

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.

Managing your debts

| Borrower | Borrower A | Borrower B | Borrower C |
|--|--|---|---|
| Age | 30 | 57 | 56 |
| Gross monthly income | \$2,600 | \$6,000 | \$8,300 |
| Outstanding unsecured debts | Total: \$41,400 a) \$26,970 from credit cards b) \$10,660 from overdraft c) \$3,770 from personal loans | Total: \$61,400 a) \$15,200 from personal lines b) \$46,200 from credit cards | Total: \$267,750 a) \$170,000 from personal lines b) \$97,750 from credit cards |
| Year that borrower's unsecured debt first exceed 12 times monthly income (since 2015), and how much he owed then | In 2018, with \$42,700 aggregate outstanding balance | In 2017, with \$90,700 aggregate outstanding balance | Not available |
| Repayment plan | Debt Consolidation Plan | Debt Consolidation Plan | Debt Management Plan |
| Amount of monthly repayment | \$830 | \$1,900 | \$3,500 |
| Year that he fully repays debt | 2024 | 2022 | 2026 |
| Reason for indebtedness | Drop in household income/trading losses | Lifestyle choices | Gambling |

NOTE: These are real-life case scenarios based on information provided by the banks.

