

Enhancing Regulation of Licensed Money Lenders

Consultation Conclusions

Financial Services and the Treasury Bureau
13 March 2026

Chapter 1

Introduction

- 1.1 From 23 June to 22 August 2025, the Financial Services and the Treasury Bureau (“FSTB”) conducted a public consultation on enhancing regulation of licensed money lenders (“money lenders”). This report summarises the major views received and the FSTB’s responses.

Background

- 1.2 As an international financial centre, it is crucial for Hong Kong to have a robust regulatory framework for financial services. The Government is committed to striking a balance between inclusive finance and risk management for creating a fair, transparent and sustainable money lending market environment, thereby inducing money lenders to grant loans more responsibly.
- 1.3 The Government has been closely monitoring the market situation in the money lending sector to continuously review and enhance the prevailing regulatory measures. In 2021, we enhanced the licensing conditions of money lenders, requiring money lenders, before entering into a loan agreement for an unsecured personal loan, to undertake an assessment of the borrower’s repayment ability under the loan agreement. Any advertisement in relation to the money lending business of a money lender issued or published by the money lender, must be fair and reasonable and not contain misleading information. The money lender shall, before entering into any agreement for loan, 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. 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. In 2022, we lowered the statutory

interest rate cap and threshold of extortionate rate¹ from 60% to 48% and from 48% to 36% respectively, in order to reduce the interest burden on borrowers.

Public consultation

- 1.4 The Government is determined to further strengthen regulation of money lenders to safeguard public interest. From 23 June to 22 August 2025, we launched a public consultation on enhancing regulation of money lenders, putting forward six major measures to address the issue of excessive borrowing, including enhancing regulation of unsecured personal loans, strengthening protection of public interest, optimising and enhancing the borrower affordability assessment for unsecured personal loans, enhancing complaint handling process, stepping up publicity and education, as well as enhancing the money lender regulatory regime. The consultation document is at **Annex A** and has been uploaded onto the FSTB's website².
- 1.5 During the consultation period, we received a total of 150 submissions from the community, with the list of respondents at **Annex B**. We also organised a number of briefing sessions during the consultation period to explain details of the proposed measures to the money lending sector, professional bodies and non-governmental organisations. The attendance list is at **Annex C**. On 7 July 2025, we briefed the Legislative Council Panel on Financial Affairs on the proposed measures.
- 1.6 Overall, respondents were very supportive of enhancing regulation of money lenders and agreed that targeted measures should be taken to address the issue of excessive borrowing. Respondents generally agreed with our six major measures and offered valuable comments on the specific details of various measures.

¹ Under section 25 of the Money Lenders Ordinance (Cap. 163), if the court is satisfied that a transaction is extortionate, it may reopen the transaction so as to do justice between the parties and, for that purpose, make such orders and give such directions in respect of the terms of the transaction or the rights of the parties thereunder as the court may think fit.

² <https://www.fstb.gov.hk/fsb/en/publication/consult/doc/ConsultationPaperMoneyLenders-e.pdf>

- 1.7 We are pleased to note that the proposed measures received broad public support and would like to thank all respondents for their comments on the proposals. The comments received and our responses are set out in Chapters 2 to 7.
- 1.8 Taking into account the views received, we have prepared the latest proposals which are set out in Chapter 8.

Chapter 2

Enhancing Regulation of Unsecured Personal Loans

Proposals in Consultation Document

- 2.1 We proposed to enhance regulation of unsecured personal loans granted by money lenders, and suggested two options, i.e. introducing (A) an aggregate unsecured personal loan cap³; or (B) a debt servicing ratio cap⁴, both to be based on the borrower's monthly income –

Borrower's monthly income*	<u>Option A</u> Aggregate unsecured personal loan cap	<u>Option B</u> Debt servicing ratio cap
HK\$5,000 or less	Not exceeding one month's income	Not exceeding 35%
From HK\$5,001 to HK\$10,000	Not exceeding two months' income	Not exceeding 40%

** If the borrower does not have a fixed income, money lenders are required to calculate the borrower's average monthly income based on his/her income record from the previous 12 months.*

- 2.2 In addition, to tackle cases where borrowers took out big loans from money lenders when their employment contracts were about to end and then disappeared, we proposed that when money lenders grant unsecured personal loans, the repayment periods shall not be longer than the remaining term of the borrowers' employment contracts.

³ The "aggregate loan amount" refers to the total outstanding unsecured personal loan amount lent by all money lenders to the borrower concerned, as known to the money lender.

⁴ Reference to "debt" in the "debt servicing ratio" refers to the total monthly repayments to be made by the borrower, in respect of the total outstanding unsecured personal loan amount lent by all money lenders, as known to the money lender.

Views received

Overall policy

- 2.3 Respondents generally supported enhancing regulation of unsecured personal loans, and agreed that restricting the unsecured personal loan amounts of low-income earners at source can prevent them from falling into the predicament of excessive borrowing, and from causing nuisance to the borrowers' family members and employers. However, some money lending industry representatives were worried that the proposed measure would impact the industry's room for operation and hamper development of the money lending sector.

Regulatory options

- 2.4 Respondents generally agreed that both options, i.e. aggregate unsecured personal loan cap (Option A) and debt servicing ratio cap (Option B) would help enhance regulation of unsecured personal loans, and supported introducing loan caps based on the borrowers' income. More respondents suggested adopting Option B having regard to its flexible design that allows determination of the actual loan amount and repayment period based on the borrower's repayment ability.

Regulatory details

- 2.5 Income thresholds: Some respondents considered that the proposed thresholds were on the low side (i.e. monthly incomes of HK\$5,000 and from HK\$5,001 to HK\$10,000), and recommended raising them to better reflect the prevailing income levels of low-income earners so that the loan caps would apply to more borrowers, and regularly adjusting the thresholds in line with inflation. Furthermore, some respondents suggested adopting more flexible means in calculating a borrower's monthly income, such as making reference to the borrower's income record from the previous three months or 12 months, whichever amount is higher.
- 2.6 Proposed caps: Respondents were generally supportive of the proposed caps under the two regulatory options, and were of the view that these caps could specifically tackle the issue of excessive borrowing among low-income earners. Some respondents suggested that money lenders should be prohibited from granting

unsecured personal loans to foreign domestic helpers (“FDH”). However, some respondents, including representatives from the money lending sector and FDH-related organisations, considered the proposed caps too stringent and appealed for relaxation to meet the genuine borrowing needs of FDHs.

- 2.7 Total outstanding loan amount: Some respondents considered that the calculation of a borrower’s total outstanding unsecured personal loan amount should cover unsecured personal loans granted by all financial institutions (including banks and money lenders), so as to fully reflect the borrower’s credit position.
- 2.8 Repayment period: Respondents generally supported that when money lenders grant the unsecured personal loans, the repayment period should not exceed the remaining term of the borrower’s employment contract.

Other views

- 2.9 Some respondents considered that the Immigration Department (“ImmD”) should revoke the work visas of FDHs with poor credit history, and establish a blacklist to prevent them from returning to work in Hong Kong, in order to serve as an effective deterrent. In addition, some respondents were concerned that low-income earners might turn to illegal lending channels after implementation of the proposed measures, and hence urged the Government to step up enforcement against illegal lending activities.

FSTB’s responses

- 2.10 Regulatory options: We **propose** to introduce a debt servicing ratio cap (Option B), in order to strike a balance between protecting borrowers and maintaining a vibrant money lending market. This option reflects the spirit of prudent borrowing and ensures that borrowers’ monthly repayment amounts will not exceed their affordability. Furthermore, we understand that some money lenders have already adopted debt servicing ratio as one of the consideration factors when assessing unsecured personal loan applications. We believe that the proposed measure will not create practical operational difficulty for the sector.

- 2.11 Income thresholds: To better reflect the income levels of low-income earners, we **propose** to adjust the two monthly income thresholds from HK\$5,000 to HK\$6,000, and from HK\$5,001–10,000 to HK\$6,001–12,000, and to review these income thresholds every two years. In addition, since some borrowers do not have fixed incomes, we **propose** that money lenders should calculate a borrower’s monthly average income, based on the borrower’s income record from the previous three months or 12 months, whichever amount is higher.
- 2.12 Proposed caps: In view of the community’s concern over the issue of excessive borrowing, we consider it necessary to impose a strict debt servicing ratio cap. After careful consideration of the views received, we **propose** to set the two proposed debt servicing ratio caps, as follows —

Borrower’s monthly income	Debt servicing ratio cap
HK\$6,000 or less	Not exceeding 35%
From HK\$6,001 to HK\$12,000	Not exceeding 40%

- 2.13 Total outstanding loan amount: To fully reflect a borrower’s credit position, we **propose** that the calculation of a borrower’s total outstanding unsecured personal loan amount should cover unsecured personal loans granted to that borrower by all financial institutions (including banks and money lenders).
- 2.14 Repayment period: We **propose** that when money lenders grant unsecured personal loans, the repayment period should not exceed the remaining term of the borrower’s employment contract.
- 2.15 Other views: Regarding proposal to revoke FDHs’ work visas, the ImmD has all along exercised strict control when vetting work visa applications for FDHs, holistically considering multiple factors, including the FDH’s work conduct, records provided by previous employers and reasons for early termination of the employment contract, etc. Furthermore, previous FDH employers may provide the ImmD with reasons for early contract termination, including problems of excessive borrowing. The ImmD will retain these records, as one of the considerations when processing future

applications for a work visa or an extension of stay from the FDH concerned.

