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Panel on Financial Affairs

Meeting on 3 May 2021

**Updated background brief on regulatory arrangements to tackle
malpractices by financial intermediaries for money lending**

Purpose

This paper provides background information on the regulatory regime for money lenders and related financial intermediaries, an update on the measures taken by the Administration to tackle money lending-related malpractices, and a summary of the views and concerns expressed by the Panel on Financial Affairs ("FA Panel") on related issues since 2016.

Background

2. Legislative Council ("LegCo") Members and the public have expressed grave concern about unscrupulous business practices of some companies which are associated with money lenders or related intermediaries in promoting or arranging loan services for customers in recent years. The unscrupulous business practices include inducing persons to borrow money, charging exorbitant handling fees or very high interest rates for loans, fraudulent use of personal data resulting in the persons being deemed as a loan referee without their knowledge. LegCo Members have urged the Administration to review the current regulatory regime for money lenders and associated companies and related ordinances to combat the above malpractices, as well as step up efforts in enhancing public awareness of the fraudulent practices.

Licensing of money lenders and charging of fees by related financial intermediaries

Licensing and regulation of money lenders

3. Under the Money Lenders Ordinance (Cap. 163) ("MLO"), the Licensing Court is responsible for issuance of money lender licences. MLO provides for the application procedures and requirements for the grant or renewal of money lender licences, the factors the Licensing Court will consider in processing applications for or renewal of the licenses (e.g. fit and proper person to carry on business as a money lender), and the powers of the Police to inspect records or documents of money lenders and investigate suspected cases where a money lender has committed an offence under the Ordinance.

4. Section 30(1) of MLO provides that a person (including any money lender and any intermediary) shall not, by any false, misleading or deceptive statement, representation or promise, or by any dishonest concealment of material facts, fraudulently induce or attempt to induce a person to borrow money from a money lender. Moreover, intermediaries engaging in a commercial practice prohibited by the Trade Descriptions Ordinance (Cap. 362) such as "false trade descriptions" or "misleading omissions" commit an offence and are liable to criminal sanctions.

Charging of fees

5. MLO currently prohibits the charging of fees other than interest by money lenders and their associated intermediaries. Section 29(10) of MLO expressly provides that a money lender, as well as his principal, agent, or any person acting for or in collusion with the money lender, shall not demand any reward from a borrower or intending borrower for procuring, negotiating or obtaining any loan. Section 24 of MLO further prohibits any person from lending money at an excessive interest rate, i.e. effective interest rate exceeding 60% per annum. The "interest" mentioned in the provision includes any amount, by whatever name called, in excess of the principal, the amount of which has been or is to be paid or payable to the money lender in consideration of or otherwise in respect of the loan.

Measures adopted by the Administration to tackle the malpractices of financial intermediaries for money lending

6. The Administration has explained that it had adopted a four-pronged approach since 2016 to tackle the problems of malpractices of unscrupulous intermediaries and to raise public awareness of the matter. The measures covered under the four-pronged approach are as follows:

(a) Enhanced enforcement by the Police

The Police have conducted a number of special operations against malpractices of intermediaries and arrested people involved and instituted prosecutions since 2014, and will continue to step up enforcement actions against malpractices of intermediaries.

(b) Enhanced public education and publicity

The Administration has rolled out a series of activities (including distribution of information pamphlets and posters, broadcasting of an Announcement of Public Interest, and the launch of online education activities) to raise public awareness of the risks involved in applying for a loan through intermediaries and to alert the public of the usual deceptive tactics of unscrupulous intermediaries. The Police have also set up the Anti-Deception Coordination Centre for stepping up the fight against deception and enhancing public awareness of various kinds of scams.

(c) Enhanced advisory services to the public

The Administration continues to promote public awareness of the availability of advice, counselling and other supportive social welfare services provided by non-governmental organizations ("NGOs") so that people in need can seek timely assistance through proper channels. The Social Welfare Department has engaged two NGOs (viz. Caritas-Hong Kong and Tung Wah Group of Hospitals) to provide assistance/counsel through dedicated telephone hotlines to people in financial distress and offer independent advice to them on how to handle their financial problems.

