BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

# Reference Rate Framework

Applicable to:
1. Licensed banks
2. Licensed Islamic banks
3. Prescribed development financial institutions

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# PART A OVERVIEW

## 1 Introduction

1.1 Reference rates are interest/profit rate benchmarks that are used to determine the lending/financing rates over the tenure of floating-rate loans/financing facilities. The way in which reference rates are determined and used would have implications on customers' repayments/payments of their loans/financing facilities, financial service providers' (FSPs) practices in the pricing of loans/financing facilities and the effectiveness of monetary policy transmission.

1.2 The Reference Rate Framework (RRF) was introduced in January 2015 to replace the Base Lending Rate (BLR) with the Base Rate (BR) as the main reference rate for the pricing of new floating-rate retail loans and financing facilities. Under this framework, FSPs could set their respective BRs. While this provided each FSP with greater flexibility in the pricing of floating-rate loans/financing, FSPs' BR methodologies had become increasingly complex over time, thus complicating customers' ability to compare the pricing of loan/financing products across FSPs and to understand the reasons behind changes in their repayment/payment instalments. Operational complexities with resource implications have also increased substantially to develop and maintain BR methodologies. In addition, the variability and construction of FSPs' BR methodologies had resulted in uneven and attenuated monetary policy transmission to FSPs' benchmark cost of funds.

1.3 The revised RRF subsequently issued in August 2021 and further enhanced under this Policy Document outlines an industry-wide, standardised benchmark rate to be used by all FSPs and is designed to achieve the following intended outcomes-

(a) facilitate effective transmission of monetary policy decisions;
(b) promote a transparent reference rate that enables meaningful comparison of loans/financing products across FSPs to allow customers to make informed decisions;
(c) reinforce sound and efficient practices in the pricing of floating-rate retail loans/financing facilities by FSPs; and
(d) promote a culture that consistently aligns operations and practices with fair treatment of financial consumer outcomes.

1.4 As per the current practice, FSPs would retain the flexibility to determine the lending/financing rates on new loans/financing facilities based on FSPs' internal and commercial considerations, subject to Bank Negara Malaysia's (BNM) standards and guidelines.

1.5 To ensure faster and more efficient monetary policy transmission for customers, BNM has introduced a phased approach to shorten the turnaround time (TAT) for FSPs to adjust instalment amounts following changes in the reference rates. Under this approach, Phase 1 will implement a 60 calendar days TAT (effective 1 July 2026) and followed by Phase 2 with a 30 calendar

days TAT (effective 2 January 2028). This approach provides FSPs sufficient time to enhance and upgrade existing systems and align operational processes with enhanced requirements set out in this Policy Document.

## 2 Applicability

2.1 This Policy Document is applicable to all licensed banks, licensed Islamic banks and prescribed development financial institutions.

2.2 This Policy Document sets out the reference rate to be used in the pricing of retail loans or retail Shariah-compliant financing facilities, as defined in paragraph 5.2.

## 3 Legal provisions

3.1 The requirements in this Policy Document are specified pursuant to–
(a) section 95 of the Central Bank of Malaysia Act 2009 (CBA);
(b) sections 47(1), 123(1) and 143(1) of the Financial Services Act 2013 (FSA);
(c) sections 57(1), 135(1) and 155(1) of the Islamic Financial Services Act 2013 (IFSA); and
(d) sections 41, 42C and 116(1) of the Development Financial Institutions Act 2002 (DFIA).

3.2 The guidance in this Policy Document is issued pursuant to section 266 of the FSA, section 277 of the IFSA and section 126 of the DFIA.

## 4 Effective date

4.1 This Policy Document comes into effect on 1 July 2026, except for paragraph 9.14 which will come into effect on-
(a) 1 July 2026 under Phase 1; and
(b) 2 January 2028 under Phase 2[1].

## 5 Interpretation

5.1 The terms and expressions used in this Policy Document shall have the same meanings assigned to them in the CBA, FSA, IFSA or DFIA, as the case may be, unless otherwise defined in this Policy Document.