On the other hand, the Police has been closely monitoring crime trends related to illegal lending, and such cases are followed up by criminal investigation units with appropriate enforcement actions taken as needed, including intelligence-led operations. To strengthen the crackdown on illegal lending, the Police will investigate and prosecute anyone who sells bank accounts to loan-shark syndicates under money-laundering offences, and will invoke the Organized and Serious Crimes Ordinance (Cap. 455) to apply to the court for enhanced penalties. In addition, the Police will enhance intelligence gathering, maintain close liaison with relevant law enforcement agencies, and regularly provide frontline personnel with appropriate training to enhance their ability to detect and handle related cases.

- 2.16 Implementation arrangements: We **propose** to introduce a new licensing condition of the money lender's licence, to require money lenders, when entering into unsecured personal loan agreements with low-income earners, to establish the actual loan amounts and repayment periods based on the borrowers' debt servicing ratio cap and the remaining term of their employment contracts. We propose that the new licensing condition take effect on 1 August 2026.

Chapter 3

Strengthening Protection of Public Interest

Proposals in Consultation Document

- 3.1 Currently, borrowers may provide a loan referee when applying for loans. The role of a referee is confined to the provision of information about an intending borrower in respect of a loan application. Under no circumstances is a referee liable for repayment of a loan.
- 3.2 To address situations where employers are harassed for their FDHs' borrowing, we proposed to strengthen protection of public interest and put forward three possible options –
- (i) requiring money lenders, after receiving loan referee's written consent for a loan application, to proactively send a letter to the referee to verify authenticity of the written consent; or
 - (ii) requiring loan referee to sign the written consent in person, at the premises where the money lender carries on its money lending business; or
 - (iii) prohibiting money lenders from requesting borrowers to provide loan referees when applying for unsecured personal loans.

Views received

Overall policy

- 3.3 Respondents strongly supported taking further measures to strengthen protection of public interest. Some respondents reflected that many FDH employers unwittingly became loan referees and were subsequently harassed due to their FDHs' debt problems, seriously impacting their daily lives. Respondents considered that there was an urgent need for implementing targeted measures to eradicate such situation.

Regulatory options

- 3.4 Since loan referees do not bear any responsibility for loan repayment, majority of respondents supported a complete ban on money lenders from requesting borrowers to provide loan referees in unsecured personal loan applications.
- 3.5 Some money lending industry representatives wished to retain the loan referee regime, so that money lenders can ascertain the borrower's whereabouts when they were unable to contact the borrower.

FSTB's responses

- 3.6 In view that majority of respondents supported the abolishment of the loan referee regime, we **propose** amending Licensing Condition 13⁵ of the money lender's licence, to prohibit money lenders from requesting borrowers to provide loan referees in loan applications, in order to strengthen protection of public interest. We propose that the revised licencing condition take effect on 1 August 2026.
- 3.7 If a money lender is unable to contact a borrower, it should ascertain the borrower's whereabouts through other means and should not contact the loan referee.

⁵ According to the Licensing Condition 13 of the money lender's licence, where any referee is provided in respect of the loan application, the money lender shall, before entering into any agreement for loan, 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. 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.

Chapter 4

Optimising and Enhancing the Borrower Affordability Assessment for Unsecured Personal Loans

Proposals in Consultation Document

- 4.1 The Government has all along been actively encouraging the money lending sector to participate in the Credit Data Smart (“CDS”), to help lending institutions carry out detailed risk assessments before approving loan applications. In order to further enhance the integrity of personal credit information of the CDS, we proposed to require all money lenders to regularly submit personal credit information of their borrowers to the CDS. Furthermore, we also proposed requiring money lenders with a certain scale of unsecured personal loan business (i.e. those with unsecured personal loans amounting to HK\$100 million or above) to participate in the CDS to obtain personal credit information of their borrowers, in order to enhance the affordability assessment of borrowers or intending borrowers for unsecured personal loans.

Views received

Overall policy

- 4.2 Respondents were very supportive of further enhancing the integrity, accuracy and transparency of personal credit information of the CDS, considering that it would help financial institutions and money lenders gain a comprehensive understanding of borrowers’ credit position, thereby preventing excessive borrowing and reducing the overall bad debt ratio, which is conducive to safeguarding the long-term and steady development of Hong Kong’s financial industry.

Money lenders to regularly submit personal credit information to the CDS

- 4.3 Policy direction: Respondents generally agreed that all money lenders should be required to regularly submit their borrowers’ personal credit information to the CDS, including loan applications and details of approved loans, such as credit limits, outstanding loan amounts and repayment records, etc.

- 4.4 Scope of information: Some respondents considered that all credit information of borrowers should be covered, including secured and unsecured personal loans. However, some respondents opined that the current enhancement exercise mainly focused on higher-risk unsecured personal loans, and thus suggested covering borrowers' unsecured personal loan information only, in order to avoid imposing a heavy compliance burden on money lenders. Furthermore, some respondents suggested establishing a rigorous monitoring mechanism to ensure the integrity and accuracy of credit information.
- 4.5 Upload deadline: Some respondents considered that we should maintain the current CDS requirement for participating financial institutions to upload borrowers' personal credit information once every 30 days. Other respondents suggested requiring money lenders to upload personal credit information to the CDS within one to two working days, in order to ensure timeliness of the information.
- 4.6 Bankruptcy records: Some respondents suggested uploading borrowers' bankruptcy records to the CDS as well, so that financial institutions can make reference during loan assessments.
- 4.7 Implementation arrangements: In view that the proposed measure would affect all money lenders engaged in unsecured personal loan business (about 800), some respondents suggested introducing a transitional period and providing technical support to help small and medium-sized money lenders submit personal credit information of borrowers to the CDS. In addition, some respondents suggested implementing the measure in phases, with flexible adjustments based on actual implementation.

Joining and using CDS for loan application assessment

- 4.8 Policy direction: Respondents generally agreed that money lenders whose unsecured personal loan business reaching a certain threshold should be required to join the CDS, so that they can obtain borrowers' personal credit reports.
- 4.9 Threshold: Some respondents considered that the proposed threshold was on the high side (i.e. unsecured personal loans amounting to HK\$100 million or above) and suggested adjusting it

to a lower level (e.g. HK\$50 million), in order to encourage more money lenders to join the CDS. Some respondents opined that all money lenders engaged in unsecured personal loan business should be required to join the CDS. Others also suggested further reducing platform fees or providing financial support to facilitate more small and medium-sized money lenders to join the CDS.

- 4.10 FDH borrowing: In view of the tendency for FDHs to borrow from small and medium-sized money lenders, some respondents suggested that all money lenders engaged in unsecured personal loan business with FDHs, regardless of their business scale, should be required to join the CDS. Respondents considered that this measure would help money lenders conduct detailed risk assessments and effectively address the problem of excessive borrowing among FDHs. Furthermore, some respondents suggested setting up a central credit information depository for FDHs, in order to comprehensively monitor their borrowing activities.
- 4.11 Implementation arrangements: Some respondents suggested providing sufficient time for the money lenders concerned to undertake preparatory work, in order to ensure smooth implementation of the new measures.

FSTB's responses

Money lenders to regularly submit personal credit information to the CDS

- 4.12 Scope of information: We consider that the mandatory requirement for money lenders' submission of borrowers' credit information to the CDS should be confined to their unsecured personal loan business. This will precisely address the risks associated with unsecured personal loans, whilst minimising the compliance burden on money lenders. Specifically, we **propose** that all money lenders engaged in unsecured personal loan business should provide personal credit information of their unsecured personal loan borrowers to the CDS, including loan applications, details of approved loans, such as credit limits, outstanding amounts and repayment records, etc.
- 4.13 Upload deadline: We **propose** to, by making reference to the current CDS requirement for participating financial institutions,

require all money lenders to upload personal credit information of unsecured personal loan borrowers to the CDS once every 30 days.

- 4.14 Bankruptcy records: The Hong Kong Monetary Authority (“HKMA”) and the user group under the CDS⁶ will actively study the feasibility of optimising bankruptcy record information on the credit reference platform.
- 4.15 Implementation arrangements: We **propose** introducing a new licensing condition for the money lender’s licence, to require all money lenders engaged in unsecured personal loan business to submit personal credit information of their unsecured personal loan borrowers to the CDS once every 30 days.

