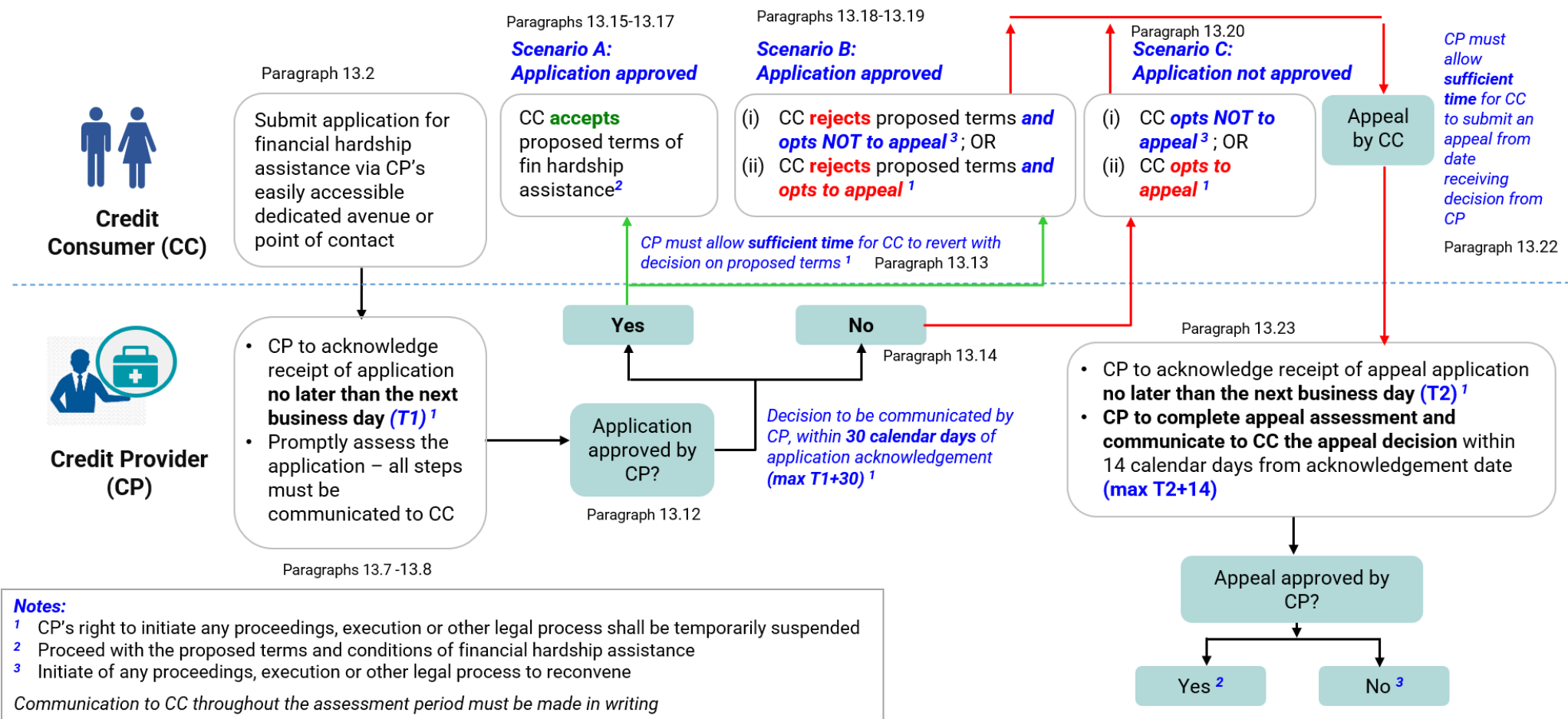
Principle 3: Transparency

Openness and clarity in the use of alternative model in assessing affordability of credit consumers.

7. The use of an alternative model must be disclosed to credit consumers as part of general communication, especially during onboarding. Consent on the use of personal data of credit consumers must be sought.
8. Upon request, credit consumers must be provided with an explanation of the type of data used to assess their affordability and the implications of such data on the decision.
9. All steps taken in the development and use of the alternative model must be thoroughly documented. Reports on the performance and impact of the alternative model usage must be readily available for reporting to SKP and other regulatory bodies, whenever necessary. This report may include information on accuracy, efforts to prevent bias, any incidents or issues encountered, and measures taken to improve the development and use of the alternative model.

