

REMINDE YOURSELF

Before making a loan application to a money lender, consider carefully if there is a genuine need to engage a financial intermediary and the risks of **falling prey to traps by financial intermediaries**.

Think twice before borrowing
Be vigilant in engaging any intermediary

Don't  **Pay** *financial intermediaries*

Don't  **Engage** *unappointed financial intermediaries*

Don't  **Handover** *any money to financial intermediaries*



A money lender is **NOT ALLOWED** to grant you any loan if a financial intermediary mentioned above is involved in your loan application



Financial Services and the Treasury Bureau
The Government of the Hong Kong Special Administrative Region

Apply loan from a money lender?

Starting from **1 December 2016**, money lenders are required to comply with the new requirements under the additional licensing conditions before granting approval to a loan application so as to enhance protection for borrowers.

You can reduce the risk of being deceived if you apply for loans directly from money lenders or banks instead of through financial intermediaries. **If you consider it necessary to engage a financial intermediary for applying for a loan from a money lender**, below are the points to note/actions to be taken to protect your own interests:



Don't Pay *financial intermediaries*

REMIND YOURSELF: Don't engage a financial intermediary who charges you fees on whatever pretext

such as administrative fee, handling charges or consultation fee.

REMIND YOURSELF: Don't hand over any money to a financial intermediary

whether it is alleged by the financial intermediary to be for custody, improving your credit record, helping you to purchase goods or services or make investment, etc.

REMIND YOURSELF: You will not be granted any loan from a money lender if you make the loan application through a financial intermediary who charges you any fees, deposits or guarantee money (or asks you for money on whatever pretext) .

REMIND YOURSELF: You should refuse to deal with or sign any agreement with a financial intermediary who charges you any fees or asks you to hand over money to him/her or a person or company specified by him/her.

* A money lender is not allowed to grant a loan to a borrower if the financial intermediary engaged by the borrower requires or charges any fees on the borrower, or asks the borrower to hand over money to him/her or a person or company required by him/her for custody or any other purposes (e.g. alleged to be a security for improving your repayment/credit record, purchase of goods or services, or fund investment).

Don't Engage *unappointed financial intermediaries*

REMIND YOURSELF: Don't engage a financial intermediary who has not been appointed by a money lender you should first check the Register of Money Lenders (www.cr.gov.hk/mlr) to verify the identity of the financial intermediary.

REMIND YOURSELF: You will not be granted any loan from a money lender if you make the loan application through a financial intermediary who has not been appointed by the money lender.

REMIND YOURSELF: Before entering into an agreement with a financial intermediary, you should first conduct a search of the Register of Money Lenders (www.cr.gov.hk/mlr)

to check if the intermediary has been appointed by the money lender concerned (if your intermediary has been appointed by Money Lender A only, the intermediary will not be able to help you get a loan from any money lender other than Money Lender A). If a person claims to be an appointed intermediary of a money lender but the Register shows that that person has not been so appointed by the money lender, you should immediately stop dealing with that person and report to the Police.

* Under the new requirements, if a money lender accepts a loan application referred by a financial intermediary, the financial intermediary concerned must be a person it has appointed and registered as such in the Register of Money Lenders. Otherwise, the money lender must not grant the loan.



Points to note by borrowers when applying for a loan from a bank

REMIND YOURSELF: Banks have ceased the use of referral services offered by financial intermediaries in respect of applications for retail consumer financial products or services such as personal loans, credit card loans and tax loans.

When receiving a call from a person claiming to represent a bank, do not readily believe in his/her claimed identity even though he/she indicates that there are problems with your loan from that bank, or if you are interested in the product being promoted. You should check the caller's identity by calling the banks' hotline listed on the websites of Hong Kong Monetary Authority, Hong Kong Association of Banks (HKAB) and individual retail banks. To protect your own interests, you should not provide any sensitive personal information easily.

