Annex B

Guidance in respect of customer communication

A. Notification to new customers (including prospective customers) of credit products

(Applicable to individual customers newly applying for credit products which the applicable APR/interest rate may, at any point of time, exceed 48% for any customer)

(a) From 14 November to 29 December 2022, AIs should inform individual customers (including prospective customers) of credit products on the change in MLO's interest rate limits referenced by CoBP at the following juncture:

   (i) at the time of **credit application** (before a customer decides to apply for the credit product); and

   (ii) at the time of **informing the customer of approval of credit application**.

(b) AIs should adopt means of notification which would provide reasonable assurance that their customers will be informed of the change and which do not rely unduly on the customers' own initiative.

(c) AIs are requested to deploy the following message in the notification:

Chinese: "由 2022 年 12 月 30 日起，銀行所收取的利率一般不得超過 48%。你所申請的產品的利率有可能超過 48%，請向職員了解對你的影響。"

English: "With effect from 30 December 2022, banks are generally not allowed to charge interest rates exceeding 48%. As the interest rate of the product which you are applying for may exceed 48%, you are reminded to check with our staff on the impact on you."

B. Notification in case of change in interest rate(s)

(Applicable to existing individual customers of credit product(s) which an AI plans to revise the interest rate(s) concerned.)

(a) If an AI decides to change the interest rate(s) of any credit product offered to individual customers owing to the revision in interest rate limits, it should, as in other cases of interest rate changes, notify customers according to the requirements laid out in the CoBP.

(b) If, after revision, the interest rate(s) will exceed 48% on or after 30 December 2022, the notification should mention clearly:

  (i) the revision of the interest rate limits; and

  (ii) the fact that the customer's interest rate will remain above 48% in spite of the revision of the interest rate limits.

(c) The mention in (b) should be included in the notification as soon as practicable and not later than 14 November 2022. For the avoidance of doubt, such a mention is required irrespective of whether the change in interest rate(s) is favourable to the customer or not.

C. Special requirements for customers subject to interest rate(s) of 48% and above

(Applicable to existing credit arrangements to individual customers which take effect on or before 29 December 2022 only)

(a) If the interest rates mentioned in section 12.3 of CoBP (for AIs)/ sections 24 and 25 of MLO (for AIs' subsidiaries) applicable to a customer will exceed 48% on or after 30 December 2022, the customer should be notified of:

  (i) the revision of the interest rate limits; and

  (ii) the fact that the customer's interest rate will remain above 48% in spite of the revision of the interest rate limits.

(b) Such a notification should be issued to the customer not later than 14 November 2022. For a credit application newly approved after 14 November 2022, this notification should be issued on the date of the AI's approval of the credit application concerned.

(c) For the avoidance of doubt, if an AI has decided to change the interest rate and the revised rate is above 48%, it should issue notification as required under section B. If the notification required under section B has been issued to customers on or before the designated date under section C (i.e. 14 November 2022), there is no need to issue another notification under section C.

(d) In contrast, if an AI has issued a notification under section C (on or before the designated date) but decided to change the interest rate afterwards, it is required to issue another notification under section B.