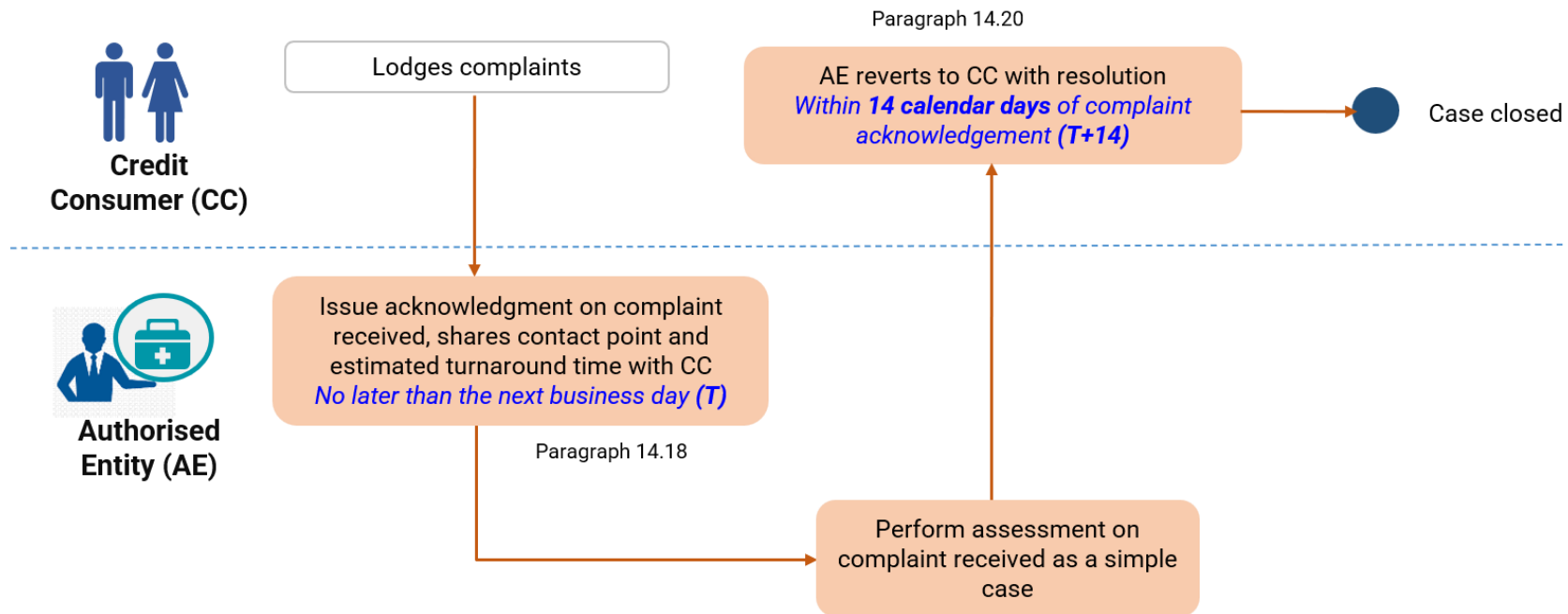
APPENDIX IV: FLOW CHART ON FINANCIAL HARDSHIP ASSISTANCE

