



Frequently Asked Questions for Personal Loan

- 1) What is the difference between Personal Loan and Personal Overdraft?
- 2) What factors should be considered before applying for personal loan besides interest rates?
- 3) Is it necessary to have a bank account of Public Bank (Hong Kong) Limited (“PBHK”) before applying for personal loan?
- 4) What documents are required for personal loan application?
- 5) Will PBHK check the borrower’s personal credit records in other banks through Credit Reference Agencies (“CRA”) upon applying for a loan?
- 6) What kind of fees and charges are involved in personal loan application?
- 7) What are Monthly Flat Rate and Annualised Percentage Rate (“APR”)?
- 8) Is it permissible to repay the personal loan earlier?

1) What is the difference between Personal Loan and Personal Overdraft?

Personal Loan requires customer to repay by instalments (including principal and interest) monthly in a fixed amount. Interest payment is subject to the loan amount and loan tenor the customer selected.

Personal Overdraft is the credit limit linked to the customer’s current account. Customer can withdraw whenever needed, interest is calculated on the drawn amount on a daily basis. Such interest will be payable monthly in arrears to the debit of the account. All accrued and unpaid interest will be capitalized as principal advance and bear interest as overdraft drawn or overdrawn.

2) What factors should be considered before applying for personal loan besides interest rates?

In addition to interest rates, customer should take the following factors into consideration:

- Financial needs
- Affordability of the repayment
- Fees and charges



3) Is it necessary to have a bank account of Public Bank (Hong Kong) Limited (“PBHK”) before applying for personal loan?

A PBHK’s bank account is not a prerequisite for applying for personal loan. Once the loan application is approved, the applicant is required to open a PBHK Hong Kong dollar savings account for loan disbursement.

4) What documents are required for personal loan application?

Generally speaking, the following documents are required to support the application:

- HKID Card of applicant
- Present Address Proof issued within last 3 months
- Income Proof
 - Latest 2 months’ income proof for applicant with regular income; latest 3 months’ income proof for applicant with irregular income / self-employed applicant (e.g. bank statement/passbook. Applicant who maintains a payroll account at PBHK is not required to provide his/her income proof)
- Any other documents or certificates deemed appropriate

PBHK may request for additional documents in the course of processing the application.

5) Will PBHK check the borrower’s personal credit records in other banks through Credit Reference Agencies (“CRA”) upon applying for a loan?

In normal circumstances, PBHK will check with a CRA, TransUnion Credit Information Services Limited (“TUCIS”) or Pingan OneConnect Credit Reference Services Agency (HK) Limited (“PAOCCRA”), to collect information about the applicant’s indebtedness and credit history. For any enquiry, please contact PBHK’s customer hotline at (852) 8107 0818 (application enquiry) or TUCIS’s Personal Customer Services at (852) 2577 1816 or PAOCCRA at (852) 2271 6268 (credit data enquiry).

6) What kind of fees and charges are involved in personal loan application?

General fees and charges include:

- Handling Fee
- Late Payment Fee and Charge
- Returned Cheque / Rejected Autopay Charge
- Prepayment / Early Settlement Charge



7) What are Monthly Flat Rate and Annualised Percentage Rate (“APR”)?

Monthly Flat Rate is a calculation method adopted to calculate the monthly instalment amount. The calculations are as follow:

Total Interest Amount = Loan Amount x Monthly Flat Rate x Repayment Tenor (months)

Monthly Instalment Amount = (Loan Amount + Total Interest Amount) / Repayment Tenor (months)

APR is calculated in compliance with the relevant guidelines as stipulated in the Code of Banking Practice. The APR is an annualised reference rate that includes the basic interest rate and other related fees and charges of the banking products.

8) Is it permissible to repay the personal loan earlier?

Early repayment of the Loan is permissible subject to repayment of the outstanding principal amount of the Loan, the interest that would otherwise have been payable on the next monthly repayment date and early repayment charges (calculated at 2% of the original Loan amount and the full amount of cash rebate received (if applicable) if repayment is made within the first year, and 2% of outstanding Loan amount thereafter). The amount payment upon early repayment will also be subject to PBHK’s determination of the allocation of prior payments between principal and interest (the Loan is calculated on the basis of the formula known as the “Rule of 78”). Please [click here](#) to view the explanation of “Rule of 78” with early repayment charges explanation.

In accordance with “Rule of 78”, even though the monthly repayment amount is the same through the loan tenor, more interest will, in general, be included in earlier repayments, and less on principal. In other words, where a borrower has been making repayments as scheduled for some time, the amount of outstanding interest is likely to be small. If the borrower chooses to pay off the loan early at this point of time, the loss may outweigh the gain as the amount of interest saved may not be enough to cover the relevant charges for early repayment.

To borrow or not to borrow? Borrow only if you can repay!