(d) Imposition of more stringent regulatory measures

The Licensing Court has imposed more stringent licensing conditions on money lender licences since 1 December 2016 with the objectives to ensure effective enforcement of the ban on separate fee charging, better protect privacy, enhance transparency and disclosure of information by money lenders, and promote prudent money lending of borrowers. The Companies Registry ("CR") has been conducting inspections since December 2016 on money lenders to ascertain their compliance with the more stringent licensing conditions. The Register of Money Lenders ("Register of ML")

which is maintained by the Registrar of Money Lenders¹ ("Registrar of ML") has also been expanded to include relevant information of the appointed intermediaries of money lenders to facilitate checking by prospective borrowers. On 16 March 2021, the Registrar of ML announced the imposition of enhanced licensing conditions on all money lenders licences granted or renewed with immediate effect which require money lenders, before entering into a loan agreement for an unsecured personal loan, to 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. In addition, two existing licensing conditions have also been refined, with a view to enhancing regulation of advertisements of money lenders and protection of loan referees. The revised licensing conditions require that the advertisements published by money lenders should be fair and reasonable and not contain misleading information, and that the referees' information should immediately cease to be used if the money lender is informed or aware that the written consent was, in fact, not signed by the referee. The updated version of the licensing conditions is set out in **Appendix I**.

The Consumer Council's study on the Hong Kong lending market

7. On 26 September 2019, the Consumer Council published a study entitled "Money Lending – Reforming Law and Trade Practices for Consumer Protection" ("the Study Report"). Apart from examining various consumer borrowing behaviours, the Study Report compared the laws and regulations relating to money lending in Hong Kong with five jurisdictions,² identified problems from the currently regulatory regime and put forward a package of recommendations.³ In particular, the Consumer Council urged the Government to immediately activate the process for the amendment of MLO to, inter-alia, establish a sector-specific regulator, impose a clear duty on money lenders to carry out prudent credit assessments on borrowers so as to ensure their repayment ability before granting a loan, and adjust the interest rate to a maximum of 48%.

¹ The role of Registrar of Money Lenders is presently performed by the Registrar of Companies.

² The five jurisdictions were Australia, the Mainland, Singapore, Taiwan and the United Kingdom.

³ The recommendations are : (a) amendment of existing legislation; (b) introduction of a new sector specific regulator; (c) improving market transparency; and (d) strengthening consumer education and the provision of advisory services.

Major views and concerns expressed by Members

8. The Administration conducted annual briefings to FA Panel on the measures to tackle money lending-related malpractices since 2016. FA Panel members also discussed related issues at the briefings on the policy initiatives of the Financial Services and the Treasury Bureau ("SFTB") in the Chief Executive's 2017 Policy Address and 2019 Policy Address on 6 February 2017 and 4 November 2019 respectively, as well as during the consultation on the Administration's proposal to create two permanent directorate posts in FSTB at the meeting on 6 January 2020. The major views and concerns expressed by members at these meetings are summarized in the ensuing paragraphs.

Regulation of money lenders and their related financial intermediaries

9. Panel members in general welcomed the introduction of more stringent regulatory measures. Some members expressed concern that money lenders might circumvent the new regulatory requirements by claiming that they had no knowledge about the improper acts of their appointed intermediaries. There were views that the Administration should tighten regulation over unscrupulous money lenders and associated intermediaries, by increasing sanctions and conducting review of the licensing regime of money lenders including the imposition of minimum capital requirements. Some members further suggested introducing measures to protect the public such as imposing mandatory requirements of cooling-off period and audio-recording of the loan obtaining process. On the other hand, some members expressed concern that the overly stringent regulatory measures might affect viability of the money lending industry and create difficulties to people in financial distress in obtaining loans.