Financial hardship assistance application and appeal stages

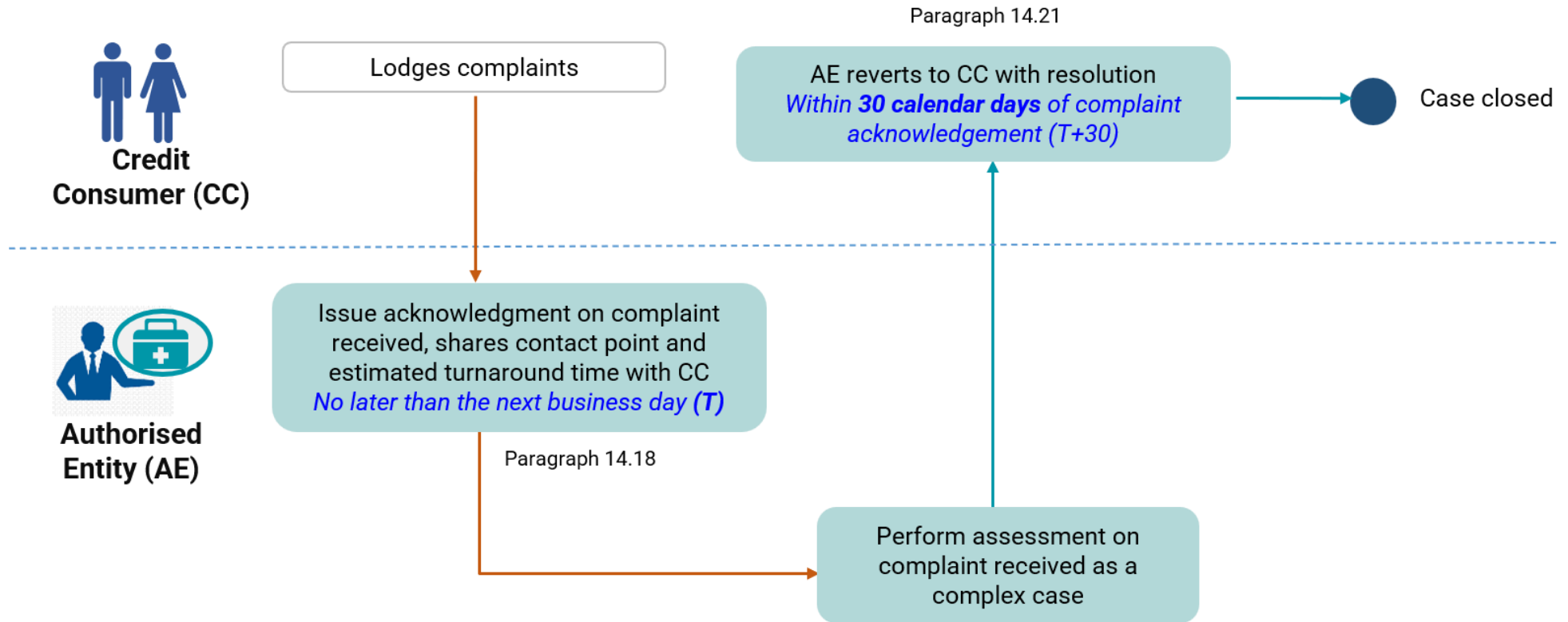


APPENDIX V: COMPLAINTS HANDLING TURNAROUND TIME