We will reserve sufficient time for money lenders to make advance preparation. We propose that the new licensing condition take effect on 1 June 2027, with the first six months as a transitional period in order to ensure smooth implementation of the new arrangement. It is estimated that about 800 money lenders will be required to provide credit information to the CDS. To this end, the CDS platform operator (i.e. the Hong Kong Interbank Clearing Limited) will build a web-based portal for money lenders to regularly upload personal credit information of their unsecured personal loan borrowers. Money lenders will not be required to bear the development costs of the web-based portal. The platform operator will provide technical support to assist money lenders in familiarising with the system and operational procedures.

Joining and using CDS for loan application assessment

- 4.16 Threshold: To facilitate money lenders to conduct more detailed and effective assessments of loan applications, we consider it necessary to promote a greater participation of large and medium-sized money lenders in the CDS. In this regard, we **propose** lowering the proposed threshold for total amount of unsecured personal loans from HK\$100 million to HK\$50 million. It is estimated that about 110 money lenders will be required to join

⁶ A committee established among representatives from the Hong Kong Association of Banks, the Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies and the Hong Kong S.A.R. Licensed Money Lenders Association Limited to steer the direction and facilitate the operation of the CDS.

the CDS, accounting for around 86% of the unsecured personal loan market.

- 4.17 Low-income earner borrowing: In view of the relatively higher lending risks among low-income earners (including FDHs), we consider it necessary to adopt enhanced measures to precisely regulate money lenders engaged in unsecured personal loan business with low-income earners. Specifically, where a money lender's unsecured personal loan business involves borrowers with monthly income below HK\$12,000⁷, we **propose** that such money lenders, regardless of their business scale, be required to join and use the CDS for assessing unsecured personal loan applications.

This proposal will help money lenders conduct detailed risk assessments when assessing loan applications from low-income earners. The uploading of relevant credit information to the CDS by the money lenders concerned will also help build a comprehensive credit information depository. It is estimated that an additional 230 money lenders⁸ with unsecured personal loans to low-income earners will be required to join the CDS.

- 4.18 CDS platform fees: The FSTB, the HKMA and the platform operator have been proactively exploring ways to further reduce the cost of joining the CDS, in order to minimise the compliance costs of money lenders. After multiple rounds of discussion, a credit reference agency has devised a simplified solution, which will significantly reduce the cost of joining the CDS by about 80%. We believe that this solution can adequately take into account the compliance affordability of the money lenders who will be required to join the CDS (about 340 money lenders in total, as mentioned in paragraphs 4.16 and 4.17 above).

- 4.19 Implementation arrangements: We **propose** introducing a new licensing condition for the money lender's licence, to require money lenders with total amounts of unsecured personal loans reaching HK\$50 million or above, and money lenders with

⁷ The borrower income threshold concerned aligns with the income threshold for the debt servicing ratio cap for unsecured personal loans in Chapter 2 above.

⁸ Among the money lenders with unsecured personal loans to low-income earners, the top 10 money lenders account for about 90% of the total amount of unsecured personal loans to low-income earners.

unsecured personal loans to borrowers whose monthly incomes are below HK\$12,000, to join the CDS to obtain borrowers' personal credit information.

We propose that the new licensing condition take effect on 1 June 2027, in order to provide money lenders sufficient time for preparatory work. It is estimated that about 340 money lenders will be required to join and use the CDS for loan application assessments. We will closely monitor the implementation of the new arrangements, and review in due course whether it is necessary to further require all money lenders engaged in unsecured personal loan business to join the CDS.

Chapter 5

Enhancing Complaint Handling Process

Proposals in Consultation Document

- 5.1 The Companies Registry (“CR”) has been closely monitoring the overall supervision of the money lending sector and the money lenders’ compliance with the licensing conditions. To enhance protection of public interest, the CR will increase transparency of the procedures for handling complaints against money lenders, and explore strengthening the supervision of money lenders in respect of their systems and procedures for handling complaints.

Views received

Overall policy

- 5.2 Respondents generally supported enhancing the mechanism for handling complaints against money lenders, considering that it would help improve efficiency and transparency, thereby addressing money lenders’ malpractices in a targeted manner.

Optimising complaint handling mechanism

- 5.3 Some respondents suggested establishing a dedicated hotline to receive complaints against money lenders, to be handled by a specialised team and supporting multiple languages, in order to facilitate FDH employers and FDHs to report money lenders’ malpractices.
- 5.4 Furthermore, some respondents suggested establishing a mechanism for non-governmental organisations to refer reported cases to the Police and the CR for follow-up investigation.

Strengthening law enforcement

- 5.5 In addition to following up on complaints, some respondents considered that the Government should complement this with effective law enforcement, in order to ensure that money lenders’

business operations strictly comply with the Money Lenders Ordinance and their licensing conditions.

FSTB's responses

Optimising complaint handling mechanism

- 5.6 We are committed to improving the efficiency of handling complaints against money lenders and streamlining the procedures concerned. The CR and the Police have each set up complaint hotlines dedicated to handling complaints against money lenders. In addition, to enhance transparency, the CR has updated its website to help the public better understand the CR's handling of money lender complaints and its service pledges. The CR will also add a "List of Licensed Money Lenders Complaint Hotlines" to its website, so that the public can obtain contact details of the relevant money lenders for filing complaints.
- 5.7 The CR will strengthen the supervision of money lenders in respect of their systems and procedures for handling complaints, in order to ensure that complaints are properly handled. Specifically, the CR will collect information from money lenders on how complaints are handled and remedial actions taken, to monitor whether money lenders seriously follow up on the complaints concerned. In addition, the CR will regularly collect complaint statistics from money lenders, to monitor whether money lenders with persistently high complaint numbers are engaging in malpractices.
- 5.8 On the other hand, when the Police receives reports or complaints against money lenders, it will carry out detailed investigations and, depending on the circumstances of individual cases and taking into account the evidence and law, may instigate prosecutions and issue summons or warning letters. The Police will also consider applying to the Licensing Court to revoke or temporarily suspend the relevant money lenders' licence, or opposing to the licence renewal applications from the money lenders concerned.

Strengthening law enforcement

- 5.9 The CR and Police have established a mechanism to maintain close communication and exchange intelligence in respect of money

lender regulatory matters, in order to enhance enforcement effectiveness.

- 5.10 The CR has all along been strictly regulating money lenders. To bolster efforts in tackling the issue of excessive borrowing, in 2025, the CR conducted 51 thematic inspections on money lenders engaged in unsecured personal loan business with low-income earners and FDHs, including four joint inspections with the Police, identifying 27 breaches. 23 rectification orders and one warning letter were issued.
- 5.11 The Police attaches great importance to combating illegal money lending activities, actively conducts online patrols and undertakes intelligence-led enforcement actions. Where illegal or inappropriate content is found online, the Police will proactively contact the relevant platforms to request removal and take appropriate action. In 2025, there were 18 cases involving breaches of the Money Lenders Ordinance⁹, decreasing by seven compared to the same period in 2024. In the same period, the Police received about 9 580 reports related to debt collection activities, decreasing by around 1 120 compared to the same period in 2024.
- 5.12 On the other hand, the Labour Department has all along been strictly regulating employment agencies (“EA”) to ensure that the sector operates in compliance with the regulations concerned. To prevent EAs from arranging loans for job seekers (including FDHs), the Code of Practice for Employment Agencies (“CoP”) stipulates that EAs should not provide job seekers with information relating to personal loans and should not advise, arrange, encourage or force job seekers to borrow money from any institutions within or outside Hong Kong. EAs that violate the CoP may have their licences revoked or their renewal applications refused by the Labour Department. In addition, the CoP requires EAs to declare to the Labour Department, when making an application for a licence or licence renewal, whether they operate at the same premises of any financial institution and whether the EA licensee or the person intending to be the licensee is also the responsible person of any financial institution, so that the Labour Department

⁹ Including breaches related to lending or offering to lend money at excessively high interest rates, operating a money lender business without a licence and failing to operate the business in accordance with the conditions listed in the licence concerned, etc.

can monitor EAs associated with financial institutions more closely whether they have violated the CoP by arranging loans for job seekers.

Chapter 6

Stepping up Publicity and Education

Proposals in Consultation Document

- 6.1 We will step up publicity and education targeting the FDH community, young people and low-income earners, in order to enhance their understanding of money borrowing and promote the importance of prudent borrowing. We will focus on reminding the FDH community that they should not, without obtaining prior consent from their employers, provide their names to money lenders as loan referees, or use the employers' residential address as the borrowers' contact address. We will also place great emphasis on promoting prudent financial management among young people and low-income earners, reminding them to consider, before borrowing, the necessity of taking out a loan and their repayment ability, so as to minimise impulsive borrowing.

