

POLICY DOCUMENT ON PERSONAL FINANCING

Issued and effective 15 December 2023 (by Central Bank of Malaysia “BNM”)

APPLICABILITY

Financial service provider (“FSP”) that offers:

- (i) a financing product to individuals for personal, domestic or household purposes (“PFP”) or
- (ii) any buy now pay later arrangement for purchase of goods or services (“BNPL”).



REQUIREMENTS

For PFP:

- Tenure not exceeding 10 years

For BNPL:

- Assessment of the financial consumer’s ability to make full repayment

PROHIBITIONS

FSP is prohibited from offering pre-approved PFPs where total repayment is due only at the end of financing tenure and to be repaid from retirement funds (e.g. EPF).

FSP is prohibited from offering BNPL to bankrupts.



ADDITIONAL REQUIREMENTS



- Obtain BNM’s approval prior to introduction or increase of fees and charges on BNPL
- Ensure that fees and charges on BNPL are fair and reasonable (including any late payment charges)
- Islamic BNPL is in compliance with Shariah and rulings of the Shariah Advisory Council (e.g. the Shariah Advisory Council of BNM Ruling on BNPL Facility dated 24 January 2024)
- Ensure merchants do not set BNPL as default payment option
- Report BNPL in Central Credit Reference Information System (CCRIS) as a facility named “Buy Now Pay Later”

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