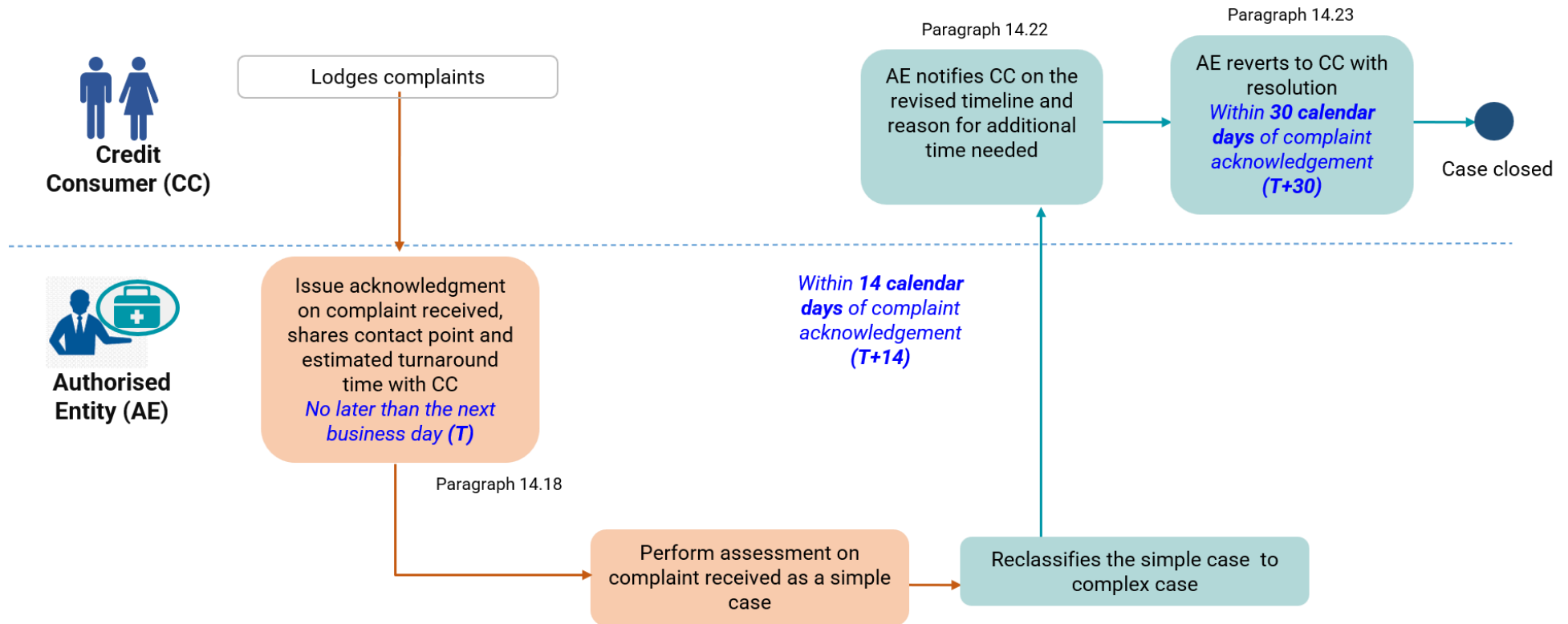
(a) Simple case



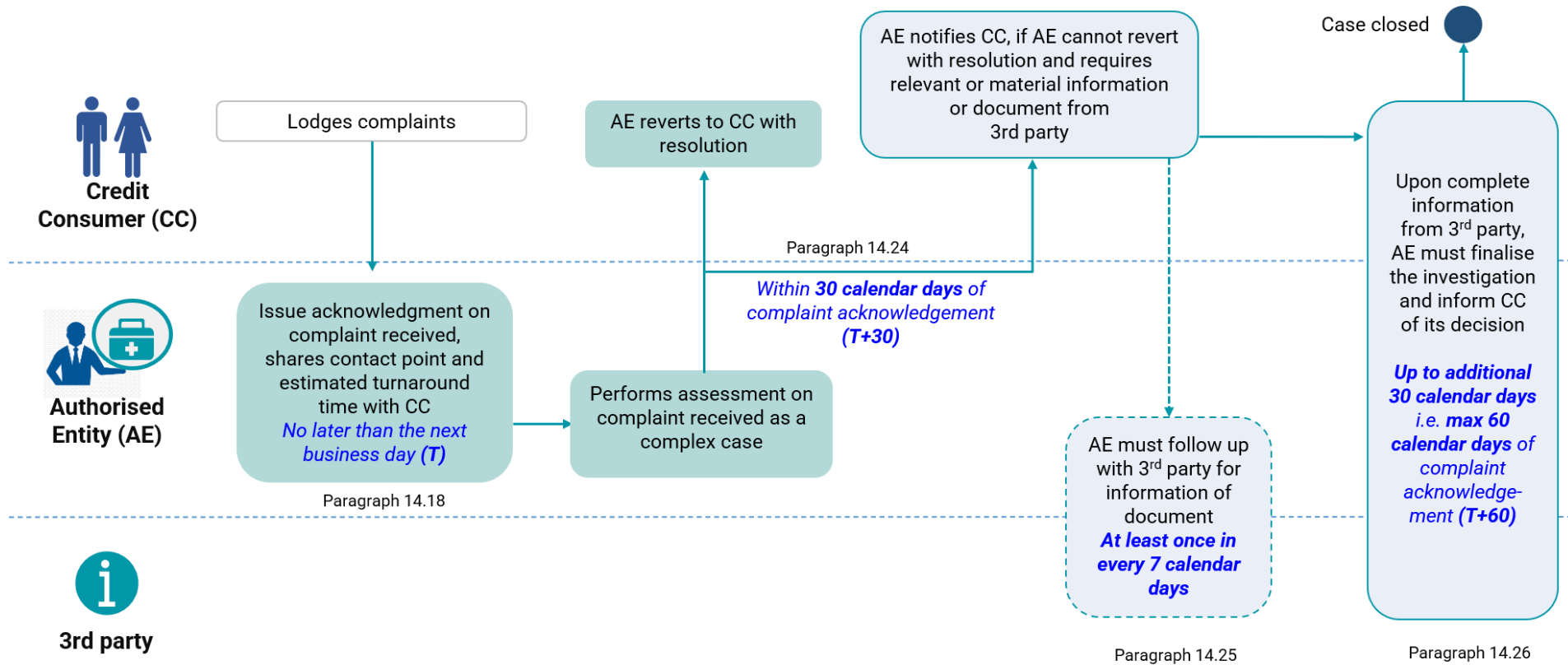
(b) Complex case – No third-party information required