[1] Under Phase 2, paragraph 9.14(a) of this Policy Document will be read as follows-
"With respect to paragraph 9.13, FSPs shall effect the revised instalment amount **at the earliest feasible time and as follows-**
**(a) no later than thirty (30) calendar days** from the date of adjustment to the SBR, BR and BLR for retail loans/financing facilities;"

5.2 For the purpose of this Policy Document–

**"S"** denotes a standard, an obligation, a requirement, specification, direction, condition and any interpretive, supplemental and transitional provisions that must be complied with. Non-compliance may result in enforcement action;

**"G"** denotes guidance which may consist of statements or information intended to promote common understanding and advice or recommendations that are encouraged to be adopted;

**"base lending rate"** or **"BLR"** includes reference to the base financing rate (BFR) in the context of Islamic retail financing facilities;

**"financial service provider"** or **"FSP"** means–
(a) a licensed bank under the FSA;
(b) a licensed Islamic bank under the IFSA; and
(c) a prescribed institution under the DFIA;

**"retail loans/financing facilities"** refer to loans/financing facilities extended to individuals which are priced against a reference rate, including but not limited to housing loans/financing, vehicle loans/financing and personal loans/financing.[2]

## 6 Related legal instruments and Policy Documents

6.1 This Policy Document must be read together with other relevant legal instruments and Policy Documents that have been issued by BNM, including any amendments or reissuance thereafter, in particular–
(a) Responsible Financing issued on 30 September 2025;
(b) Risk-Informed Pricing issued on 16 December 2013;
(c) Credit Risk issued on 5 December 2024;
(d) STATsmart Reporting Financial, Compliance and Industry Specific Data issued on 3 July 2025;
(e) Fair Treatment of Financial Consumers issued on 27 March 2024;
(f) Corporate Governance issued on 14 February 2024;
(g) Compliance issued on 10 May 2016;
(h) Responsibility Mapping issued on 29 December 2023; and
(i) Guidelines on Internal Audit Function of Licensed Institutions issued on 30 June 2010.

## 7 Policy documents superseded

7.1 This Policy Document, upon coming into effect, supersedes the Policy Document on Reference Rate Framework issued on 1 August 2021.

[2] Includes retail loans/financing facilities offered to a sole proprietorship under an individual's name for business use.

# PART B POLICY REQUIREMENTS

## 8 Roles and responsibilities of Board and Senior Management of FSPs

**S** 8.1 The Board[3] of FSPs shall oversee the governance arrangements[4] and the development and implementation of internal policies and procedures in managing the reference rates and instalment revision practices, that are consistent with the requirements in this Policy Document and other relevant policy documents issued by BNM, in particular the Policy Documents on Corporate Governance, Fair Treatment of Financial Consumers, Responsibility Mapping and Guidelines on Internal Audit Function of Licensed Institutions.

**S** 8.2 Senior management of FSPs shall be responsible, in respect of reference rates, including instalment revision practices, as follows-

(a) overseeing the formulation and effective implementation of the FSP's internal governance, policies and procedures;

(b) incorporating fair treatment of financial consumer principles into its internal policies, procedures and controls to ensure fair consumer outcomes. This shall include ensuring potential consumer harm are deliberated and considered in the design, implementation, monitoring, and oversight of policies relating to reference rates and instalment revision practices; and

(c) ensuring periodic reviews to assess compliance with the FSP's internal governance, policies and procedures under paragraph 8.3 are conducted adequately and effectively.

**S** 8.3 The independent function of FSPs (such as risk management or compliance and internal audit) must undertake periodic reviews, which include but not limited to-

(a) evaluating the effectiveness, continued relevance and appropriateness of the FSP's internal governance, policies and procedures; and

(b) conducting robust assessments of the FSP's compliance with this Policy Document, particularly in relation to the application of any upward or downward adjustments to the reference rate and the revised instalment amount arising from changes to the benchmark rate.

## 9 Reference rate and financing rate

**S** 9.1 FSPs shall use the Standardised Base Rate (SBR) as the reference rate for the pricing of retail loans/financing facilities. This requirement applies to applications received for new retail loans/financing facilities, refinancing of

[3] Or a committee empowered by the Board.

[4] In line with paragraph 8.3(a) of the Policy Document on Corporate Governance, the Board must approve the risk appetite, business plans and other initiatives which would, singularly or cumulatively, have a material impact on the financial institution's risk profile. This would include initiatives which affect the financial soundness, reputation or key operational controls.

existing retail loans/financing facilities, and the renewal of existing revolving retail loans/financing facilities, on or after 1 August 2022.