Views received

Overall policy

- 6.2 Respondents were very supportive of enhancing publicity and education targeting the FDH community, young people and low-income earners, in order to promote the importance of prudent borrowing.

Compiling information on financial management and borrowing

- 6.3 Some respondents suggested compiling information on financial management and borrowing, in order to strengthen borrowers' relevant knowledge. In addition, some respondents considered it necessary to enhance training for money lenders on privacy protection and regulatory compliance.
- 6.4 Some respondents suggested requiring FDHs to receive financial education before coming to Hong Kong for work, so that they could understand the importance of prudent borrowing, their legal rights when borrowing, and the risks of borrowing from illegal money lenders. Respondents also suggested that the Labour Department

provide relevant publicity materials and use multiple channels to disseminate messages on prudent borrowing and cultivate sound financial management concepts. In addition, some respondents recommended that the Government collaborate with non-governmental organisations to develop multilingual educational materials and provide channels for lodging complaints against money lenders.

Regulating money lending advertisements of money lenders

- 6.5 Some respondents recommended strengthening regulation of money lending advertisements of money lenders, in order to prevent misleading content, including standardising the interest rates stated in promotional materials and restricting the broadcast times and frequency of money lenders' advertisements. Some respondents also suggested requiring money lenders to include information on prudent borrowing and complaint mechanisms in their money lending advertisements.

FSTB's responses

Compiling information on financial management and borrowing

- 6.6 The Government has been promoting to FDHs the importance of prudent financial management and avoiding excessive borrowing, through various channels and media including compiling publicity materials, conduct briefings and distributing leaflets during holiday periods at FDH gathering places.
- 6.7 To strengthen the outreach effect, the Labour Department plans to include more information on personal finance in briefing sessions for FDHs, and will collaborate with the Consulates-General of major FDH source countries in Hong Kong, to more widely promote sound financial practices among the FDH community and enhance their financial management skills. We will also produce publicity materials, encouraging FDHs to use the effective interest rate calculator on the CR's website, and reminding them to guard against and identify scammers' tactics. In addition, we will step up collaboration with non-governmental organisations to develop educational materials on financial management and borrowing, in order to enhance borrowers' relevant knowledge.

Regulating money lending advertisements of money lenders

- 6.8 The CR has all along been strictly enforcing the requirement on money lending advertisements under the money lender’s licence¹⁰. From September 2025 to February 2026, the CR reviewed a total of 199 money lending advertisements, took follow-up actions against the unfair, unreasonable or misleading money lending advertisements, including issuing 24 inquiry letters. As at 10 March 2026, the CR has issued 20 rectification orders.
- 6.9 In January 2026, the CR issued a letter to money lenders, reminding them to strictly comply with the Money Lenders Ordinance and the licensing conditions of the money lender’s licence, and to ensure that their advertisements are fair, reasonable and free of misleading information. Advertisements should not promote reckless borrowing or contain exaggerated claims about how easily loans can be obtained. In addition, money lenders must not state in advertisements that unsecured personal loans can be granted regardless of a borrower’s financial circumstances.
- 6.10 According to Licensing Condition 9 of the money lender’s licence, any money lending advertisement of a money lender must contain the risk warning statement “Warning: You have to repay your loans. Don’t pay any intermediaries.”. After years of implementation, this phrase has created a positive impact on society and effectively served its publicity and educational purpose. As the money lending market evolves, we need to continuously review and, when appropriate, update the risk warning statement in order to meet the latest regulatory needs. Given the strong public concerns about excessive borrowing, we plan to revise the risk warning statement to promote the importance of prudent borrowing. To increase flexibility of the regulatory regime, we **propose** amending Licensing Condition 9 of the money lender’s licence, to require money lenders to include risk warning statement as specified by the CR in their money lending advertisements. The CR will regularly review and update the statement having regard to the regulatory needs. We propose that the revised licensing condition take effect on 1 August 2026.

¹⁰ According to Licensing Condition 9 of the money lender’s licence, any advertisement of a money lender must be fair and reasonable and not contain misleading information.

Chapter 7

Enhancing Money Lender Regulatory Regime

Proposals in Consultation Document

- 7.1 To further strengthen the regulation of money lenders, we proposed to enhance the prevailing regulatory regime, including the licensing mechanism and the Money Lenders Ordinance.
- 7.2 Specifically, we proposed that the licensing and supervision of money lenders should be handled centrally by the CR, including reviewing and approving applications, monitoring compliance and instigating prosecutions on breaches, etc. In addition, we proposed to publish details of money lenders with repeated offences on the Government's website, to enhance deterrence and transparency.

Views received

Overall policy

- 7.3 Respondents strongly supported enhancing the prevailing regulatory regime, considering that it would help improve the effectiveness and efficiency of the money lender regulatory work. In addition, some respondents suggested the Government comprehensively review and update the Money Lenders Ordinance, to ensure that the law can respond to the latest developments in the money lending market and protect public interest.

Centralising licensing and regulatory matters

- 7.4 Respondents generally supported appointing the CR to centrally handle the licensing and regulatory matters of money lenders, whilst some suggested that the HKMA or the Police may take up the role instead. Some respondents suggested establishing an appeal mechanism for money lenders to lodge review on the licensing decisions of the CR, thereby enhancing protection of the applicants' interest. Furthermore, some respondents suggested further increasing the penalties under the Money Lenders Ordinance to step up deterrence.

Publishing details of money lenders with repeated offences

- 7.5 Respondents strongly supported publishing details of money lenders with repeated offences onto the Government’s website for public reference. Some respondents considered that the definition of “repeated offences” should be clearly specified to enhance transparency. Furthermore, some respondents suggested establishing a mechanism to remove money lenders from the list of offenders after their breaches are rectified.

Other views

- 7.6 Respondents suggested amending the Money Lenders Ordinance to further improve the regulatory regime for money lenders, including raising the application threshold for obtaining a money lender’s licence; strengthening regulation of money lenders’ credit cards, financial intermediaries and debt collection companies; introducing a cool-off period for unsecured personal loans; and lowering the statutory interest rate cap on loan, etc.

FSTB’s responses

- 7.7 Centralising licensing and regulatory matters: In view that the CR has extensive experience in handling money lender’s licence applications and monitoring their compliance, we **propose** amending the Money Lenders Ordinance to empower the CR to centrally handle the licensing and regulatory matters of money lenders. When formulating specific arrangements of the licensing mechanism, we will put in place an open and transparent appeal mechanism for money lender licensing matters, and explore increasing the penalties under the Money Lenders Ordinance. We will formulate specific legislative amendment proposals and consult the public.
- 7.8 Publishing details of money lenders with repeated offences: We **propose** amending the Money Lenders Ordinance to empower the CR to publish onto its website details of money lenders with repeated offences for public reference. We will formulate implementation arrangements, including specifying the definition of “repeated offences,” and will explore establishing a mechanism to remove money lenders from the list of offenders after their

breaches are rectified. We will formulate specific legislative amendment proposals and consult the public.

- 7.9 Other views: We will carefully examine the feasibility of stakeholders' various suggestions for amending the Money Lenders Ordinance, and consult the public on specific legislative amendment proposals in due course.

Chapter 8

Latest Proposals

- 8.1 We would like to thank the respondents for their general support for the various measures and their valuable views on different aspects. Taking into account the views received, our latest proposals are summarised below.

Enhancing Regulation of Unsecured Personal Loans

- 8.2 Introducing a new licensing condition of the money lender's licence, to require money lenders, when entering into unsecured personal loan agreements with low-income earners, to establish the actual loan amounts and repayment periods based on the borrowers' debt servicing ratio cap and the remaining term of their employment contracts. We propose that the new licensing condition take effect on 1 August 2026. The details are as follows

- (i) Income thresholds of borrowers and debt servicing ratio cap:

Borrower's monthly income*^	Debt servicing ratio cap
HK\$6,000 or less	Not exceeding 35%
From HK\$6,001 to HK\$12,000	Not exceeding 40%

** To review the income thresholds concerned every two years.*

^ If the borrower does not have a fixed income, money lenders are required to calculate the borrower's monthly average income based on his/her income records from the previous three months or 12 months, whichever amount is higher.

- (ii) Total outstanding loan amount: When money lenders calculate an intending borrower's total outstanding unsecured personal amount, unsecured personal loans granted to that borrower by all financial institutions (including banks and money lenders) should be covered.
- (iii) Repayment period: When money lenders grant unsecured personal loans, the repayment period should not exceed the remaining term of the borrower's employment contract.

Strengthening Protection of Public Interest

- 8.3 Amending Licensing Condition 13 of the money lender’s licence, to prohibit money lenders from requesting borrowers to provide loan referees in loan applications. We propose that the revised licensing condition take effect on 1 August 2026.

