

Financial Services

Policy document on Personal Financing

A [policy document on personal financing](#) was issued by Bank Negara Malaysia on 15 December 2023.

The policy document:

- comes into effect on 15 December 2023 and supersedes the Personal Financing policy document which was issued on 5 July 2013.
- sets out the requirements in which a “*financial service provider*” offering “*personal financing product*” must comply with, in order to promote prudent and responsible financing practices.
- does not apply to the following products:
 - a) financing for the purchase of residential and non-residential property;
 - b) vehicle financing;
 - c) credit card and credit card-i, charge card and charge card-i;
 - d) overdraft and revolving credit facilities with no fixed repayment or payment tenure;
 - e) micro-financing product or financing to a sole proprietor for purposes of its business;
 - f) financing for the purchase of securities (including units of funds managed by Amanah Saham Nasional Berhad and other unit trusts);
 - g) financing granted to employees of financial service providers; and
 - h) pawnbroking and *Ar-Rahnu*.

Legal Updates

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For the purposes of the policy document:

- a) financial service providers refers to (a) licensed banks and approved issuer of designated payment instrument under the **Financial Services Act 2013**; (2) licensed Islamic banks and approved issuer of designated Islamic payment instrument under the **Islamic Financial Services Act 2013**; and (3) development financial institutions prescribed under the **Development Financial Institutions Act 2002**.
- b) “*personal financing product*” means:
 - i. a financing product that is offered either directly by a financial service provider or jointly with another entity, or through the financial service provider’s intermediary to individuals for personal, domestic or household purposes; and
 - ii. any buy now pay later arrangement entered into between a financial consumer with a financial service provider, or in the case of a jointly provided product, with a financial service provider and the financial service providers partner, for the purchase of goods or services where (A) the financial service provider pays the seller for such purchase and credit is provided to the financial consumer; and (B) the payment due from the financial consumer to the financial service provider is deferred and may be made in a single payment or by instalments over an agreed period of time in accordance with the terms and conditions of the arrangement.

Capital Adequacy Framework related policy documents

Bank Negara Malaysia has also issued the following [policy documents](#) to set out the standards and guidance for:

- a) banking institutions licensed under the **Financial Services Act 2013** including financial holding companies approved under the **Financial Services Act 2013** which are engaged predominantly in banking activities:
 - i. Capital Adequacy Framework (Operational Risk) which will come into effect on 1 January 2025;
 - ii. Capital Adequacy Framework (Exposures to Central Counterparties) which will come into effect on 1 January 2025;
 - iii. Revised Capital Adequacy Framework (Capital Components) which will come into effect on 15 December 2023, to the transitional timelines as set out therein.

- b) Islamic banking institutions licensed under the **Islamic Financial Services Act 2013** including financial holding companies approved under the **Islamic Financial Services Act 2013** which are engaged predominantly in Islamic banking activities:
 - i. the policy documents set out in (a)(i) and (iii) above; and
 - ii. Revised Capital Adequacy Framework for Islamic banks (Capital Components) which will come into effect on 15 December 2023, to the transitional timelines as set out therein.

CONTACT US FOR FURTHER INFORMATION REGARDING FINANCIAL SERVICES MATTERS

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