**S** 9.2 The SBR shall be set as–

| Standardised Base Rate (SBR) = Benchmark rate |
|---|

**S** 9.3 The benchmark rate in respect of paragraph 9.2 shall be set as the prevailing Overnight Policy Rate (OPR), as set out in the Monetary Policy Statement of the Monetary Policy Committee of BNM.

**S** 9.4 The lending/financing rate charged to the customer on a retail loan/financing facility shall be the SBR plus a spread-

| Lending/financing rate = SBR + spread |
|---|

**S** 9.5 FSPs shall reflect all other components of pricing the lending/financing rate in the spread over the SBR. Such components can include credit and liquidity risk premiums, operating costs, profit margins and other costs, including the cost of meeting the Statutory Reserve Requirement.

**S** 9.6 In the event of a change in the benchmark rate, FSPs shall adjust the SBR by the same quantum as the change in the benchmark rate within **seven (7) working days** from the date of the change in the benchmark rate. The time taken by FSPs to effect adjustments to the SBR arising from a change in the benchmark rate shall be symmetrical for both upward and downward adjustments.

**S** 9.7 Where there are any adjustments to the SBR, FSPs shall effect a corresponding adjustment to all new and outstanding retail loans/financing facilities which are priced against the SBR.

**S** 9.8 Once a contract for a retail loan/financing facility is entered into, any increase to the spread over the SBR during the tenure of the retail loan/financing facility shall only be made to reflect changes in the credit risk profile of the customer throughout the tenure of the loan/financing facility.

**S** 9.9 FSPs shall not increase the spread over the SBR on the outstanding retail loans/financing facilities to reflect changes in FSPs' operating costs, funding management strategies or the overall portfolio default experience. FSPs shall not increase the spread over the SBR to gain a higher profit margin during the tenure of a retail loan/financing facility.

**S** 9.10 Existing retail loans/financing facilities which were granted prior to 1 August 2022 shall continue to remain priced against the Base Rate (BR) and the base lending rate (BLR) respectively, except in the case of refinancing or renewal of retail loans/financing facilities as stipulated in paragraph 9.1.

**S** 9.11 In the event of an adjustment to the SBR, FSPs shall concurrently adjust the BR and BLR, in respect of retail loans/financing facilities under paragraph 9.10, by the same quantum of change in the SBR.

**S** 9.12 FSPs shall not adjust the BR and BLR in respect of retail loans/financing facilities under paragraph 9.10, other than the adjustments pursuant to paragraph 9.11. In respect of retail loans/financing facilities under paragraph 9.10, any increase to the spread over the BR and BLR during the tenure of the retail loan/financing facility shall only be made to reflect changes in the credit risk profile of the customer throughout the tenure of the loan/financing facility.

**S** 9.13 For any upward or downward adjustment to the SBR, BR and BLR, FSPs shall, by default, revise the instalment amount of retail loans/financing facilities priced against the SBR, BR and BLR, in accordance with the corresponding adjustment to the SBR, BR and BLR. For the avoidance of doubt, the revised instalment amount must reflect in the same direction of change (upward or downward) and magnitude as the adjustment to the SBR, BR or BLR.

***Good practice***

*FSPs apply consistent and timely revision to instalment amounts for both upward and downward movements in the reference rate. This includes ensuring system readiness, operational processes, and internal approvals allow instalment amount reductions to be effected within the same turnaround time as instalment amount increases.*

- *Desired outcome: Such balanced responsiveness demonstrates fairness, supports customers' cashflow planning, and strengthens public confidence that rate changes, whether favourable or unfavourable to customers are applied in an even-handed manner.*

***Poor practice***

*FSPs promptly increase instalment amount when the reference rate moves upwards, but delay or cite system constraints when required to reduce instalment amount when the reference rate moves downwards.*

- *Implication: Such one-sided responsiveness undermines customers' trust and reinforces public perception that FSPs act more swiftly when adjustments disadvantage customers but are less responsive when changes should benefit them.*

**S** 9.14 For purposes of paragraph 9.13, FSPs shall effect the revised instalment amount **at the earliest feasible time, subject to the following-**

(a) **no later than sixty (60) calendar days** from the date of the adjustment to the SBR, BR and BLR for retail loans/financing facilities; or

(b) **no later than ninety (90) calendar days** from the date of adjustment to the SBR, BR and BLR, where instalment for retail loans/financing facilities are administered by government-related entities[5].