Optimising and Enhancing the Borrower Affordability Assessment for Unsecured Personal Loans

- 8.4 Introducing a new licensing condition for the money lender’s licence, to require all money lenders engaged in unsecured personal loan business to submit personal credit information of their unsecured personal loan borrowers to the CDS once every 30 days.
- 8.5 Introducing a new licensing condition for the money lender’s licence, to require money lenders with total amounts of unsecured personal loans reaching HK\$50 million or above, and money lenders with unsecured personal loans to borrowers whose monthly incomes are below HK\$12,000, to join the CDS to obtain borrowers’ personal credit information.

We propose that the new licensing conditions take effect on 1 June 2027. Regarding the measure in paragraph 8.4, the first six months serve as a transitional period in order to ensure smooth implementation of the new arrangement.

Enhancing Complaint Handling Process

- 8.6 Setting up complaint hotlines dedicated to handling complaints against money lenders; and establishing the “List of Licensed Money Lenders Complaint Hotlines” so that the public can obtain contact details of relevant money lenders for filing complaints.
- 8.7 Strengthening the supervision of money lenders in respect of their systems and procedures for handling complaints, in order to ensure that complaints are properly handled; and regularly collecting complaints statistics from money lenders, in order to monitor whether money lenders with persistently high complaint numbers are engaging in malpractices.

Stepping up Publicity and Education

- 8.8 Amending Licensing Condition 9 of the money lender's licence, to require money lenders to include risk warning statement as specified by the CR in their money lending advertisements. The CR will regularly review and update the statement having regard to the regulatory needs. We propose that the revised licensing condition take effect on 1 August 2026.
- 8.9 Producing publicity materials to encourage FDHs to use the CR's effective interest rate calculator and remind FDHs to guard against and identify scammers' tactics.
- 8.10 Stepping up collaboration with non-governmental organisations to develop educational materials on financial management and borrowing, in order to enhance borrowers' relevant knowledge.

Enhancing Money Lender Regulatory Regime

- 8.11 Amending the Money Lenders Ordinance to empower the CR to centrally handle the licensing and regulatory matters of money lenders and to publish onto its website details of money lenders with repeated offences. We will formulate specific legislative amendment proposals and consult the public.
- 8.12 Carefully examining the feasibility of stakeholders' various suggestions for amending the Money Lenders Ordinance; and consulting the public on specific legislative amendment proposals in due course.

Next Steps

- 8.13 We are drafting the revised licensing conditions of the money lenders' licence and administrative guidelines, and have held discussions with the Judiciary on updating the issued money lenders' licences in phases, in order to dovetail with the implementation timetable of the proposed measures (see table below).

	Specific measures	Implementation date
First phase	<ul style="list-style-type: none"> (1) introducing “debt servicing ratio” caps for unsecured personal loans of low-income earners; (2) prohibiting money lenders from requesting borrowers to provide loan referees; and (3) requiring money lenders to include risk warning statement specified by the CR in their money lending advertisements. 	1 August 2026
Second phase	<ul style="list-style-type: none"> (1) requiring all money lenders engaged in unsecured personal loan business to submit personal credit information of their unsecured personal loan borrowers to the CDS once every 30 days; and (2) requiring money lenders with total amounts of unsecured personal loans reaching \$50 million or above, and money lenders with unsecured personal loans to borrowers whose monthly incomes are below \$12,000, to join the CDS to obtain borrowers’ personal credit information. 	1 June 2027 ¹¹

8.14 We hope that the community will continue to support the implementation of the various measures, with a view to addressing

¹¹ Regarding measure (1) under the second phase, the first six months serve as a transitional period in order to ensure smooth implementation of the new arrangement.

the issue of excessive borrowing via a multi-pronged approach. Furthermore, the FSTB and the CR will maintain close liaison with the industry associations through different channels, and provide information and guidance to money lenders, in order to facilitate smooth implementation of the proposed measures.

- End -

**Public Consultation on
Enhancing Regulation of Licensed Money Lenders**

FOREWORD

1. This consultation document is issued by the Financial Services and the Treasury Bureau (“FSTB”) for seeking views on proposals relating to enhancing regulation of licensed money lenders.
2. FSTB welcomes written comments on or before 22 August 2025 by email or by mail –

By email: money-lenders-consult@fstb.gov.hk
By mail: Division 6, Financial Services Branch,
Financial Services and the Treasury Bureau
15/F, Queensway Government Offices
66 Queensway, Hong Kong
3. FSTB may, as appropriate, reproduce, quote, summarise and publish the written comments received, in whole or in part, in any form and use without seeking permission of the contributing parties.
4. Names of the contributing parties and their affiliations may be referred to in other documents we publish and disseminate through different means after the consultation. If any contributing parties do not wish to have their names or affiliations disclosed, please expressly state so in their written comments. Any personal data provided will only be used by FSTB and other government departments/agencies for purposes which are related to this consultation.

Enhancing Regulation of Licensed Money Lenders

Purpose

The Government recommends introducing a series of measures to enhance the regulation of licensed money lenders (“money lenders”), with a view to addressing the issue of excessive borrowing. This paper sets out key features of the proposals.

Background

2. Any person who carries on business as a money lender in Hong Kong must obtain a money lender’s licence. The licensing of money lenders and regulation of money-lending transactions are governed¹ by the Money Lenders Ordinance (Cap. 163), covering interest rate cap, restrictions on fees and charges, as well as advertisement contents, etc. When carrying on money lending business, a money lender is subject to the licensing conditions imposed by the Licensing Court in the money lender’s licence. The scope of regulation covers intermediaries, privacy protection, information disclosure and advertisement contents, etc.

3. Currently, the Licensing Court, the Companies Registry (“CR”) and the Police have their respective roles in the regulatory regime for money lenders. The Licensing Court is responsible for determining applications for money lender’s licences and granting licences, as well as imposing licensing conditions in money lender’s licences. The CR Money Lenders Section is responsible for processing applications for money lender’s licences, licence renewals, maintaining a register of money lenders for public inspection and monitoring money lenders’ compliance with licensing

¹ In accordance with Section 2 of the Money Lenders Ordinance, “money lender” means every person whose business (whether or not he carries on any other business) is that of making loans or who advertises or announces himself or holds himself out in any way as carrying on that business, but does not include any “exempted person” specified in Part 1 of Schedule 1 or any person who makes an “exempted loan” specified in Part 2 of Schedule 1. “Exempted persons” specified in Part 1 of Schedule 1 to the Money Lenders Ordinance include any subsidiary of an authorized institution within the meaning of the Banking Ordinance (Cap. 155); “Exempted loans” specified in Part 2 of Schedule 1 include loans made bona fide for the purchase of immovable property on the security of a mortgage of that property and loans made bona fide to refinance such mortgages, etc. Under Section 7 of the Money Lenders Ordinance, no person shall carry on business as a money lender without a licence, whilst under Section 3 of the Money Lenders Ordinance, the Money Lenders Ordinance shall not apply to an authorized institution within the meaning of the Banking Ordinance.

conditions. The Police is responsible for enforcing the Money Lenders Ordinance, including examining applications for money lender's licences and licence renewals, investigating complaints against money lenders to enforce the law, such as operating money lenders' business without a licence and lending money at an interest rate exceeding the statutory limit, etc.

4. The Government has been closely monitoring the market situation in the money lending sector to continuously review and enhance the prevailing regulatory measures, inducing money lenders to grant loans more responsibly and better safeguarding the public interest.

Prevailing Regulatory Arrangements

5. According to the Money Lenders Ordinance, any person who carries on business as a money lender in Hong Kong must obtain a money lender's licence and comply with requirements including the statutory interest rate cap, etc. Apart from requirements under the Money Lenders Ordinance, money lenders must comply with the licensing conditions in their licences when conducting their business. Carrying on money lender business without a licence, or not in accordance with the licensing conditions in one's licence, is an offence. Upon conviction, offenders are subject to a maximum of fine at level 6 (i.e. \$100,000) and imprisonment for two years.

6. In 2022, to lessen the interest burden on borrowers, we lowered the statutory interest rate cap and the threshold of extortionate rate² from 60% to 48% and from 48% to 36% respectively.

Licensing Conditions

7. In 2021, we enhanced the licensing conditions of money lenders, requiring money lenders, before entering into a loan agreement for an unsecured personal loan, to undertake an assessment of the borrower's repayment ability under the loan agreement. Any advertisement in relation to the money lending business of a money lender issued or published by the money lender, must be fair and reasonable and not contain misleading information. The money lender shall, before entering into any agreement for loan, ask the intending borrower to provide the written consent signed by

² Under section 25 of the Money Lenders Ordinance, if the court is satisfied that a transaction is extortionate, it may reopen the transaction so as to do justice between the parties and, for that purpose, make such orders and give such directions in respect of the terms of the transaction or the rights of the parties thereunder as the court may think fit.

the referee(s) confirming his/her agreement to act as referee for the intending borrower in respect of the loan application. 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.

