



RESTRICTION ON THE FREQUENCY OF DEBT REPAYMENT REMINDER MADE BY FINANCE COMPANY TO CLIENT. RESTRICTION AT THE SOURCE OF THE LOAN FOR CONSUMPTION.

Those are outstanding regulations under Circular 18/2019/TT-NHNN amending, supplementing several provisions of Circular 43/2016/TT-NHNN regulating the finance companies lending for consumption use, promulgated by State Bank of Vietnam, which will enter into force on 1st of January 2020.

Accordingly, finance companies shall publicize at company headquarter, branches, rep offices and upload to company website: (i) the range of interests for consumption use, fees, methods of interest calculating; (ii) Methods of receiving suggestions, feedbacks, complaints from customers, organizations, related persons of finance company's activity of lending for consumption use.

1. Frequency of debt repayment reminder is no more than 05 times/day

Finance companies are only allowed to apply debt repayment reminder and debt collecting measures, which are appropriate to features of each customer and legislation, threats and intimidation are prohibited.

The frequency of debt repayment reminder are maximum 05 (five) times/ 01 (one) day, methods, time of reminder as agreed upon in a consumer credit contract, within 7 a.m. and 9 p.m.

Moreover, finance companies must not remind, demand to repay debt, send information of clients to organizations, persons, who are not obliged to repay the debts, unless it is required by competent authorities; client information must not be disclosed as regulated by law.

2. Loans for consumption use – Restriction at the source

Finance companies lending for consumption use shall be restrict on the direct disbursing limit over the total balance. This means the lending to clients for consumption use shall not be as easy as before, as to purchase subjects valued less than VND 100 mil;

Direct disbursement to customer is the finance companies directly disburse for consumption use to customers by cash or cashless repayment services as agreed in consumer credit contracts;

Finance companies are only allowed to directly disburse to customers, who bear none bad debts according to credit information report searched at Credit Information Central of Vietnam;

In addition, the ratio of the total consumer loan outstanding disbursed directly to customers at a finance company over the total consumer credit outstanding balance of that finance company at the end of the working day preceding the signing date of the consumer credit contracts, which directly disburse to clients, must comply with the maximum rate according to the following roadmap: 70% from 1 of January 2021 to the end of 31 of December 2021; 60% from 1 of January 2022 to the end of 31 of December 2022; 50% from 1 of January 2023 to the end of 31 of December 2023; 30% from 1 of January 2024 and on.

If you are interested in the content of this newsletter or you need professional legal advice, please feel free to contact with LuatViet as information follows:

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