10. The Administration considered that it was of utmost importance to tackle the situation whereby unscrupulous intermediaries concealed their relationship with money lenders in order to circumvent the statutory prohibition on separate fee charging set out in MLO. The additional licensing conditions on money lenders aimed to ensure effective enforcement of the statutory prohibition on separate fee charging on borrowers, and prevent money lenders from using the excuse of lack of knowledge to conceal their relationship with intermediaries. The Administration would continue to enhance public education to remind members of the public to stay vigilant of the fraudulent acts of intermediaries. The Administration also advised that in formulating new regulatory measures, it would be mindful of the need to strike a balance between enhancing regulation and ensuring business viability of law-abiding money lenders and intermediaries.

11. As regards the licensing regime for money lenders, the Administration advised that the existing legislation empowered the Licensing Court to take into

consideration a set of relevant factors when examining licence or renewal applications. For instance, the Licensing Court would examine information on the money lender's directors and major shareholders, its financial situation and bank accounts, and proof of its capability in managing the money lending business; whether the money lender was fit and proper to carry on the money lending business; and whether the grant of licence was contrary to the public interest. A licence might be revoked if the Licensing Court considered that the licensee had ceased to be a fit and proper person or had been in serious breach of any condition of the licence.

12. On the suggestion of imposing a minimum capital requirement on money lenders, the Administration pointed out that it might not be justifiable to impose such a requirement as capital requirement was a means of prudential supervision for ensuring the financial stability of licensees. Yet money lenders, unlike financial institutions such as banks and insurance companies, did not accept or handle deposits and premium payments from the public.

13. Regarding the suggestion of introducing mandatory requirements of cooling-off period and audio-recording of the loan obtaining process, the Administration remarked that the proposal would require careful consideration and it would discuss the issue with the industry. Some borrowers with an urgent need of liquidity would wish to use the loans immediately rather than wait for the expiry of the cooling-off period. As such, borrowers must be given the right to waive the cooling-off period, and the measure might be abused by some unscrupulous operators to render it unable to achieve the intended effect. The Administration also noted that some borrowers resisted the making of video or audio recording.

Proposal of introducing a licensing system for financial intermediaries associated with money lenders

14. Some members urged the Administration to regulate intermediary activities through introducing a licensing regime for the intermediaries and standardizing their names so that the public would be better aware of their identities. The regime could also restore public confidence in law-abiding intermediaries. Some other members enquired if the Administration would consider banning the operation of intermediaries.

15. The Administration emphasized that the focus was to enable effective enforcement of the statutory ban on separate fee charging and enhance public education to raise public awareness of malpractices of intermediaries. Besides, intermediaries were already required under the measures to be formally appointed by licensed money lenders, and members of the public could verify the identities of intermediaries by checking the Register of ML. The Administration also

advised that the proposal of introducing a licensing system for intermediaries would give rise to many complicated issues (e.g. how to define an "intermediary"), which would require careful consideration and consultation with the stakeholders and the wider public. On the suggestion of banning the operation of intermediaries, the Administration considered that there was no compelling reason to do so as some intermediaries operated properly and their practices complied with the requirements of MLO.

Review of the Money Lenders Ordinance

16. A number of members urged the Administration to conduct a comprehensive review of MLO and amend the out-dated provisions including the current cap of 60% per annum on the effective interest rate for a loan. Some members also suggested amending MLO to tighten regulation over debt collectors' improper practices in recovering loans including using intimidating acts and charging high administration fees on borrowers, and to address possible loopholes arising from the new *modus operandi* of money lenders. Moreover, there were suggestions that the Administration should consider setting up an independent authority to regulate the money lending industry, and take into account the findings and recommendations of the Study Report of the Consumer Council released in 2019 in reviewing MLO.