8. At present, licensing conditions have already imposed relevant requirements on money lenders, including affordability assessment, loan agreements, loan referees, debt collection, personal data protection and money lending advertisements, etc.:

- (a) Affordability Assessment: According to Licensing Condition 15 of the money lender's licence, 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;
- (b) Loan Agreement: According to Licensing Condition 5 of the money lender's licence, 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**, including the interest rate, total amount of interest payable, total amount of repayment required and possible consequences for any default in repayment etc. Money lenders should clearly inform intending borrowers of the loan agreement details, so that the intending borrower can carefully decide whether to sign the loan agreement;
- (c) Loan Referee: According to Licensing Condition 13 of the money lender's licence, where any referee is provided in respect of the loan application, the money lender shall, before entering into any agreement for loan, 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. 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.

The role of a referee is confined to the provision of information about an intending borrower in respect of a loan application, and he/she has no legal or moral obligation in relation to the loan.

In case no written consent is given by the loan referee to act as a referee for the intending borrower, the money lender shall not contact the referee concerned regarding the loan. **Under no circumstances is a referee liable for repayment of a loan;**

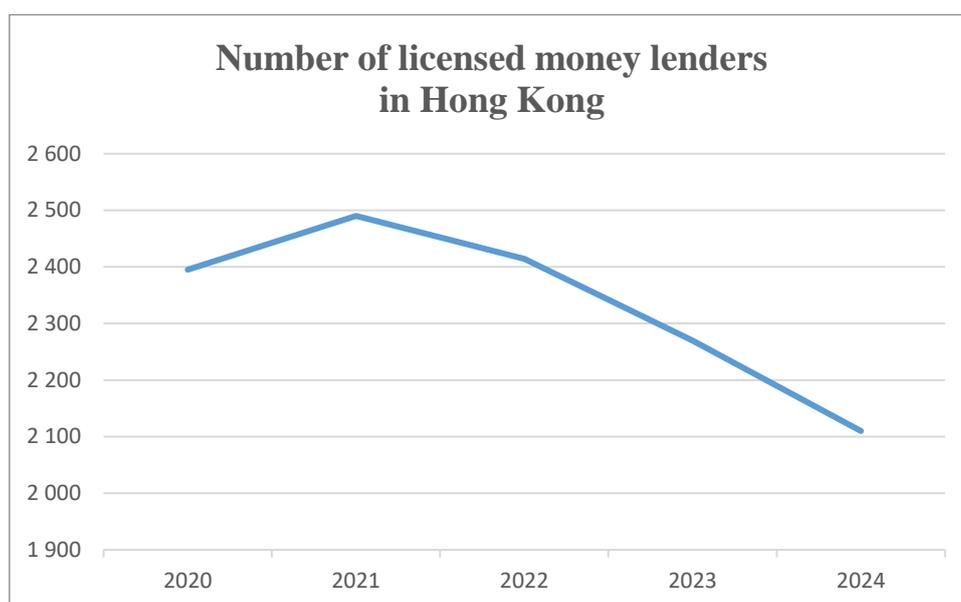
- (d) Debt Collection: According to Licensing Condition 10 of the money lender's licence, the money lender and his/her debt collectors shall **only recover debts from the person who is in law indebted to him/her**. The money lender and his/her debt collectors shall not, while trying to locate the whereabouts of debtors, harass anyone or adopt unlawful or improper debt collection practices. The Police will follow up any complaints against money lenders and their debt collectors regarding the harassment of referees or other non-debtors, as well as any unlawful or improper debt collection practices;
- (e) Personal Data Protection: According to Licensing Condition 10 of the money lender's licence, the money lender **shall ensure that personal data collected in the course of his/her business are protected** against unauthorised or accidental access, processing, erasure or other use by any debt collectors. Money lenders shall also at all times comply with the Personal Data (Privacy) Ordinance (Cap. 486), in the collection, use, holding and processing of such personal data; and
- (f) Money-lending Advertisements: According to Licensing Condition 9 of the money lender's licence, any advertisement of a money lender must be **fair and reasonable and not contain misleading information**, and contain information such as the money lender's telephone hotline for handling complaints and a risk warning statement³ etc. The advertisement should not overstate the ease of borrowing or understate the costs of borrowing. The money lenders should also ensure that the information contained in or the message conveyed by the advertisement is accurate and does not disguise, omit, diminish or obscure any relevant fact.

³ Any advertisement in relation to the money lending business of a money lender issued or published by the money lender, in his/her own name or through any other person, the written or visual part of the advertisement must contain the risk warning statement "Warning: You have to repay your loans. Don't pay any intermediaries.". The risk warning statement must also be clearly audible in the audio part of the advertisement.

Current Situation

9. In order to grasp the latest market situation, the CR regularly requires money lenders to provide loan business data for analytical purposes. As at the end of 2024, there were 2 110 money lenders in Hong Kong, which was 7% less than the end of 2023. The number of licensed money lenders in Hong Kong in the past five years are provided in **Figure 1**.

Figure 1: Number of licensed money lenders in Hong Kong in the past five years



10. Generally speaking, the money lender market is highly concentrated. In terms of total loan amount, as at the end of 2024, the top ten money lenders accounted for around 79% of the total loan amount.

11. In respect of unsecured personal loans, as at the end of 2024, the total amount of unsecured personal loans involved was around \$47.2 billion, with an average default rate of around 9.3%. There were around 1 000 money lenders in Hong Kong engaging in unsecured personal loan business, around 320 of which had total unsecured personal loans amounting to \$10 million or above. According to the information obtained, in terms of total unsecured personal loan amount, the top ten money lenders already accounted for around 64% of the total unsecured personal loan amount, reflecting that the market concerned was highly concentrated in larger money lenders.

12. In recent years, the community is very concerned about excessive borrowing, particularly unsecured personal loans involving low-income

earners. Nowadays, many money lenders offer simple and efficient loan approval processes, making borrowing very convenient. Some borrowers fail to seriously assess their repayment ability before taking loans, thus suffering from excessive borrowing. This not only brings financial problems and mental stress to the borrowers, some borrowers (e.g. foreign domestic helpers (“FDH”)) are unable to repay their heavy debts, leading to their employers being harassed by money lenders and debt collectors, which cause a number of social problems.

13. The problem of excessive borrowing is particularly acute among low-income earners. According to information from the CR, low-income earners (including FDHs) are a major portion of the unsecured personal loan market. As at the end of 2023, based on the information of the unsecured personal loans made in 2023, as provided by money lenders with unsecured personal loans amounting to \$10 million or above, borrowers with monthly income of \$10,000 or less⁴ accounted for 29% of the total number of loan transactions in the unsecured personal loan market concerned, with an average loan amount of around \$20,150. The default rate was 9.4%, which was higher than the overall default rate (7.0%). In terms of borrower’s occupation, FDHs were the top occupation group in terms of number of loans (26%), with an average loan amount of around \$19,900. The default rate concerned was 9.9%, which was also the highest among all occupations.

14. Ranked after FDHs in terms of number of loan transactions, blue collar workers and catering/hotel/tourism staff accounted for around 15.8% and 9.0% of the total number of unsecured personal loans respectively, with average loan amounts of around \$31,730 and \$39,730 respectively. Their default rates were 7.2% and 6.4% respectively.

Practices in Other Regions

15. We have made reference to the regulatory arrangements for money lenders in other jurisdictions, including the Mainland, Singapore, the United Kingdom, Australia and New Zealand. Generally speaking, money lenders must comply with the statutory requirements in the jurisdictions concerned. Details of the regulatory regimes for money lenders with unsecured personal loans in these jurisdictions are at [Annex](#).

⁴ Excluding borrowers with zero income.

Proposed Measures

Enhancing Regulation of Unsecured Personal Loans

16. In 2021, we introduced a licensing condition regarding the assessment of the borrower's affordability. A 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 the intending borrower's or borrower's income, expenditure and his/her ability to make repayments under the loan agreement. Other considerations may include the amount of the loan principal, total interest payable, duration of the term for repayment and the intending borrower's current credit and financial information, etc.

17. To bolster our efforts in tackling the problem of excessive borrowing among low-income earners⁵, it is necessary to enhance the regulation of unsecured personal loans approved by money lenders. When considering the regulation of unsecured personal loans, we have made reference to the regulatory arrangements in Singapore. Singapore sets borrowing caps for unsecured personal loans based on the borrowers' annual income, with lower caps for foreigners. For example, if a non-Singaporean earns less than S\$10,000 annually (around HK\$58,000, i.e. a monthly income of S\$833 or HK\$4,830), his/her intending loan amount and other outstanding unsecured personal loan amount cannot exceed S\$500 altogether (around HK\$2,900), which is equivalent to 0.6 times his/her monthly salary (S\$500/S\$833).