List of banks' hotline (website of HKAB)

<https://www.hkab.org.hk/DisplayArticleAction.do?sid=5&ss=14>

Don't Forget *to declare agreements with financial intermediaries*

REMIND YOURSELF: Must inform the money lender that the loan application was made through a financial intermediary and hand in a copy of the intermediary agreement

If you have engaged a financial intermediary in making a loan application, you must inform the money lender concerned of the involvement of the financial intermediary, and not be induced by the money lender or financial intermediary not to provide the factual information, because otherwise you will incur losses.

REMIND YOURSELF: Before entering into a loan agreement with a money lender, check the loan agreement carefully to ensure that it has accurately recorded the details of the financial intermediary.

REMIND YOURSELF: You will not be granted any loan from a money lender if you make the loan application through a financial intermediary who refuses to provide a copy of the intermediary agreement.

* The money lender must ascertain with the borrower if the latter has entered into an agreement with a financial intermediary, and must record the borrower's reply in the loan agreement.

REMIND YOURSELF: Unless you have provided the money lender with a copy of the intermediary agreement signed between you and the financial intermediary, the money lender is not allowed to approve your loan application. To protect your own interests, you must personally submit a copy of the intermediary agreement instead of sending it through the financial intermediary or any other persons.

* The money lender must request you to personally provide a copy of the intermediary agreement signed between you and the financial intermediary, which will be attached to the loan agreement.

REMIND YOURSELF: Make sure that you fully understand all the terms and conditions of the loan agreement before you sign the agreement.

You should also cooperate with the money lender when it takes record during or after the explanation of the terms in the loan agreement.

* Money lenders shall keep written or video or audio records which show that they have explained clearly to the intending borrower all the terms and conditions of the loan agreement.

- ✓ Think twice before you borrow. **REMIND YOURSELF:** Consider your repayment ability and don't over-borrow.
- ✓ Read carefully before you sign any document, and keep a copy of the signed document for record.

Please visit the following link for details of the additional licensing conditions:
http://www.cr.gov.hk/en/publications/docs/Additional_Conditions-e.pdf

If you are in financial distress, you may seek free advice and assistance through the following:

1. 24-hour Hotline

Name of Hotline	Telephone
Caritas Family Crisis Support Centre Financial Distress Counselling Hotline	3161 0102
Tung Wah Group of Hospitals Financial Relief and Counselling Hotline	2548 8411
Social Welfare Department (SWD) Hotline	2343 2255

2. Debt and Financial Management Counselling Service

Name of Organisation/Centre	Telephone	Address/Website
Caritas Family Crisis Line and Education Centre	3161 2929 (Debt Counselling and Financial Capability Service)	6/F, 134 Boundary Street, Kowloon http://debt.caritas.org.hk
Tung Wah Group of Hospitals Healthy Budgeting Family Debt Counselling Centre	2548 0803 (Healthy Budgeting Family Debt Counselling Hotline)	Room 1401, 14/F, Tung Sun Commercial Centre, 194-200 Lockhart Road, Wanchai, Hong Kong http://fdcc.tungwahcsd.org

3. General Counselling Services

You may also approach the Integrated Family Service Centre or Integrated Services Centre operated by the SWD or non-government organisations for assistance. Please call the SWD's 24-hour hotline (**2343 2255**) or visit its website (<http://www.swd.gov.hk/en/index/>) at any time for the addresses, telephone numbers and operating hours of these centres.

Common malpractices by financial intermediaries

- I. Induce you to apply for a loan from a money lender through them, with a view to
 - (a) charging you exorbitant fees on different pretexts;
 - (b) asking you to provide a security deposit or guarantee money allegedly as proof of your cash flow.
- II. Charge you a fee by claiming to provide financial assessment services (e.g. debt restructuring, stress test or credit record improvement) in the name of professional services providers, or withhold part of your loan on different pretexts (e.g. allegedly for helping you to purchase goods or services or make investment).
- III. Misrepresent themselves as officers of a government department or public organisation when they approach you, alleging that there are problems with your existing loan or property mortgage and ask you to restructure your loan or refinance or remortgage your property.

To verify financial intermediaries' identities:

www.cr.gov.hk/mlr