17. The Administration advised that adjusting the cap on effective interest rate under MLO might not be an effective means to address the issue of separate fee charging by money lenders and intermediaries. The additional licensing conditions required money lenders to formally appoint their intermediaries so that any fee charged by the intermediaries had to be reflected in the interest charged by the money lenders rather than for the intermediaries to separately charge the borrowers. The Administration also stressed that money lenders and debt collectors must not harass anyone or adopt unlawful or improper debt collection practices, and pointed out the Registrar of ML would take prompt follow-up actions against a licensed money lender involving in improper debt collection practices, including requiring the money lender concerned to make rectification within a specified period, taking action to revoke the licence or raising objection to renew the licence. The Police had also followed up cases involving improper debt collection practices of money lenders. In some cases, the Police had issued warning letters to or instituted prosecutions against the money lenders concerned. The Administration assured members that it would consider the need to review MLO and implement new measures as and when necessary taking into account results of surveys conducted by the Money Lenders Unit of CR.

Advertisements on money lending

18. Members pointed out that many advertisements of money lenders and intermediaries contained misleading information, and called on the Administration to tighten the regulation of advertisements on money lending. For instance, there were suggestions that the Administration should consider banning misleading messages in advertisements of money lenders that encouraged excessive consumption and imprudent borrowing which had the effect of inducing people, especially young people, to borrow huge amount of money.

19. The Administration advised that the health warning, namely "You have to repay your loans. Don't pay any intermediaries", aimed to alert the public about the problem of over-borrowing. Moreover, the Administration had rolled out a series of public education and publicity activities (including those targeting young people) to promote the message of prudent borrowing and proper debt management. Such public education and publicity activities covered producing short videos and publishing them on various social media platforms to alert the public about the negative consequences of "spending the money before earning it" and excessive consumption.

Loan referees

20. In respect of the Administration's proposed measure of requiring money lenders to obtain the consent of a loan referee if such a referee was involved in a loan arrangement, while some members agreed that the written consent from the loan referee should be obtained, some other members cast doubt on the need of involving a referee in a loan given that a loan referee, unlike a guarantor, did not have the legal obligation to repay the debts of the borrower in case of default.

21. On the need of involving a referee in a loan, the Administration advised that given the difference in nature between a loan guarantor and a loan referee, and after consultation with relevant stakeholders, it considered that there was no sufficient justification of banning such an arrangement.

Compliance of licensed money lenders

22. Some members enquired about details of site inspections conducted by CR on money lenders, including details of the non-compliance cases in which CR had issued letters to the lenders concerned requiring rectifications within a specified period. They also enquired how CR could ensure licensed money lenders could comply with the relevant anti-money laundering and counter-terrorist financing ("AML/CTF") requirements.

23. The Administration advised that CR conducted site inspections on licensed money lenders (regardless of whether they had a retail branch or not) on an on-going basis, and would conduct more than one inspection on individual money lenders if necessary. On the non-compliance cases identified by CR, the majority related to the record-keeping requirement on explanations given to the borrowers of the terms and conditions of the loan agreements, and borrowers' responses as to whether they had entered into any agreement with intermediaries, the particulars of the intermediary involved and the relationship between the money lender and the intermediary. Among such cases, only a few licensed money lenders were involved in unsecured personal loan business. As regards sanctions imposed on licensed money lenders for non-compliance with the new licensing requirements, CR would take prompt follow-up actions for cases of non-compliance. For the vast majority of cases, the licensed money lenders concerned had either completed rectification actions or had been taking steps to rectify the non-compliances. For serious cases of non-compliance, CR could consider seeking the Licensing Court's order to revoke the money lenders' licences, and/or make referral to the Police as appropriate. As regards licensed money lenders' compliance with the AML/CTF requirements, CR had issued a guideline setting out the customer due diligence measures required from licensed money lenders and the relevant record-keeping requirements.

Advisory services to the public

24. Some members enquired whether measures had been taken against unscrupulous intermediaries who impersonated as staff members or representatives of a licensed bank to induce prospective borrowers to engage them for arranging loans. The Administration advised that the Hong Kong Monetary Authority was aware of the situation and had required banks to take measures to help the general public identify possible scams. Banks were also prohibited from using referral services provided by intermediaries in respect of applications for retail consumer financial products or services. As regards other loan arrangements, only third parties appointed by a bank could provide referral services to the bank.