18. We **propose** to set an aggregate cap on unsecured personal loans, based on the borrower's monthly income. If the borrower's monthly income is below a specified level, his/her "aggregate loan amount"⁶ for unsecured personal loans cannot exceed a certain ratio of his/her monthly income. Therefore, before granting an unsecured personal loan, money

⁵ In 2016, the Government launched the Working Family Allowance Scheme, to support low-income working families who were not receiving the Comprehensive Social Security Assistance and had longer working hours. Under the Scheme, the monthly one-person household income upper limit for full-rate allowance is \$12,000.

⁶ The "aggregate loan amount" refers to the total outstanding unsecured personal loan amount lent by all money lenders to the borrower concerned, as known to the money lender.

lenders must calculate whether the relevant ratio would be exceeded after the loan is granted.

19. We propose to set the level of borrowers' monthly income and their corresponding aggregate unsecured personal loan caps as follows –

	Borrower's monthly income *	Aggregate unsecured personal loan cap
(i)	HK\$ 5,000 or less	Not exceeding one month's income
(ii)	From HK\$5,001 to HK\$10,000	Not exceeding two months' income

** If the borrower does not have a fixed income, the money lender must calculate the borrower's average monthly income, based on the borrower's income record from the previous 12 months.*

20. We notice that various sectors of the community hold different views on how to handle the problem of excessive borrowing among low-income earners, and hope to strike a balance between protecting borrowers and maintaining a vibrant money lending market. Therefore, in addition to the proposal in paragraphs 18 to 19 above, as an alternative, we **propose** setting a “debt servicing ratio” cap for unsecured personal loans. When formulating the ratio cap, we have made reference to the regulatory arrangements in the local banking industry. For property mortgage loans, the Hong Kong Monetary Authority (“HKMA”) stipulates a maximum debt servicing ratio at 50%. As for unsecured personal loans, the HKMA requires banks to set appropriate debt servicing ratio caps for such loans.

21. We propose to set the level of borrowers' monthly income and their corresponding debt servicing ratio ⁷ caps as follows –

⁷ References to “debt” in the “debt servicing ratio” refer to the total monthly repayments to be made by the borrower, in respect of the total outstanding unsecured personal loan amount lent by all money lenders, as known to the money lender.

	Borrower's monthly income *	Debt servicing ratio cap
(i)	HK\$ 5,000 or less	Not exceeding 35%
(ii)	From HK\$5,001 to HK\$10,000	Not exceeding 40%

** If the borrower does not have a fixed income, the money lender must calculate the borrower's average monthly income, based on the borrower's income record from the previous 12 months.*

22. For example, if a borrower's monthly income is HK\$5,000, according to the aggregate unsecured personal loan amount cap proposed in paragraph 19, provided that the borrower has no other outstanding unsecured personal loans, the maximum amount of unsecured personal loan that a money lender may grant to the borrower would be HK\$5,000. If a debt servicing ratio cap is set as proposed in paragraph 21, the maximum monthly repayment amount for the borrower should be HK\$1,750 (i.e. not exceeding 35% of monthly income). Assuming the money lender charges an annual interest rate of about 30%, if the borrower has no other outstanding unsecured personal loans and repayments are made in 12 monthly instalments, the maximum loan amount that a money lender may grant to the borrower would be HK\$18,000.

23. In addition, we notice that some borrowers, when their employment contracts were about to end, took out big loans from money lenders and then disappeared, resulting in their employers being approached by money lenders and their debt collectors to recover the debts. To eliminate such situation, we **propose** that in addition to the aforementioned regulation of unsecured personal loans from money lenders, when money lenders grant unsecured personal loans, the repayment periods shall not be longer than the remaining term of the borrowers' employment contracts.

Strengthening Protection of Public Interest

24. To address situation where employers are harassed for their FDHs' borrowing, the money lender licensing conditions currently clearly set out relevant regulatory requirements, including requirements regarding loan referees, debt collection and personal data protection etc. (see paragraph 8 above). The role of a referee is confined to the provision of information about an intending borrower in respect of a loan application. Under no circumstances is a referee liable for repayment of a loan.

25. To further strengthen protection of public interest, especially the interest of FDH employers, we **propose** to adopt the following measures, in addressing situation where loan referees are provided by borrowers in their loan applications –

- (i) After receiving the loan referee’s written consent for a loan application, the money lender must proactively send a letter to the referee to verify the authenticity of the written consent. The money lender may only use the loan referee’s information after receiving the loan referee’s written confirmation; or
- (ii) The loan referee must sign the written consent concerned in person, at the premises where the money lender carries on its money lending business.

26. We are aware that loan referees are not essential for loan applications, yet this may cause a lot of nuisance to those who are unwittingly declared as referees. Another measure under consideration is to prohibit money lenders from requesting borrowers to provide loan referees when applying for unsecured personal loans.

Optimising and Enhancing the Borrower Affordability Assessment for Unsecured Personal Loans

27. In April 2024, under the support of the HKMA, the Hong Kong Association of Banks, the Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies, and the Hong Kong S.A.R. Licensed Money Lenders Association Limited (collectively as the “Industry Associations”) launched the Credit Data Smart (“CDS”), to introduce more than one consumer credit reference agency, with a view to promoting the market competition of consumer credit reference services and enhancing the service quality of consumer credit reference agencies.

28. The Government has been actively encouraging the money lending sector to participate in the CDS, so that the affordability of borrowers for unsecured personal loans can be more accurately assessed. As at May 2025, 36 money lenders have joined the CDS. According to the financial information provided by money lenders, as at the end of 2024, the total unsecured personal loan amount of those 36 money lenders made up about 64% of the loan business concerned of all money lenders. The unsecured personal loan market is concentrated mainly among the larger money

lenders. In terms of loan amount⁸, the top five money lenders that have joined CDS made up over 60% of the market concerned. Furthermore, as at the end of 2024, in the overall money lender market, only about half of the money lenders engaged in unsecured personal loan business, and about 70% of their unsecured personal loan business amounted to less than \$10 million.

29. To encourage more money lenders to join the CDS, the Government and the HKMA have been working closely with the Industry Associations to research into and provide different solutions, as well as to organise briefing sessions on the CDS and proactively invite money lenders that have not joined the CDS to meetings. Furthermore, the platform operator (i.e. Credit Reference Platform Limited which is a wholly owned subsidiary of Hong Kong Interbank Clearing Limited) has developed an interface, namely the "Common Module", which provides an effective, lower-cost, and convenient way for money lenders to connect to the CDS, saving the need to establish their own application programming interfaces ("API").

30. The CDS aims to comprehensively record the personal credit information of borrowers, helping lending institutions conduct detailed risk assessments before approving loan applications. Since there are still many money lenders who have not yet joined the CDS, to improve the integrity of personal credit information of the CDS, and enable the authorised institutions, money lenders and other lending institutions that have joined the CDS to obtain more comprehensive lending information of the clients (borrowers or intending borrowers) from credit reports of consumer credit reference agencies, thereby enhancing the affordability assessment of borrowers or intending borrowers for unsecured personal loans, we **propose** to require all licensed money lenders to regularly submit personal credit information of their borrowers to the CDS, including loan applications, details of approved loans, such as credit limits, outstanding amounts, and repayment records etc, to complete the database of the CDS, making it to fully cover all personal credit information.

31. Since the unsecured personal loan market is concentrated mainly among the larger money lenders, we also **propose** requiring money lenders with a certain scale of unsecured personal loan business to, before approving loans, assess the affordability of intending borrowers or borrowers based on their personal credit report under the CDS, in order to enhance the comprehensiveness and accuracy of the assessment. In other words, the money lenders concerned are required to join the CDS to obtain the personal

⁸ The loan amount concerned refers to the amount of unsecured personal loans made in 2023 by money lenders with unsecured personal loans amounting to \$10 million or above, as at the end of 2023.

credit reports of the intending borrowers or borrowers.

32. As for determining the scale of unsecured personal loan business, preliminary information shows that if the threshold for total amount of unsecured personal loans entered into by money lenders in a certain year is set at \$100 million, about 50 money lenders would be required to use personal credit reports from the CDS in their affordability assessment. Based on the total unsecured personal loan amounts entered into in 2023, by money lenders with loans concerned amounting to \$10 million or more as at the end of 2023, the loan amounts concerned of those approximately 50 money lenders already made up about 85% of the unsecured personal loan market concerned.

Enhancing Complaint Handling Process

33. The CR has been closely monitoring the overall supervision of the money lending sector and the compliance of money lenders with the licensing conditions. In the past five years, the CR conducted a total of 2 340 site inspections and issued a total of 621 rectification orders and 30 warning letters to money lenders, in respect of the irregularities identified during the inspections. In view of the latest developments in the money lending market, the CR issues letters to money lenders from time to time, to remind them of the relevant licensing conditions and matters to which they should pay special attention.

34. To better safeguard public interest, the CR will enhance the transparency of the procedures for handling complaints against money lenders, so that complainants can better understand the CR's complaint handling methods and service pledges. The CR will also strengthen communication and exchange of intelligence with the Police.