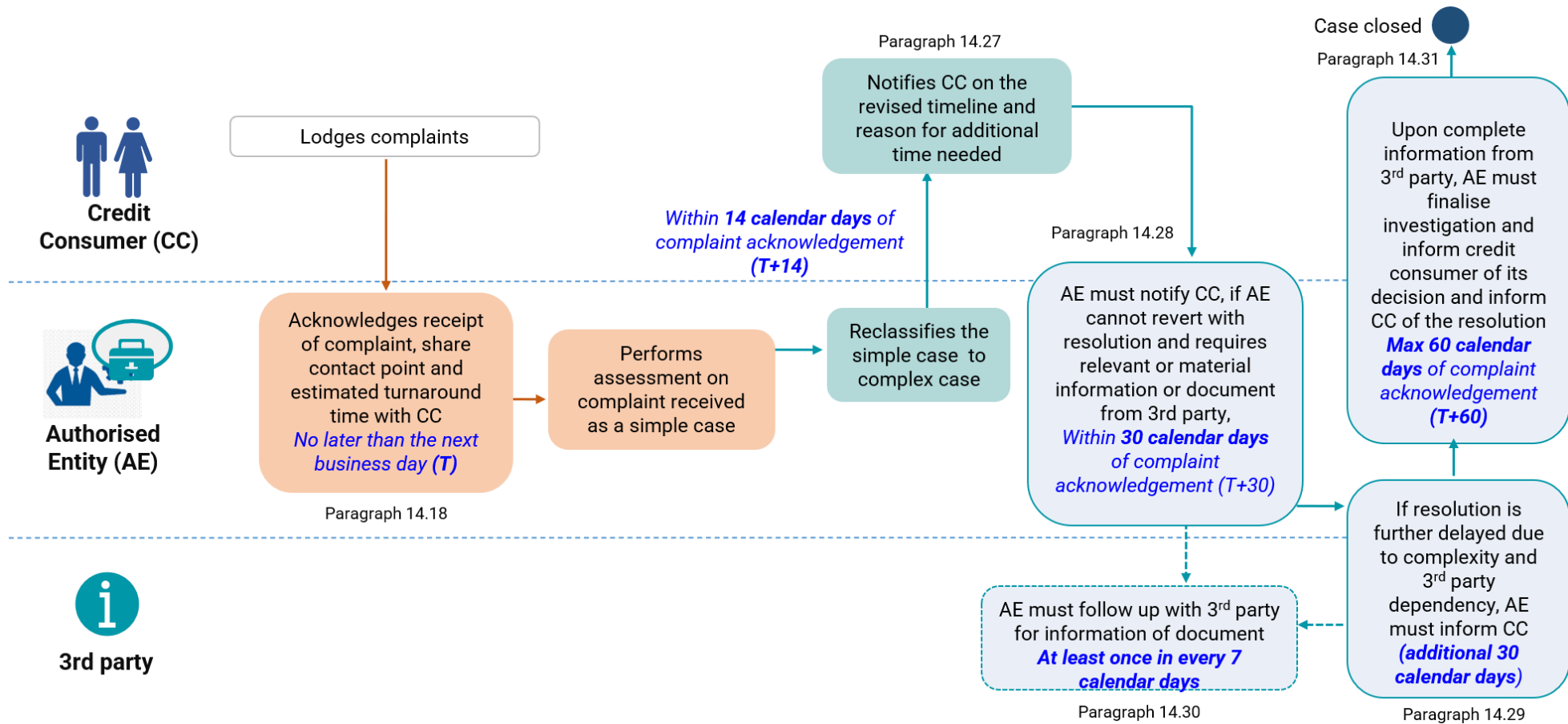
(c) Simple case later classified as complex case – Without third-party information required