25. Some members suggested that the Administration should, apart from relying on the advisory services provided by NGOs, set up a dedicated office to provide one-stop service to assist borrowers who were victims of fraudsters or unscrupulous intermediaries, and enhance public education and publicity to raise public awareness of and alertness to money lending-related malpractices.

26. The Administration advised that having reviewed the advisory services provided by the two NGOs, the Administration considered that the services had effectively provided timely and independent advice in a convenient manner for people in financial distress, hence the Administration had decided to continue the

services for another three years. Besides, the public could call the Registrar of ML's hotline or the "Anti-Scam Helpline 18222" set up by the Police to seek advice and assistance whenever they suspected that they had been approached by unscrupulous money lenders or intermediaries. Moreover, the Administration had rolled out three rounds of public education and publicity activities since 2016 including highlighting the prevalent malpractices of the intermediaries.

Council questions and motion passed at Council meeting

27. At the Council meeting of 8 February 2017, Members passed a motion on "Urging the Government to step up the regulation of money lenders and financial intermediaries" under which the Government was urged to, inter alia, comprehensively review and amend MLO to expand its ambit to the regulation of companies engaged in money lending-related business, impose more stringent licensing conditions for money lenders licence, and formulate more stringent procedures for vetting licence applications. Details of the above motion and relevant questions raised at Council meetings in recent years are given in the hyperlinks in **Appendix II**.

Latest development

28. The Administration will brief FA Panel on the latest development in the regulation of licensed money lenders at the meeting on 3 May 2021.

Relevant papers

29. A list of relevant papers is in **Appendix II**.

Licensing conditions imposed by the Licensing Court on money lender licences

1. Before entering into any agreement for loan, the money lender
 - (a) shall ask the intending borrower to state whether or not he has entered into or signed any agreement ("the third party agreement") with any person ("third party") for or in relation to the procuring, negotiation, obtaining or application of the loan, guaranteeing or securing the repayment of the loan (other than an agreement with solicitors instructed by the intending borrower for the provision of legal services solely);
 - (b) shall state in writing the intending borrower's reply in relation to Condition 1(a) above in the loan agreement; and
 - (c) if the intending borrower's reply in relation to Condition 1(a) above is in the affirmative, shall further
 - (i) obtain from the intending borrower the name and address of the third party;
 - (ii) state in writing in the loan agreement the name and address of the third party and whether the money lender is in any way related to the third party and the nature of such relationship;
 - (iii) ask the intending borrower to personally provide a copy of the third party agreement; and
 - (iv) attach the third party agreement to the loan agreement.
2. The money lender shall not grant or agree to grant any loan to any intending borrower if the intending borrower's reply in relation to Condition 1(a) above is in the affirmative, unless the third party as identified in Condition 1(c) above:
 - (a) is a person appointed by the money lender ("appointed third party") for or in relation to granting a loan to any intending borrower or any specified class of intending borrower, whether as to the procuring, negotiation, obtaining, application, guaranteeing or securing the repayment of such a loan; and

- (b) has, specifically in respect of the loan, confirmed in writing to the money lender that
 - (i) he has not charged, recovered, demanded or received and will not charge, recover, demand or receive any fees, charges, reward or consideration, however named, from such intending borrower for or in relation to the procuring, negotiation, obtaining or application of the loan or guaranteeing or securing the repayment of the loan; and
 - (ii) he has not otherwise agreed with the intending borrower that the intending borrower pays or would pay any fees, charges, reward or consideration, however named, to any other party whether for the purchase of any goods or services or not.

3. For the purposes of Condition 2,

- (a) the money lender shall provide in writing to the satisfaction of the Commissioner of Police and the Registrar of Money Lenders the name, address and identification number (including identification card/passport, business registration and company number as applicable) of any appointed third party; and
- (b) the third party as identified in Condition 1(c) above is not considered as an appointed third party until after the name and address of the appointed third party appear on the Register kept by the Registrar of Money Lenders.