35. In addition, the CR will explore strengthening the system and procedures for supervising money lenders in handling complaints, to ensure that complaints are handled properly. Specifically, the CR plans to regularly collect statistics from money lenders on complaints received and analyse the information, to monitor whether money lenders with persistently high complaint figures have established procedures to ensure proper handling of customer complaints, and that appropriate remedial actions are taken, as well as ensuring all employees, agents, appointed third parties and persons acting on their behalf who handle money lending matters, are aware of the complaint procedures and can provide complainants with correct information about the procedures.

Stepping up Publicity and Education

36. We will step up publicity and education targeting the FDH community, young people and low-income earners to enhance their understanding of money borrowing. We will adopt a multilingual and multipronged approach to promoting the importance of prudent borrowing. We will focus on reminding the FDH community, that they should not provide their employers as loan referees or their employers' addresses as the borrowers' contact addresses.

37. We will also step up efforts to provide FDH employers with channels to lodge complaints against money lenders who violate licensing conditions. In addition, we will place great emphasis on promoting prudent financial management among young people and low-income earners, reminding them to consider, before borrowing, the necessity of taking out a loan and their repayment ability, so as to minimise impulsive borrowing. We will strengthen co-operation with the Labour Department, the Investor and Financial Education Council and non-governmental organisations to ensure that the relevant messages are effectively conveyed.

Enhancing Money Lender Regulatory Regime

38. To further strengthen the regulation of money lenders, we **propose** to enhance the prevailing regulatory regime, including the licensing mechanism and the Money Lenders Ordinance. Currently, the Licensing Court is responsible for determining applications for money lender's licences and granting licences, as well as imposing licensing conditions in money lender's licences. To enhance the effectiveness and efficiency of money lender regulation, we **propose** that the licensing and supervision of money lenders should be handled centrally by a Government department (i.e. CR), including reviewing and approving applications, monitoring compliance and prosecuting violations, etc. We will carefully study the legislative amendments, financial and manpower resources involved in the proposal above.

39. Moreover, to increase deterrence and enhance transparency, we propose to publish details of money lenders with repeated offences on the Government's website for public reference. We will implement the aforementioned proposal by amending relevant provisions of the Money Lenders Ordinance.

Advice Sought and Next Steps

40. The Government welcomes public views on the above proposals on enhancing regulation of money lenders. We will consider the views received in detail and finalise the specific proposals.

**Financial Services Branch
Financial Services and the Treasury Bureau
June 2025**

Details of Regulation of Unsecured Personal Loans by Money Lenders in Other Jurisdictions

	Mainland	Singapore	United Kingdom	Australia	New Zealand
Borrowing Cap for Unsecured Personal Loans	<ul style="list-style-type: none"> • Taking into account of relevant regulatory requirements, different regions set their own loan caps. Microfinance companies can set their own loan caps within the range concerned, with reference to the local economic conditions and Gross Domestic Product per capita 	<ul style="list-style-type: none"> • Borrowing caps for unsecured personal loans are set <u>based on the borrowers' annual income.</u> • Different borrowing caps are in place for Singaporeans and non-Singaporeans. • Money lenders are required to check the borrower's credit report to consider whether the loan application would cause the borrower to exceed the statutory cap. <p><i>Statutory cap for <u>non-Singaporeans</u></i></p> <ul style="list-style-type: none"> • Annual income of <u>less than S\$10,000</u>: Regardless of the number 	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Nil

	Mainland	Singapore	United Kingdom	Australia	New Zealand
	levels.	<p>of money lenders, the proposed loan amount and other outstanding debts should not exceed S\$500 altogether.</p> <ul style="list-style-type: none"> • Annual income of <i>at least S\$10,000 but less than S\$20,000</i>: Regardless of the number of money lenders, the proposed loan amount and other outstanding debts should not exceed S\$3,000 altogether. • Annual income of <i>at least S\$20,000</i>: Regardless of the number of money lenders, the proposed loan amount and other outstanding debts should not exceed the borrower's six months' income altogether. 			

	Mainland	Singapore	United Kingdom	Australia	New Zealand
		<p><i>Statutory cap for <u>Singaporeans</u></i></p> <ul style="list-style-type: none"> • Annual income of <i>less than S\$20,000</i>: Regardless of the number of money lenders, the proposed loan amount and other outstanding debts should not exceed S\$3,000 altogether. • Annual income of <i>at least S\$20,000</i>: Regardless of the number of money lenders, the proposed loan amount and other outstanding debts should not exceed the borrower's six months' income altogether. 			
Debt Servicing Ratio Cap	• Nil	• Nil	• Nil	• Nil	• Nil

	Mainland	Singapore	United Kingdom	Australia	New Zealand
Requirements for Providing Information to Credit Data Repository	<ul style="list-style-type: none"> • Taking into account of relevant regulatory requirements, microfinance companies are required to provide credit information regarding their approved loans to the Credit Reference Center of the People’s Bank of China. 	<ul style="list-style-type: none"> • Before approving loans, all money lenders must provide credit information regarding the loans to the Moneylenders Credit Bureau, within the prescribed time limit. 	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Large authorised deposit-taking institutions with total assets exceeding a certain level are required to provide credit information to eligible credit reporting bodies. 	<ul style="list-style-type: none"> • Nil
Requirements for Using Credit Reference Services	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • All money lenders are required to obtain a credit report on the intending borrower from the Moneylenders Credit Bureau, before granting a loan. 	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Nil 	<ul style="list-style-type: none"> • Nil

**Public Consultation on
Enhancing Regulation of Licensed Money Lenders**

List of Respondents

1. AG Capital Limited / AP Finance Limited
2. Anita Hung
3. Bit Yuan Foundation Ltd
4. C H Tse
5. C. F. Choy
6. Caritas Family Crisis Support Centre
7. CHAN Chi-kwong
8. Chen Mu Li
9. China Tourism Group Corporation Limited
10. Christian Action
11. Coalition of Global Home Service Sustainable
Development
12. Community Card Services Company Limited
13. Consulate General of the Republic of the Philippines
Hong Kong
14. Consumer Council
15. CTG Development Corporation Limited
16. Democratic Alliance for the Betterment and Progress
of Hong Kong
17. Emily Bregenia
18. Enrich Personal Development Limited
Christian Action
HELP for Domestic Workers
EmpowerU
TCK Learning Centre for Migrant Workers
STOP - Branches of Hope
Uplifters
Bethune House
Mission for Migrant Workers
Migrasia
Justice Without Borders
Pathfinders
19. Eunice Cheng
20. Fair Employment Agency
21. Fayyaz Wajahat
22. HELP for Domestic Workers

23. Hilda H.W. Fung
24. Hong Kong Employers of Domestic Helpers Association
25. Hong Kong Federation of Asian Domestic Workers Unions
26. Hong Kong Federation of Trade Unions
27. Hong Kong Professionals and Senior Executives Association
28. Hong Kong Securities & Futures Professionals Association
29. HS Finance & Credit Co. Ltd.
30. Inno Tech System Limited
PingAn OneConnect Credit Reference Services Agency (HK) Limited
Hong Kong Professional Lenders Association
Credit Station
Top Power Finance Limited
31. James Lung International Arts and Cultural Exchange Association
32. Justice Without Borders
33. Kampo Employment Agency
34. Katrina Cho
35. Leung Fai Yeung
36. Liu Ka Man
37. Louise Vas
38. Melissa G. Westcott
39. Oliver Wang
40. Olivia Lam
41. P C Woo & Co
42. PrimeCredit Limited
43. Promise
44. Public Finance Limited
45. Quadripartite Alliance for Harmonious Employment Practices
46. Rita Chan
47. SHK Finance Limited
48. SocioBridge
49. Sun Hung Kai Credit Limited
50. The Association of Financing Industry Practitioners
51. The DTC Association
52. The Hong Kong Association of Banks
53. The Hong Kong Federation of Youth Groups

54. The Hong Kong S.A.R. Licensed Money Lenders Association Limited
55. The Law Society of Hong Kong
56. TransUnion Limited
57. United Asia Finance Limited
58. Uplifters
59. 伍彪祥
60. 林穎彥
61. 張佩恩
62. 陳珊
63. 葉明
64. 簡意靜
- 65 – 141. 77 Respondents with unidentifiable names
- 142 – 150. Nine respondents requested not to be named

Note : Some of the feedback reached the FSTB after the consultation period closed on 22 August 2025.

**Public Consultation on
Enhancing Regulation of Licensed Money Lenders**

List of Participating Associations in Briefing Session

1. Caritas Hong Kong
2. HELP for Domestic Workers
3. Hong Kong General Chamber of Property Finance
4. Hong Kong Professional Lending and Associates
5. The Association of Financing Industry Practitioners
6. Licensed Money Lenders Association Limited
7. Tung Wah Group of Hospitals
8. Uplifters