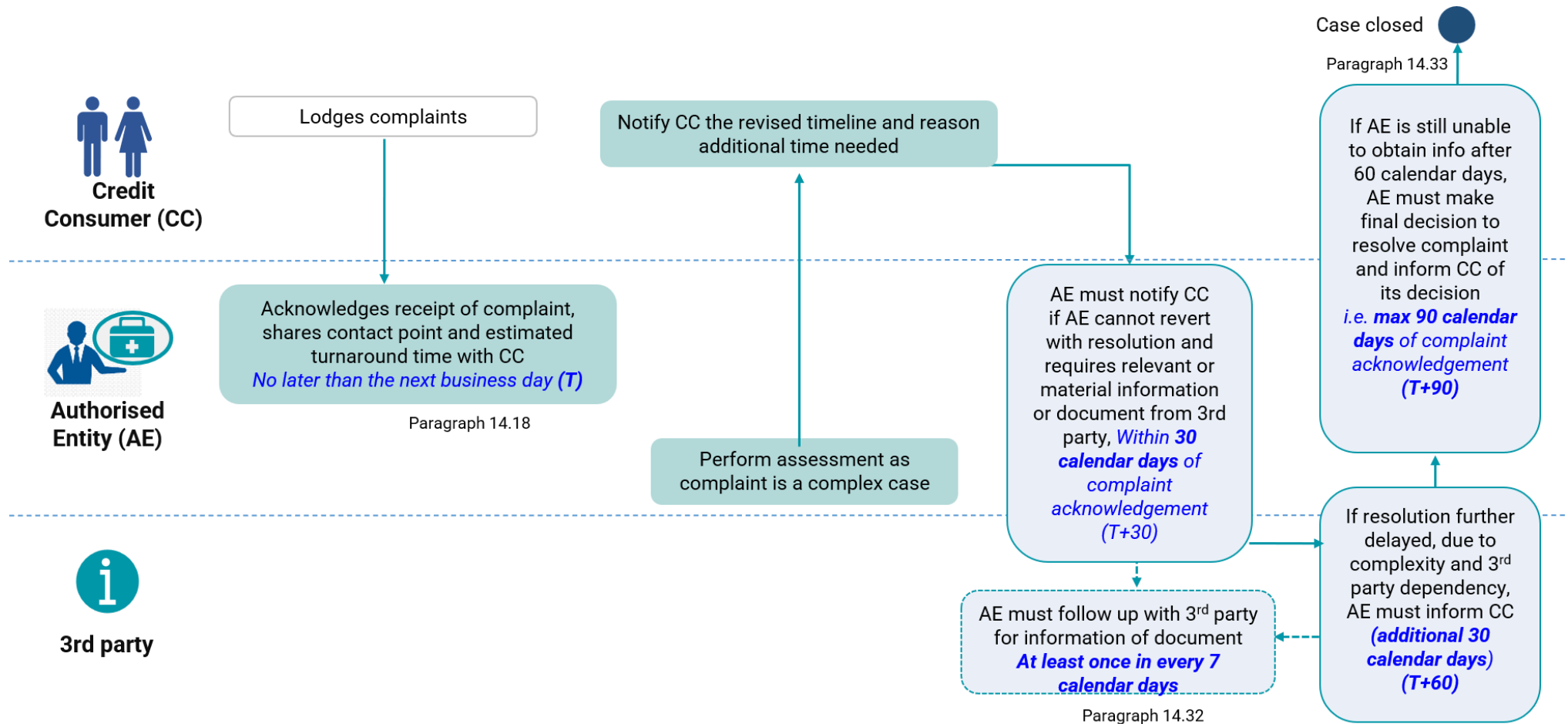
(d) Complex case – Third-party information required



(e) Simple case later classified as complex – Third-party information required



(f) Unresolved case



APPENDIX VI: REPORTING CREDIT CONSUMERS INFORMATION BREACH TEMPLATE

Name of authorised entity:

A Details of Credit Consumer Information Breach	
1	Date of reporting to SKP
2	Types and details of the information breach <i>(to provide a copy of all relevant documents, including evidence of disclosure made)</i>
3	Date of incident
4	Time of incident
5	Details of incident (including the chronology of event)
B Details of Breach Handling	
6	How was the breach detected? <i>(e.g. through credit consumer complaints or internal audit findings)</i>
7	Root cause(s) of the credit consumer information breach
8	Number of affected credit consumers
9	Actual or potential consequences, or harm caused to the affected credit consumers due to the information breach
10	Remedial actions taken or will be taken <i>(to provide timelines and relevant documents)</i>