4. (a) The money lender shall not knowingly allow or permit any person, whether the money lender, or his partner, employer, employee, principal or agent or any person acting for him or any appointed third party, to charge, recover, demand or receive any fees, charges, reward or consideration, however named, from any borrower or intending borrower for or in relation to the procuring, negotiation, obtaining or application of a loan or guaranteeing or securing the repayment of a loan.

- (b) The prohibition in Condition 4(a) above also covers any fees, charges, reward or consideration, however named, to be paid by the borrower or intending borrower to the appointed third party or any other person as agreed between the borrower/intending borrower and the appointed third party, whether for the purchase of any goods or services or not.

5. Before entering into any agreement for loan, the money lender must give explanation to the intending borrower of all the terms of the agreement, in particular the terms in relation to repayment, namely,
 - (a) the interest rate expressed as a rate per cent per annum and the total amount of interest payable under the agreement;
 - (b) amounts of repayments, periodically and in total, under the agreement;
 - (c) the possible consequences for any default in repayment, including –
 - (i) the taking into possession and sale of any security involved (including the property charged, if any); and
 - (ii) any overriding right of the money lender to demand an immediate repayment.

The money lender must also keep written or video or audio records which show that he complies with the requirements under this condition.

6. The money lender shall not obtain or collect personal data of any person from another person or use such personal data obtained or collected from another person for the purpose of or in relation to the money lender's business
 - (a) without the written confirmation from that other person that the disclosure/provision of such personal data by that other person for such use of the money lender is not in contravention of the provisions of the Personal Data (Privacy) Ordinance, Cap. 486; or
 - (b) when the money lender has knowledge, or has reasonable grounds to believe, that the disclosure/provision of the personal data by that other person for such use of the money lender is likely to be in contravention of the provisions of the Personal Data (Privacy) Ordinance, Cap. 486.The money lender must also keep records which show that he complies with this requirement and the provisions of the Personal Data (Privacy) Ordinance.
7. The money lender shall not accept a subsidized flat provided by the Hong Kong Housing Authority as collateral for the loan to the borrower unless the borrower has produced to the money lender either –
 - (a) a written confirmation from the Hong Kong Housing Authority that the necessary premium for removing the restrictions on alienation on the said flat has been fully paid; or

- (b) the written approval of the Director of Housing granting approval to mortgage or charge the said flat.
8. The Chinese version of any advertisement issued or published by the money lender for the purpose of the money lender's business as a money lender must clearly show the Chinese characters "放債人牌照號碼" immediately followed by the number of the money lender's licence.
9. Any advertisement in relation to the money lending business of a money lender issued or published by the money lender, in his own name or through any other person, whether in textual, audio or visual form, must:
- (a) be fair and reasonable and not contain misleading information; and
 - (b) contain the money lender's telephone hotline for handling complaints and a risk warning statement (in the same language as that of the advertisement or the relevant part thereof) as set out below, both of which must be prominent and easily legible in the written or visual part of the advertisement. The risk warning statement must also be clearly audible in the audio part of the advertisement:
 - "忠告：借錢梗要還，咪俾錢中介"
 - "Warning: You have to repay your loans. Don't pay any intermediaries."
10. (a) The money lender and his debt collectors shall not try to recover debts, whether directly or indirectly, from anyone unless such person is in law indebted to him.
- (b) The money lender shall take all practicable steps and measures to ensure that personal data collected in the course of his business are protected against unauthorized or accidental access, processing, erasure or other use by any debt collectors, and shall at all times comply with the Personal Data (Privacy) Ordinance, Cap 486, Laws of Hong Kong, in the collection, use, holding and processing of such information or personal data.
- (c) The money lender and his debt collectors shall not, while trying to locate the whereabouts of debtors, harass anyone, adopt unlawful or improper debt collection practices.
- (d) The money lender shall, so far as reasonably practicable, maintain and monitor proper systems and procedures for handling complaints and/or

inquiries relating to the loans lent by him in the ordinary course of business and the debt collection activities arising therefrom.