***Good practice***

*FSPs have adequately invested in their systems and digitalised their process operations to ensure that any revised instalment amount is implemented immediately, or in any event, no later than thirty (30) calendar days from the date of the adjustment to the SBR, BR and BLR.*

**S** 9.15 FSPs shall provide customers with particulars of the revised instalment amount and its effective date in accordance with the following timeline-

(a) **at least seven (7) calendar days** prior to the date the revised instalment amount comes into effect; or

(b) **no later than sixty (60) calendar days** from the date of adjustment to the SBR, BR and BLR[6], where retail loans/financing facilities are administered by government-related entities.

**S** 9.16 FSPs must comply with paragraph 9.13 at all times. FSPs are only allowed to retain the instalment amount of an existing retail loan/financing facility where it is not feasible to revise the instalment amount due to one or more of the following circumstances-

(a) the retail loan/financing facility is under distressed conditions, limited to only facilities under assistance programmes[7] with Agensi Kaunseling dan Pengurusan Kredit (AKPK), rescheduling and restructuring (R&R) programmes, legal action, moratorium or repayment assistance programmes;

(b) the retail loan/financing facility is nearing maturity[8];

(c) where the first instalment upon full disbursement of the retail loan/financing facility must be recalculated due to SBR, BR and BLR adjustments prior to it;

(d) where the customer explicitly requested to retain the existing instalment amount for the retail loan/financing facility; or

[5] Government-related entities refer to Biro Angkasa, Accountant General and Agensi Kaunseling dan Pengurusan Kredit (AKPK).

[6] For the avoidance of doubt, the notification to customers with particulars of the revised instalment amount and its effective date shall be provided at least thirty (30) calendar days prior to the date the revised instalment amount comes into effect.

[7] Assistance programmes such as Debt Management Programmes (DMP), Small Debt Resolution Schemes (SDRS), Financial Management and Resilience Programme (URUS).

[8] Such as retail loan/financing facilities that are maturing within six (6) to twelve (12) months before the next revised instalment amount takes into effect. For example, where a retail loan/financing facility is scheduled to mature on 1 December 2026 and the revised instalment amount resulting from an OPR change would take effect on 1 September 2026.

(e) whereby the change, or the cumulative change[9], in the instalment amount for the retail loan/financing facility is less than RM10.[10]

***Good practice***

*(a) FSPs adjust the revised instalment amount in accordance with the corresponding adjustment to the SBR, BR and BLR regardless of the amount of change to avoid high outstanding balances at maturity. For example, where the SBR, BR and BLR increased by 25 basis points resulting in a revised instalment amount higher by RM2.50 for the retail loan/financing facility, the FSP made the corresponding adjustment to the revised instalment amount.*

*(b) FSPs promptly discontinue their current practice of not adjusting instalment amounts for changes or cumulative changes below RM10 and adopt a full instalment revision approach for any adjustment amount.*

***Poor practice***

*(a) FSPs do not adequately inform customers i.e., provide prominent caution on the consequence of non-payment for change in their monthly instalment of any amount, including small amounts, such as implications to their creditworthiness (CCRIS record).*

*(b) FSPs' current systems have inherent limitations in their data record structures which remain unaddressed, restricting the number of instalment amount revisions that can be made throughout the duration of the facility.*

**S** 9.17 In implementing paragraph 9.16(d), FSPs shall only classify such retail loan/financing facility account as *"rescheduled and restructured"* in the event that a customer's request to retain the original instalment amount is due to a deterioration in the financial condition of the customer resulting in the inability of the customer to meet the revised instalment amount in accordance with the original repayment terms and conditions[11]. In such a case, FSPs shall inform the customer on the classification and its implications and record the customer's informed consent to the *"rescheduled and restructured"* classification of the loan/financing facility.

**S** 9.18 With respect to paragraph 9.16, in any circumstance not explicitly provided for under paragraph 9.16, FSPs must demonstrate to BNM's satisfaction that the FSP is facing significant operational challenges in meeting the requirement to revise the instalment amount of retail loans/financing facilities in accordance with paragraph 9.13.

[9] Taking into account previous adjustments in the SBR that were not translated into revisions in the instalment amount of the retail loan/financing facility.

[10] For hire purchase financing, FSPs are required to comply with the provisions under the Hire Purchase Act 1967 and Hire Purchase (Amendment) Act 2026, which include obtaining the customer's consent for any alterations to the terms and conditions of the hire-purchase agreement.