(a) Obligations of the seller (credit providers) [2/2]

Post-disposal
Stage



4



Upon completion of disposal, CP notifies CC within 7 calendar days:

- (a) that disposal is completed, provides the name and contact number of the ILB;
- (b) that all complaints or any matters related to such impaired loan/financing **prior to completion of the disposal** of impaired loan/financing, shall be promptly **directed to CP**; and
- (c) CP informs CC of **impact on their rights and obligations** after the impaired loan/financing has been sold to ILB. CP must also send a copy of the notice to the guarantor, if applicable

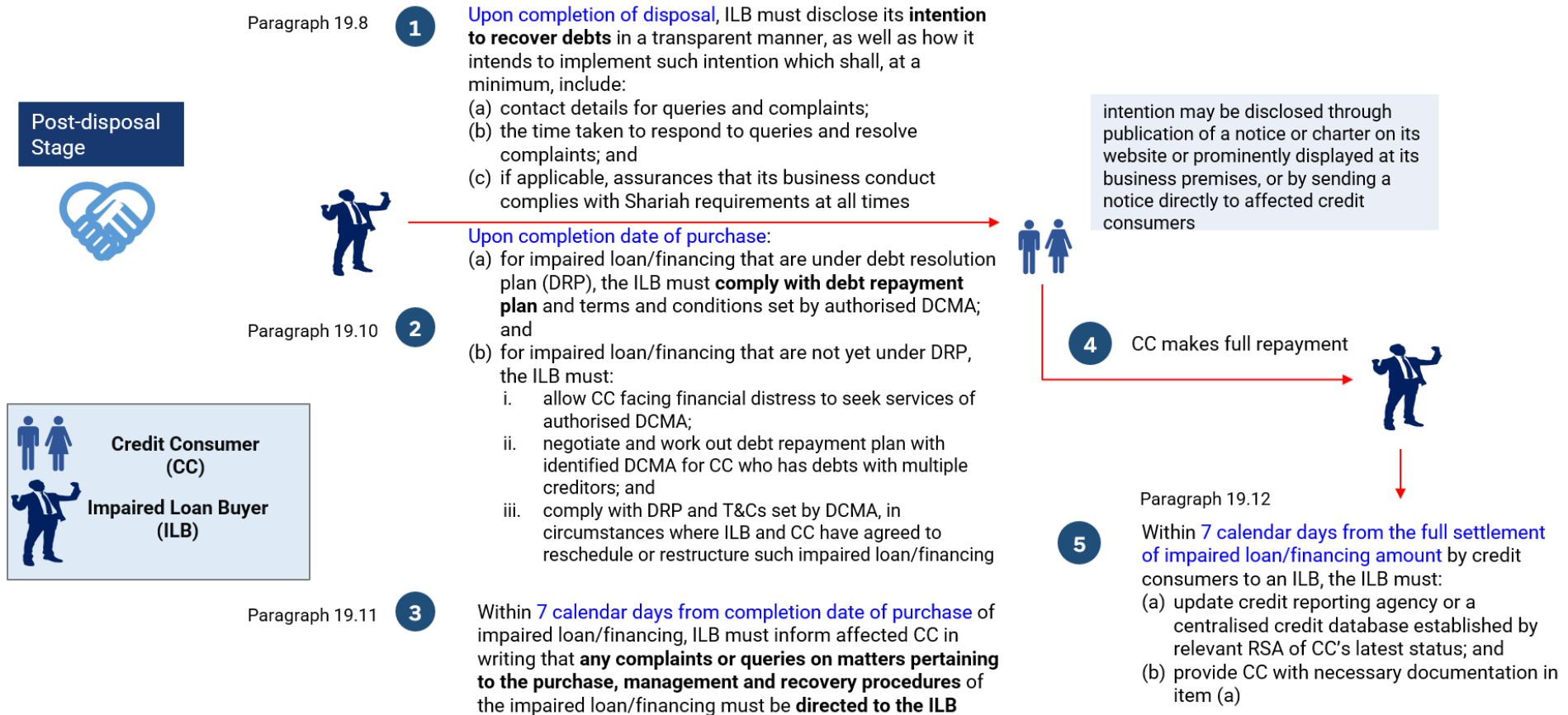


Credit Consumer
(CC)