- (e) The money lender shall, so far as reasonably practicable, keep updated and accurate records of the debt collection activities of his debt collectors during the term of the licence.
11. The money lender shall provide information relating to his money lending business during the term of the licence as may be required by the Registrar of Money Lenders or the Commissioner of Police and such information shall be provided within such time as the Registrar of Money Lenders or the Commissioner of Police may specify.
 12. The money lender must establish and maintain proper systems and procedures to ensure that the money lender, or his partners, employers, employees, principals or agents, any persons acting for him and any appointed third parties shall be informed of and observe the licensing conditions and the provisions of the Money Lenders Ordinance.
 13. (a) Where any referee is provided in respect of the loan application, the money lender shall, before entering into any agreement for loan,
 - (i) ask the intending borrower to provide the written consent signed by the referee(s) confirming his/her agreement to act as referee for the intending borrower in respect of the loan application ("the written consent"); and
 - (ii) attach the written consent to the loan agreement.
 - (b) If the money lender is informed or aware that the written consent was, in fact, not signed by the referee, the money lender shall immediately cease to use the information of the referee.

For the purposes of this Condition, a referee is a person who provides, on a voluntary basis and upon request by the money lender, information about the intending borrower in respect of the loan application.

14. The money lender shall comply with the Guideline on Compliance of Anti-Money Laundering and Counter-Terrorist Financing Requirements for Licensed Money Lenders.
15. The money lender shall, before entering into any agreement for unsecured personal loan or before granting any significant increase in the amount of loan

under an agreement for unsecured personal loan, undertake an assessment of the intending borrower's or borrower's ability to make repayments under the loan agreement affordably and have due regard to the outcome of the assessment in respect of affordability.

In carrying out the assessment, the money lender shall consider:

- (a) the intending borrower's or borrower's current income and expenditure; and
- (b) the intending borrower's or borrower's ability to make repayments under the loan agreement:
 - (i) as they fall due over the life of the loan agreement;
 - (ii) without the intending borrower or borrower having to borrow to meet the repayments; and
 - (iii) without the repayments having a significant adverse impact on the intending borrower's or borrower's overall financial situation.

The money lender must also keep written or video or audio records which show that the requirements under this condition have been complied with.

Source: Website of the Companies Registry at https://www.cr.gov.hk/en/publications/docs/Full_Licensing_Conditions_Mar_2021_e.pdf

List of relevant papers

Date	Event	Paper/minutes of meeting
17 December 2014	Hon Paul TSE raised a written question on regulation of financial intermediaries	Hansard (pages 3782 – 3785)
13 May 2015	Hon WONG Kwok-kin raised a written question on mortgage loans taken out for Home Ownership Scheme ("HOS") flats with premium unpaid	Hansard (pages 10269 – 10273)
15 June 2015	The Administration's written reply to a letter dated 20 April 2015 from Hon Alice MAK on issues relating to licensed money lenders	Hon Alice MAK's letter (Chinese version only) (LC Paper No. CB(1)955/14-15(01)) Administration's reply (LC Paper No. CB(1)955/14-15(02))
17 June 2015	Hon Alice MAK raised an oral question on regulation of financial intermediaries	Hansard (pages 13105 – 13110)
11 November 2015	Hon Alice MAK raised an oral question on business practices of money lenders and financial intermediaries	Hansard (pages 1274 – 1280)
16 December 2015	Hon Kenneth LEUNG raised an oral question on financial intermediaries using confusing names	Hansard (pages 2969 – 2973)

Date	Event	Paper/minutes of meeting
11 April 2016	The Administration briefed FA Panel on the proposed measures to tackle the malpractices of financial intermediaries	Administration's paper (LC Paper No. CB(1)736/15-16(03)) Minutes (LC Paper No. CB(1)979/15-16)
27 April 2016	Hon Kenneth LEUNG raised a written question on strengthening regulation of intermediaries and related illegal financial activities	Hansard (pages 7842 – 7845)
11 May 2016	Hon TAM Yiu-chung raised a written question on regulation of money-lending advertisements	Hansard (pages 8661 – 8663)
5 August 2016	The Administration provided an information note on the latest development relating the proposed measures to tackle malpractices by financial intermediaries for money lending	Administration's paper (LC Paper No. CB(1)1158/15-16 (01))
2 November 2016	Hon Alice MAK raised a written question on measures to combat unscrupulous business practices of financial intermediaries	Hansard (pages 156 – 160)
9 November 2016	Hon WU Chi-wai raised a written question on regulation of financial intermediaries	Hansard (pages 337 – 341)

