

Personal Instalment Loan - Frequently Asked Questions

1. [What should I consider before applying for a personal loan?](#)

Besides the consideration of interest rate, customers should read the terms and conditions carefully and pay attention to whether handling fee would be levied for loan application or any other fees would be charged.

2. [How to determine the loan amount?](#)

Loan amount should be determined in accordance with borrower's actual need and repayment ability as well as considering your monthly expenditure for ensuring that you are able to afford the monthly repayment while keeping sufficient cash flow to meet your daily need.

The Bank offers personal loan amount as high as 12 times of your monthly salary or HKD1,200,000 (whichever is lower).

3. [When I apply for a loan, will the Bank access my Consumer Credit Data from credit reference agencies?](#)

In general, the Bank will request a credit report of the borrower from credit reference agency(ies) for credit assessment purpose. If customers who wish to access the credit report may contact the credit reference agency(ies) directly, or you may request the Bank to provide the contact details of the credit reference agency(ies).

4. [How to determine which repayment period is suitable?](#)

As the repayment period directly affects the monthly repayment amount, customer should balance the loan amount with the monthly repayment amount that you are affordable in order to determine the most suitable repayment period.

The Bank offers flexible repayment period of personal instalment loan including 6, 12, 18, 24, 36 or 48 months

5. [What expenses would be incurred in a personal loan besides interest payment?](#)

In general, the common expenses incur including (i) loan application handling fee, (ii) default payment interest/fee, (iii) early repayment handling fee.

The Bank waives the handling fee for the application of person instalment

loan. The handling fee charged for default payment is 3% per month (i.e. 36% per annum) on default amount or HKD400 (whichever is higher) while the handling fee charged for early repayment is 2.5% or HKD500 (which is higher) plus interest payable in next month.

6. What is the Annualised Percentage Rate (APR)?

The Annualised Percentage Rate (APR) is a reference rate which includes the basic interest rates and other fees and charges of a product expressed as an annualized rate. The APRs quoted are calculated according to the formula suggested by The Hong Kong Association of Banks, including the full handling fee waiver of the entire loan period.

7. Is it necessary to open an account with Shanghai Commercial Bank before applying a personal loan?

No, however customers should open a HKD current savings account or a checking account with the Bank for loan disbursement and repayment before the loan drawdown. Customers may visit any branch of the Bank to open the relevant account.

8. What conditions are required for applying a personal instalment loan?

Applicants should conform to the following conditions:

1. Hong Kong permanent resident, aged 18 or above, with employment in Hong Kong.
2. annual income of HKD120,000 or above.
3. service period in current job at least 6 months or more.

9. What documents should be required for applying personal instalment loan?

Applicants should provide the following documents:

1. Completed application form for the personal instalment loan;
2. copy of Hong Kong Permanent Identity Card;
3. copy of residential address proof (e.g. electricity bill or bank statement) issued within the latest 3 months;
4. copy of income proof (waived for customers using the Bank's payroll service for 3 months or longer)
 - Latest 3 months' bank statement or savings passbook showing salary records (including the first page of the passbook with the name of the account holder and the account number); and
 - Latest 1 month's salary slip
5. Business registration certificate and income proof (for self-employed);

6. Latest mortgage loan repayment slips or annual statement (for mortgaged property owners)

10. As I know, the Bank will apportion principal and interest in the monthly instalment amounts by using Rule 78. What is meant by Rule 78?

For details of the Rule 78, please refer to Hong Kong Monetary Authority's website under the "Smart Consumers / Personal Credit", or the example below of the Rule 78 to apportion principal and interest in the monthly instalment amounts:

$$\begin{aligned} \text{Borrow Amount} &= \text{HKD}500,000 \\ \text{Monthly Flat Rate} &= 0.3381\% \\ \text{Repayment Period} &= 36 \text{ monthly instalments} \\ \text{Repayment Amount} &= [\text{Borrow Amount} + (\text{Borrow Amount} \times \text{Monthly Flat Rate} \times \text{Repayment Period})] / \text{Repayment Period} \\ &= [\text{HKD}500,000 + (\text{HKD}500,000 \times 0.3381\% \times 36)] / 36 \\ &= \text{HKD}15,580 \text{ (Note: round up the decimal point to the nearest dollar)} \\ \text{Total Interest} &= \text{Total Repayment (i.e. Monthly Repayment} \times \text{Repayment Period)} - \text{Borrow Amount} \\ &= (\text{HKD}15,580 \times 36) - \text{HKD}500,000 \\ &= \text{HKD}60,880 \end{aligned}$$

Based on the Rule 78, the amount of interest paid each month
= (Total Interest x Remaining number of monthly repayments) / Sum of the number of monthly instalments in the loan (For 36 monthly repayment, it will be 1+2+3+ ... +36 = 666)

For example:

