





# Impact of new Credit Limit Management Measure

The new Credit Limit Management Measure will be effective from Jan 1, 2018.



**MR LIM**  
Monthly income **\$4,000**  
Quality assurance manager





- HOW THE MEASURE AFFECTS MR LIM:**
- Mr Lim's outstanding interest-bearing amount is 6.5 times his monthly income, and his total credit limit is 10 times his monthly income.
  - As such, if Mr Lim wants to apply for additional credit, he can obtain \$8,000 more in credit (or 2 times of his monthly income, to bring his total credit limit to 12 times his monthly income).
  - In addition, he can use his \$14,000 unutilised credit limit from his existing unsecured credit facilities.

					Total \$
Total credit limit	\$15,000 from credit card	\$6,500 from credit card \$6,000 from personal revolving credit line	\$6,000 outstanding from personal term loan	\$6,500 outstanding from personal term loan	\$40,000 10x his monthly income
Interest-bearing unsecured debt	\$9,000 rolled over amount from credit card	\$4,500 drawn down from personal revolving credit line	\$6,000 outstanding from personal term loan	\$6,500 outstanding from personal term loan	\$26,000 6½x his monthly income
Unutilised credit limit	\$6,000 from credit card	\$6,500 from credit card \$1,500 from personal revolving credit line	Nil	Nil	\$14,000



**MR SOH**  
Monthly income **\$5,000**  
Marketing executive

- HOW THE MEASURE AFFECTS MR SOH:**
- Mr Soh's outstanding interest-bearing amount is 8 times his monthly income, and his total credit limit is 13 times his monthly income.
  - Under the new measure, Mr Soh cannot get any additional unsecured credit.
  - He can use his \$25,000 unutilised credit limit from his existing unsecured credit facilities.

					Total \$
Total credit limit	\$17,500 from credit card	\$10,500 from credit card \$7,000 from personal revolving credit line	\$19,500 from credit card (including \$3,500 from balance transfer, which utilises credit card limit)	\$10,500 outstanding from personal term loan	\$65,000 13x his monthly income
Interest-bearing unsecured debt	\$10,000 rolled over amount from credit card	\$2,000 rolled over amount from credit card \$4,500 drawn down from personal revolving credit line	\$9,500 rolled over amount from credit card \$3,500 outstanding from balance transfer	\$10,500 outstanding from personal term loan	\$40,000 8x his monthly income
Unutilised credit limit	\$7,500 from credit card	\$8,500 from credit card \$2,500 from personal revolving credit line	\$6,500 from credit card	Nil	\$25,000

## Industry-wide borrowing limit

Implementation date	JUNE 1, 2015	JUNE 1, 2017	JUNE 1, 2019
If your total outstanding debt is	>24x your monthly income for three months in a row	>18x your monthly income for three months in a row	>12x your monthly income for three months in a row

### YOU WILL NOT BE ABLE TO

 Charge new purchases to your credit card

 Issue cheques or draw money from your unsecured credit line

 Pay recurring charges, such as utility bills, with your credit card

 Apply for new credit cards, unsecured loans or increase your credit limit

NOTE: • The unsecured credit limit is placed on the total amount of credit card and other unsecured debt that an individual can have with all financial institutions. This is to help individuals avoid falling deep into debt.  
• The limit does not apply to secured loans, for example, property and car loans, and unsecured loans for business, medical spending and education.  
• This is an MAS regulatory borrowing limit. Financial institutions have discretion to decide on their credit policies, including tighter borrowing limits.