[11] Refer to paragraph 1 in Appendix 1 of the Credit Risk Policy Document.

**S** 9.19 FSPs shall, by default and as far as practicable, **avoid combining** the revision of instalment amount of retail loans/financing facilities due to adjustments to the SBR, BR and BLR with the revision of the instalment amount due to other factors (for example, default or repricing). Any instalment revision resulting from adjustment to the SBR, BR, or BLR must be undertaken separately and clearly distinguished from revisions driven by other factors.

**S** 9.20 In implementing paragraph 9.19, FSPs shall revise the instalment amount of retail loans/financing facilities due to other factors as part of their normal on-going process and not during benchmark rate adjustment cycles, as far as practicable.

**S** 9.21 Notwithstanding paragraphs 9.19 and 9.20, where an extenuating circumstance requires FSPs to revise the instalment amount due to multiple concurrent factors, one of which is an adjustment to the SBR, BR and BLR, and no alternative timing is feasible, FSPs shall provide notification to customers in the format prescribed in **Appendix 1**. This is to ensure that customers are adequately informed of the underlying multiple revisions to the instalment amount.

**S** 9.22 Where the instalment amount of an existing retail loan/financing facility is not revised pursuant to paragraph 9.16, FSPs shall clearly notify customers, within the timeline set out in paragraph 9.15, the basis for the non-revision of the instalment amount and the implications of the non-revision including, where applicable, the following-

(a) changes to the total cost of borrowing/financing that will be incurred by the customers;
(b) when additional interest/profit amount is to be repaid by the customers;
(c) changes to the tenure of the retail loan/financing facility;
(d) estimated lump sum repayment at the end of loan/financing tenure, if applicable;
(e) any consequential protection gaps on the status of their credit-related insurance/takaful coverage, if applicable; and
(f) avenues or channels available for the customers to get information on alternative options such as R&R programmes.

**G** 9.23 For purposes of paragraph 9.22, a sample of a notification to customers that can be used by FSPs where the instalment amount of an existing retail loan/financing facility is not revised is provided in **Appendix 2**.

**S** 9.24 FSPs must ensure that the mode of notification used by the FSP allows the information to reach the customer in a timely manner. If the notice is via mail, FSPs shall take into consideration the time taken before customers receive the notice to ensure compliance with paragraph 9.15.

**G** 9.25 The mode of notification by FSPs to customers may be via mail or electronic means[12] and FSPs are encouraged to leverage on digital tools such as digital prompts, push notifications and innovative and effective communication

[12] Communication via electronic means include emails, SMS messages and application notifications.

strategies, including incorporating behavioural nudges, to enhance notification practices and ensure customers receive information in a timely and clear manner.

## 10 Deposit rate

**G** 10.1 FSPs may determine the rates payable on deposits accepted based on their funding requirements and strategies.

**S** 10.2 In the case of conventional children savings accounts, the deposit rates payable on accounts with balances of up to RM50,000 shall not be lower than the 1-month term deposit rate of the respective FSPs.

**S** 10.3 In the case of a Housing Development Account, the rate payable on the daily balance shall not be lower than–

| |
|---|
| 1-month term deposit account rate – 1%, or 0%, whichever is higher |

## 11 Disclosure requirement

**S** 11.1 FSPs shall disclose to both new and existing customers that the benchmark rate of the SBR is the OPR. The minimum requirement is that FSPs shall make this information publicly available at their websites. For new customers, FSPs shall also disclose the information in the product disclosure sheet as per the format set out in **Appendix 3**.

**S** 11.2 FSPs shall ensure that the SBR and its effective date are prominently displayed at all branches and websites. Apart from disclosing the SBR, FSPs shall continue to display their respective BR and BLR at all branches and websites until the maturity of all retail loans/financing facilities priced against the BR and BLR. FSPs shall ensure that the historical series of the SBR, BR and BLR since the implementation of BR in January 2015 are available and easily accessible on their websites.[13]

**S** 11.3 FSPs shall display the changes to the SBR, BR and BLR at all branches and websites no later than the date in which the revision comes into effect.

**S** 11.4 In respect of housing loans/home financing priced against the SBR, FSPs shall disclose an **indicative effective lending/financing rate** for a standard housing loan/home financing product offered to a customer with the best credit risk profile at all branches and websites. A standard housing loan/home financing product refers to a housing loan/home financing product with financing amount of RM350,000 for 30 years and has no lock-in period.

