

## Government welcomes approval of reduced statutory interest rate cap for lending

\*\*\*\*\*

Through a resolution of the Legislative Council under the Money Lenders Ordinance (Cap. 163) (Ordinance) today (October 26), the statutory interest rate cap for lending will be lowered.

According to the amended Ordinance, the statutory interest rate cap for lending will be lowered from 60 per cent to 48 per cent per annum, and the threshold of extortionate rate (which may trigger reopening of the transaction by the court having regard to the relevant circumstances) will be lowered from 48 per cent to 36 per cent per annum. The amended Ordinance will take effect from December 30 this year.

The Secretary for Financial Services and the Treasury, Mr Christopher Hui, welcomed the passage of the legislative amendments. He said, "In recent years, there are growing concerns about interest rates charged on lending. Excessively high interest would harm borrowers, particularly those with low incomes, and lead to other social problems. Our plan to lower the statutory interest rate cap for lending has taken into consideration recommendations of the Consumer Council, the effective interest rates adopted by the local money lending sector, the interest rate cap for lending overseas, and other market statistics."

He pointed out that the Government has enhanced conditions on Money Lenders Licences in 2021, including requiring money lenders undertake an assessment of the borrower's ability to make repayments under the loan agreement, and have due regard to the outcome of that affordability assessment before entering into a loan agreement for an unsecured personal loan. Regulation of advertisements of money lenders and protection of loan referees have also been enhanced.

Mr Hui added, "Looking forward, we will continue to review regulatory measures for money lenders, promulgate the importance of prudent borrowing through public education, and induce more responsible lending behaviour among money lenders, for protection of the public interest."

Ends/Wednesday, October 26, 2022

Issued at HKT 16:55

NNNN