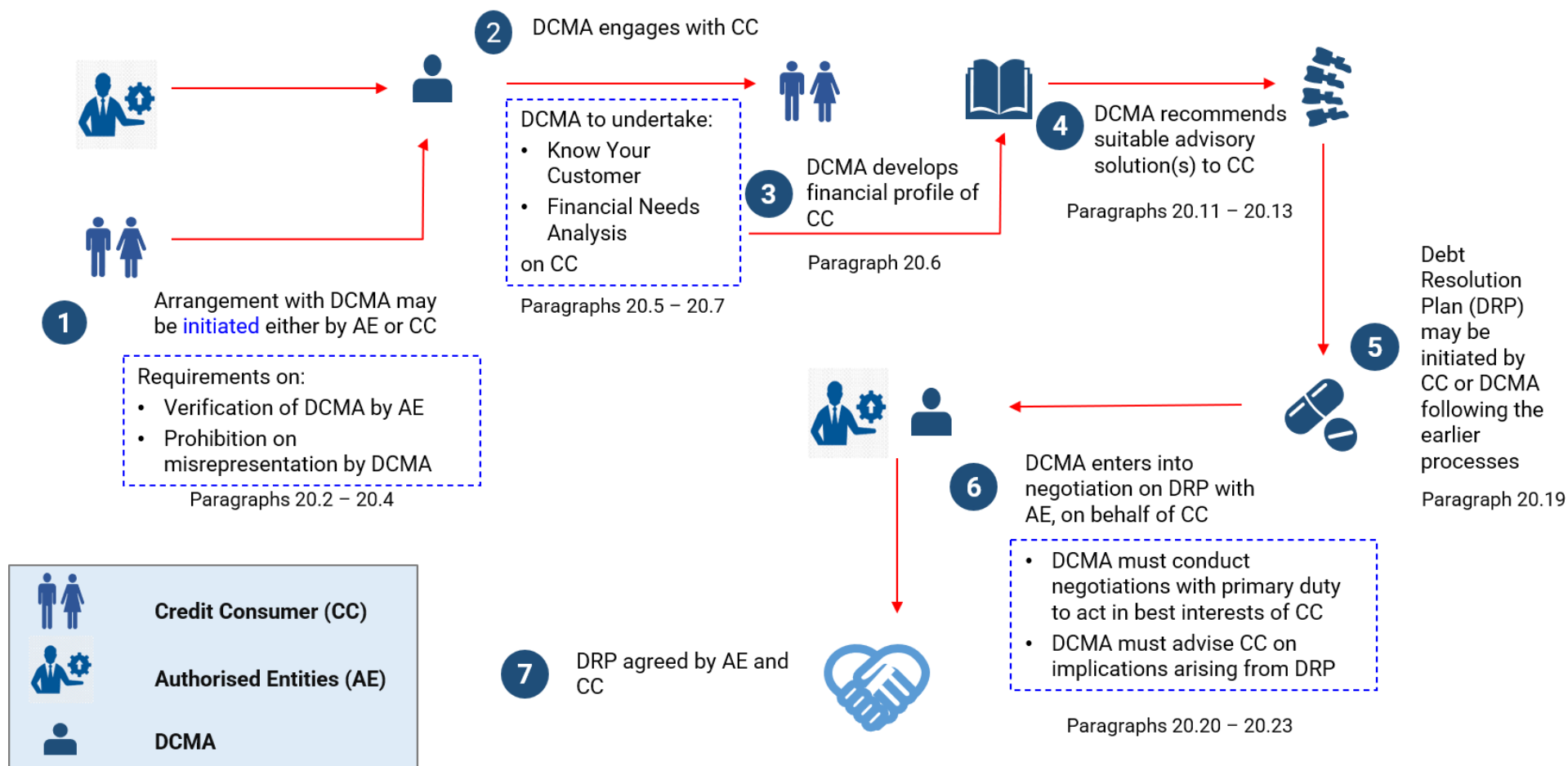


Credit Provider (CP)

(b) Obligations of the buyer (Impaired Loan Buyer)



APPENDIX VIII: FLOW CHART OF DCMA RECOMMENDING ADVISORY SOLUTIONS



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