[13] This information is for customers' reference, including for the purposes of validating the accuracy of interest/profit charged by FSPs.

## 12 Statistical reporting requirements

**S** 12.1 FSPs shall periodically submit the following reports on its interest/profit rate data using the reporting templates as may be specified by BNM-

(a) Report on Lending Rates on New Loans Approved during the month (only applicable to licensed banks and prescribed development financial institutions).

(b) Report on Financing Rates on New Financing Approved during the month (only applicable to licensed Islamic banks).

**S** 12.2 FSPs shall submit the completed reporting templates of the reports listed in paragraph 12.1 in accordance with the naming conventions in **Appendix 4**, at a monthly interval, within 15 days after the reporting date, via Dynamic Submission Platform (DSP) and STATsmart Dissemination Portal.[14]

**S** 12.3 FSPs shall continue to submit other reporting templates[15] as specified in the Policy Document on STATsmart Reporting - Financial, Compliance and Industry Specific Data through the STATsmart Integrated Submission Platform.

[14] For avoidance of doubt, licensed banks and licensed Islamic banks shall submit through DSP and prescribed development financial institutions shall submit through STATsmart Dissemination Portal.

[15] Refers to 'Report on Weekly Interest and Islamic Deposit/Financing Rates' (this report is not applicable to prescribed development financial institutions) and 'Report on Monthly Interest and Islamic Deposit/Financing Rates'.

## Appendix 1 Template Notification for Revision of Instalment Amount due to Multiple Factors, Including Adjustments Following a Change in the Benchmark Rate

**Notification on Revised Monthly Instalment**

Dear Valued Customer,

**REVISION OF BASE RATE/ BASE LENDING RATE/ STANDARDISED BASE RATE ACCOUNT NUMBER: XXXXXXXX** R1

Please be informed that effective [DD/MM/YYYY], our Base Rate (BR)/ Base Lending Rate (BLR)/ Standardised Base Rate (SBR) has been revised from **3.85% to 3.60%** per annum. R2

While the BR/BLR/SBR has decreased, your account has been **repriced upwards** following recent account conduct. As a result, your effective interest rate and monthly instalment have changed as per the table below. R3

| Terms | Before Revision | After Revision | Changes to Instalment Amount |
|---|---|---|---|
| **Effective Interest Rate** *(following adjustment of BNM's Overnight Policy Rate)* | 4.20% | 3.95% | Decreased by RM72.00 |
| **Effective Interest Rate** *(following revision due to change in customer's credit risk profile)* | 3.95% | 4.75% | Increased by RM235.00 |
| **Monthly Instalment Amount** | **RM2,446.00** | **RM2,609.00** | ***Increased by RM163.00*** |

R4

*Note: BR/BLR/SBR is subject to change. Please take note that the above-mentioned rate is applicable unless the account is under legal recovery action whereby the relevant default rate shall apply.*

Your new monthly instalment amount is **RM2,609.00** and will take effect on **05/09/2025**. R5

FSPs are encouraged to use appropriate infographics, illustrations or colours to draw the attention of customers to important information in the notification.

The red annotations with an “R” numbering are for FSPs’ reference with respect to the table below.

| Item | Remarks |
|---|---|
| **R1** | FSPs must clearly display the customer’s account number to help customers quickly identify which facility is affected since they may hold multiple products. |
| **R2** | FSPs must explicitly state the effective date and the rate before-and-after revision of SBR/BR/BLR. |
| **R3** | FSPs must clearly inform customers that any revisions to their instalment amount arise from recent account conduct to ensure transparency and clarity. |
| **R4** | FSPs must provide a direct and transparent breakdown of each contributing factor to help customers adequately inform on how each underlying revision affects the revised instalment amount. |
| **R5** | FSPs must clearly state the revised monthly instalment amount and the effective date on which the customer must begin paying the new amount. |

## Appendix 2 Sample Notification Template for Non-revision of Monthly Instalment Amount

**Notification on Non-Revision to Monthly Instalment** R1

Dear valued customer,

Please be informed that following the adjustment to the Overnight Policy Rate by Bank Negara Malaysia on [DD/MM/YYYY], our Base Rate (BR)/ Base Lending Rate (BLR)/ Standardised Base Rate (SBR) has been revised from ***x*% to *y*%** per annum.

