

## Money Lenders Ordinance

### Resolution

(Under sections 24 and 25 of the Money Lenders Ordinance (Cap. 163))

**Resolved** that, with effect from 30 December 2022, the Money Lenders Ordinance (Cap. 163) be amended as set out in the Schedule.

## Schedule

### Amendments to Money Lenders Ordinance

1. **Section 24 amended (prohibition of excessive interest rates)**  
Section 24(1)—  
**Repeal**  
“60”  
**Substitute**  
“48”.
2. **Section 25 amended (reopening of certain transactions)**  
Section 25(3)—  
**Repeal**  
“48”  
**Substitute**  
“36”.

**Legislative Council Meeting on 13 July 2022**  
**Resolution of the Legislative Council under Sections 24 and 25 of the**  
**Money Lenders Ordinance**

**Speech by Secretary for Financial Services and the Treasury**

President, I move that the resolution as printed on the Agenda be passed, with a view to reducing the statutory interest rate cap for lending.

2. Sections 24 and 25 of the Money Lenders Ordinance (“the Ordinance”) stipulate that the interest rate cap on a loan shall be 60% per annum; and that the interest rate of a loan exceeding 48% per annum shall render the loan, *prima facie*, to be presumed to be extortionate and may trigger reopening of the transaction by the court having regard to the relevant circumstances.

3. The interest rate cap and the extortionate rate were introduced in 1980 with a view to affording greater protection to borrowers, and have remained unchanged since then, during which both the interest rate environment and money lending sector in Hong Kong have changed significantly.

4. Statistics collected from licensed money lenders by the Companies Registry on unsecured personal loans also showed that the burden of higher interest rate and risk of default generally falls more on borrowers with lower income. In recent years, the community are concerned about interest rates charged by money lenders being excessive, which would harm borrowers, particularly those with lower income, and lead to other social problems.

5. In this connection, we have conducted a review of the interest rate cap and the extortionate rate stipulated in the Ordinance. Taking into account factors such as recommendation of the Consumer Council, the effective interest rates adopted by the local money lending sector and the relevant practices of comparable jurisdictions, we propose reducing the interest rate cap from 60% per annum to 48% per annum, and the extortionate rate from 48% per annum to 36% per annum.

6. We have written to licensed money lenders, the Hong Kong Association of Banks and the DTC Association, informing them of the above amendment proposal. We have also consulted the Legislative Council Panel on Financial Affairs and obtained Panel members’ general support. Concerns raised by the trades were mainly about the magnitude of the rate reduction, the implementation timeframe, and whether access to credit by

borrowers with sub-standard personal credit records would be affected, etc.

7. We have duly considered views of the stakeholders in finalising the amendment proposals for interest rate cap and extortionate rate, including analysing the local situation and making reference to the overseas experience, and have set end of this year as the implementation date to allow sufficient time for the trade to prepare. We will also continue our efforts in promoting responsible borrowing through regulatory measures and public education with a view to mitigating the risks posed by excessive borrowing to the trade, borrowers and the community at large.

8. I sincerely hope that Members will support the resolution. Thank you, President.