

The New Aggregate Loan Cap: How It Works

To better protect borrowers from over-borrowing, the Bill will allow the Ministry of Law to set a cap on the total loan that can be taken from moneylenders in the Moneylenders Rules. Moneylenders cannot extend loans beyond this cap, and must obtain credit reports from the Moneylenders Credit Bureau before granting a loan to comply with the cap.



Bob, a first-time borrower, approaches Moneylender A for a loan



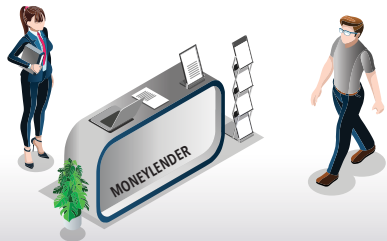
Moneylender A requests a credit report **on Bob** from Moneylenders Credit Bureau



Moneylenders Credit Bureau generates a credit report reflecting loan information **on Bob**.



Moneylender A assesses his credit-worthiness and issues a loan.



Bob approaches Moneylender B for **another** loan



Moneylender B requests a credit report **on Bob** from Moneylenders Credit Bureau



Moneylenders Credit Bureau generates the report. Moneylender B sees that Bob has previously borrowed from a moneylender and has not fully repaid the loan.



Moneylender B deducts the outstanding principal owed to Moneylender A from the cap. The derived value will be the maximum Moneylender B can lend to Bob.