Subsequently, your effective interest rate has been revised from ***x*% to *y*%.** Nevertheless, please be informed that your monthly instalment remains **unchanged** at this juncture as your account meets one or more of the following scenarios- R2

| | |
|---|---|
| ☐ | Change or cumulative change in the instalment is less than RM10 |
| ☐ | Loan/financing facility is under assistance programmes with Agensi Kaunseling dan Pengurusan Kewangan (AKPK), rescheduling & restructuring (R&R) programmes, legal action, moratorium or repayment assistance programmes |
| ☐ | Loan/financing facility is nearing maturity |
| ☐ | You explicitly requested to retain your existing instalment amount for the loan/financing facility |
| ☐ | Recalculation of first instalment upon full disbursement due to SBR, BR and BLR adjustments prior to it |

R3



Please note that the non-adjustment of your monthly instalment may result in-

(a) Higher overall financing costs at the prevailing contracted interest rate at the point of application;

(b) Bullet payment at the end of the tenure; or

(c) Extended loan/financing tenure.

R4

Please contact **customer.service@abcbank.com**, your account holding branch, or our contact centre at **03-12345678**, should you require further clarification on the above or to modify the repayment arrangement for your account. Thank you.

FSPs may refer to the sample provided as a guidance in complying with paragraph 9.22.

FSPs have the flexibility to use appropriate infographics, illustrations or colours to draw the attention of customers to important information in the notification.

The red annotations with an “R” numbering are for FSPs’ reference with respect to the table below.

| Item | Remarks |
|---|---|
| **R1** | FSPs should explicitly disclose the non-revision of their prevailing instalment amount to customers to avoid confusion or assume FSPs are not passing through rate changes. |
| **R2** | FSPs should include the basis or reason for non-revision of their prevailing instalment amount. For example, FSPs may include a list of circumstances that will cause the non-revision of their prevailing instalment amount or may also only include the applicable circumstances. |
| **R3** | FSPs should clearly communicate to customers the implications of any non-revision of their prevailing instalment amount. |
| **R4** | FSPs should include available avenues or channels should customers require more information on alternative options such as rescheduling and restructuring (R&R) programmes. |

## Appendix 3 Product Disclosure Sheet (Home Loan/Financing)

### PRODUCT DISCLOSURE SHEET

FSP Logo and Name

Date: _____

**Dear Customer,**

This Product Disclosure Sheet (PDS) provides you with key information on your housing loan *[home financing]*.

Other customers have read this PDS and found it helpful; **you should read it too**.

### 1 What is [Product Name]?

**[Product Name]** is a housing loan [*home financing*] calculated on a floating rate basis. You are offering your house as a security for this loan.

*For Islamic home financing, FSPs to briefly describe the applicable Shariah concept.*

### 2 Know Your Obligations

N1 For this housing loan [*home financing*], **as an illustration**:

- Your loan amount: **RM350,000**
- Your monthly instalment: *RM xx*
- Your loan tenure: **35** years
- Standardised base rate (SBR)*: ***x***%
- Effective financing rate: ***y% p.a.***

**In total you will pay *RM xxx,xxx*** at the end of 35 years.

N2 **You also have to pay the following fees and charges:**

- Stamp duty: ***xx%*** of loan amount
- Disbursement fee: ***RM x***
- Processing fee: ***RM x***
- Wakalah fee (*if relevant*): ***RM x***

**It is your responsibility to:**

Read and understand the **key terms** in the **contract** before you sign it.

Pay your monthly instalment timely and in full for **35 years.** Speak to us if you wish to settle your loan earlier.

Ensure you can afford to **pay a higher instalment** if the Overnight Policy Rate (OPR) rises.

**Contact us immediately**, if you are unable to pay your monthly instalment.

*The SBR is set as the Overnight Policy Rate (OPR) decided by Bank Negara Malaysia. The SBR can rise or fall due to changes in the OPR.

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## 3 Know Your Risks

**What happens if you fail to pay your monthly instalments?**

1. You **pay more in total** due to late payment charges, compounding of interest [*if relevant*].
2. We may **deduct** money from a savings account you have with us to set-off your loan balance.
3. We may **foreclose** your property or **take legal action** against you.
4. Your **credit score** may be affected, leading to credit being more difficult or expensive to you.