Date	Event	Paper/minutes of meeting
30 November 2016	The Administration provided an information note on the implementation of new measures to tackle money lending-related malpractices	Administration's paper (LC Paper No. CB(1)221/16-17(01))
6 February 2017	The Administration briefed FA Panel on the policy initiatives of the Financial Services and the Treasury Bureau ("FSTB") featured in the Chief Executive's 2017 Policy Address	Administration's paper (LC Paper No. CB(1)459/16-17(04)) Minutes (LC Paper No. CB(1)788/16-17)
8 February 2017	The Legislative Council passed a motion on "Urging the Government to step up the regulation of money lenders and financial intermediaries"	Wording of the motion passed Progress report
17 May 2017	Hon Alice MAK raised a written question on regulation of online crowdfunding and lending platforms	Hansard (pages 7467 – 7469)
29 May 2017	The Administration briefed FA Panel on developments after implementation of the four-pronged approach for tackling money lending-related malpractices	Administration's paper (LC Paper No. CB(1)993/16-17(04)) Minutes (LC Paper No. CB(1)1402/16-17)

Date	Event	Paper/minutes of meeting
8 November 2017	Hon Paul TSE raised a written question on personal data being used fraudulently by others for loan applications	Hansard (pages 1420 – 1424)
6 December 2017	Hon Paul TSE raised a written question on regulation of finance companies and financial intermediaries	Hansard (pages 3583 – 3587)
31 January 2018	Hon CHAN Chun-ying raised a written question on combating malpractices of financial intermediaries and regulating the trade	Hansard (pages 6171 – 6174)
5 February 2018	The Administration briefed FA Panel on the review of the new regulatory measures to tackle money lending-related malpractices	Administration's paper (LC Paper No. CB(1)530/17-18(05)) Minutes (LC Paper No. CB(1)883/17-18)
17 April 2019	Hon Kenneth LEUNG raised a written question on regulation of money lenders	Hansard (pages 8809 – 8811)
6 May 2019	The Administration updated FA Panel on measures to tackle money lending-related malpractices	Administration's paper (LC Paper No. CB(1)954/18-19(05)) Minutes (LC Paper No. CB(1)1315/18-19)
19 June 2019	Dr Hon Elizabeth QUAT raised a written question on regulation of money lenders	Hansard (pages 11687 – 11690)

Date	Event	Paper/minutes of meeting
26 September 2019	The Consumer Council release a study report entitled "Money Lending – Reforming Law and Trade Practices for Consumer Protection"	Press release Study report
4 November 2019	The Administration briefed FA Panel on the policy initiatives of FSTB featured in the Chief Executive's 2019 Policy Address	Administration's paper (LC Paper No. CB(1)53/19-20(02)) Minutes (LC Paper No. CB(1)280/19-20)
6 January 2020	The Administration briefed FA Panel on its proposal to create two permanent directorate posts in FSTB to spearhead various major policy and legislative initiatives	Administration's paper (LC Paper No. CB(1)282/19-20(04)) Minutes (LC Paper No. CB(1)467/19-20)
April 2020	Special meeting of Finance Committee for examination of Estimates of Expenditure 2020-2021	Written question raised by members in relation to the Consumer Council's report (Reply serial number: FSTB(FS)051) Minutes
13 May 2020	Hon Cheung Kwok-kwan raised a written question on regulation of money lenders	Hansard (pages 6392 – 6395)
16 March 2021	The Government announced enhanced licensing conditions for licensed money lenders	Press release