**Your monthly instalment may increase during the tenure of your loan** N3

The SBR may increase due to a rise in the OPR set by Bank Negara Malaysia. An increase in SBR means that you have to pay a higher monthly instalment.

| | Current Rate | Rate increase by 1% | Rate increase by 2% |
|---|---|---|---|
| Monthly instalment | RM xx | RM xx | RM xx |
| Total interest/profit cost | RM xxx | RM xxx | RM xxx |
| Total payment | RM xxxx | RM xxxx | RM xxxx |

## 4 Other Key Terms

- Lock-in period: ***k*** years (to start from dd/mm/yy)
- Early termination fee: ***x%*** of outstanding amount or original loan amount
- Indicate if any insurance/takaful coverage is required

**If you have any questions or require assistance on your housing loan/ home financing, you can:**



Call us at XXX-XXX-XXXX



Visit us at: https://[productspecific webpage].com



Email us at: XXX@Xmail.com

QR

Scan the QR code above

N4

N5

**Customer's Acknowledgment**

Ensure you are filling this section yourself and are aware of what you are placing your signature for.

☐ I acknowledge that [FSP name] has provided me with a copy of the PDS.

☐ I have read and understood the key information contained in this PDS.

Name:
Date:

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A FSP must refer to the following table when preparing PDS for a housing loan/home financing product. The red annotations with an "N" numbering are for the FSP's reference only. They must be removed from the PDS to be provided to financial consumers.

A FSP has the flexibility to use appropriate infographics, illustrations or colours to draw the attention of financial consumers to important information in the PDS.

| Item | Notes on PDS requirements |
|---|---|
| **N1** | A FSP must disclose the relevant information (i.e. effective financing rate, monthly instalment) in the PDS based on a housing loan/home financing product with a financing amount of RM350,000 for 35 years. |
| **N2** | A FSP must disclose the relevant fees and charges for a housing loan/home financing product. |
| **N3** | A FSP must provide the table for a housing loan/home financing that is priced against the SBR to illustrate changes in the monthly instalment, interest/profit cost and total repayment amount. |
| **N4** | A FSP must indicate the available avenues for financial consumers to contact the FSP should they have any question or require assistance (e.g. when the customers face financial difficulties in making repayments).<br><br>QR code is only an example of the available avenues. If a FSP includes QR code to direct financial consumers to further information about the product, the FSP is reminded to adhere to the disclosure principles under paragraph 9.1. |
| **N5** | It is optional for a FSP to include this section for financial consumers to acknowledge that they have read and understood the PDS.<br><br>A financial consumer's acknowledgement of this PDS shall not prejudice his/her rights to seek redress in the event of subsequent dispute over the product terms disclosed in the PDS. |
| **Notes:** This PDS template for housing loan/home financing replaces the PDS template in the Policy Document on Reference Rate Framework issued on 11 August 2021 and the PDS template in Policy Document on Responsible Financing issued on 6 May 2019. | |

Note: Referring to item N4 above, paragraph 9.1 refers to the Policy Document on Product Transparency and Disclosure.

## Appendix 4 Naming Conventions for Reporting Template on Lending/Financing Rates on New Loans/Financing Approved

FSPs shall name the completed reporting templates as listed in paragraph 12.1 of this Policy Document in accordance with the following naming conventions before submission-

| Component | Data Type | Possible Values |
|---|---|---|
| Data Header | CHAR(3) | [**ALR**] Average Lending/Financing Rate |
| Reporting Date | DATE | [**31032020**] DDMMYYYY |
| | CHAR(2) | [**LR**] Lending Rates<br>Or<br>[**FR**] Financial Rates |
| FI Type | Numeric (2) | [**02**] Licensed banks<br>[**03**] Licensed Islamic banks<br>[**33**] Prescribed development financial institutions |
| FI ID | NUMERIC(2) | **01** to **99** |
| Extension | | **.xls** |

Below are examples of file naming conventions for reports as specified in paragraph 12.1 to be submitted to BNM-

a) Licensed Banks

**ALR_31012021LR0227.xls**

Report on Lending Rates on New Loans Approved for reporting date 31 January 2021 from Malayan Banking Berhad.

b) Prescribed Development Financial Institutions

**ALR_31012021LR3306.xls**

Report on Lending Rates on New Loans Approved for reporting date 31 January 2021 from Bank Pertanian Malaysia Berhad (Agrobank).

c) Licensed Islamic Banks

**ALR_31012021FR0347.xls**

Report on Financing Rates on New Financing Approved for reporting date 31 January 2021 from Affin Islamic Bank Berhad.