Repayment Period	Repayment Amount	Principal Payment	Interest Payment	Outstanding Balance
1	15,580.00	12,289.19 (15,580 - 3,290.81)	3,290.81 (60,880 x 36 / 666)	487,710.81 (500,000 - 12,289.19)
2	15,580.00	12,380.60 (15,580 - 3,199.40)	3,199.40 (60,880 x 35 / 666)	475,330.21 (487,710.81 - 12,380.60)
3	15,580.00	12,472.01	3,107.99	462,858.20
4	15,580.00	12,563.42	3,016.58	450,294.77
5	15,580.00	12,654.83	2,925.17	437,639.94
6	15,580.00	12,746.25	2,833.75	424,893.69
7	15,580.00	12,837.66	2,742.34	412,056.04
8	15,580.00	12,929.07	2,650.93	399,126.97
9	15,580.00	13,020.48	2,559.52	386,106.49
10	15,580.00	13,111.89	2,468.11	372,994.59
11	15,580.00	13,203.30	2,376.70	359,791.29
12	15,580.00	13,294.71	2,285.29	346,496.58
13	15,580.00	13,386.13	2,193.87	333,110.45
14	15,580.00	13,477.54	2,102.46	319,632.91
15	15,580.00	13,568.95	2,011.05	306,063.96
16	15,580.00	13,660.36	1,919.64	292,403.60
17	15,580.00	13,751.77	1,828.23	278,651.83
18*	15,580.00	13,843.18	1,736.82	264,808.65
19*	15,580.00	13,934.59	1,645.41	250,874.05
20*	15,580.00	14,026.01	1,553.99	236,848.05
21*	15,580.00	14,117.42	1,462.58	222,730.63
22*	15,580.00	14,208.83	1,371.17	208,521.80
23*	15,580.00	14,300.24	1,279.76	194,221.56
24*	15,580.00	14,391.65	1,188.35	179,829.91
25*	15,580.00	14,483.06	1,096.94	165,346.85
26*	15,580.00	14,574.47	1,005.53	150,772.37
27*	15,580.00	14,665.89	914.11	136,106.49
28*	15,580.00	14,757.30	822.70	121,349.19
29*	15,580.00	14,848.71	731.29	106,500.48
30*	15,580.00	14,940.12	639.88	91,560.36
31*	15,580.00	15,031.53	548.47	76,528.83
32*	15,580.00	15,122.94	457.06	61,405.89
33*	15,580.00	15,214.35	365.65	46,191.53
34*	15,580.00	15,305.77	274.23	30,885.77
35*	15,580.00	15,397.18	182.82	15,488.59
36	15,580.00	15,488.59	91.41	0.00

Note: Instalment No. with * denotes that interest saved by early repayment made after repayment of that instalment may be unable to cover the early repayment fee (2.5% of outstanding balance, min. HKD500) and the interest payable in next month. For details of the calculation, please refer to FAQ 11 below.

11. Please inform what conditions that need to be paid attention for early repayment of the loan? For example, whether the fees or other expenses to be incurred would outweigh the interest saved for early repayment.

Customers who choose to fully repay their personal instalment loan should check with the Bank in advance whether there is any early repayment fee or other expenses to be incurred for early repayment.

In accordance with the Terms and Conditions of the Bank, customers who choose to make early repayment of the loan is subject to repayment of the outstanding principal amount of the loan, the interest payable in next month and a sum equal to 2.5% of the outstanding principal amount of the loan with a minimum of HKD500. Besides, customers should also pay attention on whether interest saved by early repayment would be outweighed by the early repayment fee and interest payable in next month. Per the example in FAQ 10 above, the calculation is as follows:

Hypothesis	Early repayment made after the 26 th instalment	Early repayment made after the 28 th instalment
Outstanding Balance	HKD150,772.37	HKD121,349.19
Interest saved from early repayment	HKD5,027.63 (i.e. sum of interest from the 27 th instalment to the 36 th instalment)	HKD3,290.81 (i.e. sum of interest from the 29 th instalment to the 36 th instalment)
Expenses to be incurred for early repayment	HKD4,683.42 = 2.5% of outstanding balance or min. HKD500 plus next month interest = HKD150,772.37 x 2.5% + HKD914.11 (i.e. interest payable on the 27 th instalment) = HKD3,769.31 + HKD914.11 = HKD4,683.42	HKD3,765.02 = 2.5% of outstanding balance or min. HKD500 plus next month interest = HKD121,349.19 x 2.5% + HKD731.29 (i.e. interest payable on the 29 th instalment) = HKD3,033.73 + HKD731.29 = HKD3,765.02
Whether interest saved from early repayment would be outweighed by the expenses incurred	<ul style="list-style-type: none"> Interest saved is able to cover the expenses incurred for early repayment Interest saved is greater than the expenses by HKD344.21 (i.e. HKD5,027.63 - HKD4,683.42) 	<ul style="list-style-type: none"> Interest saved is unable to cover the expenses incurred for early repayment Interest saved is less than the expenses by HKD474.21 (i.e. HKD3,290.81 - HKD3,765.02)

For further enquiry on the above FAQs, please visit or call any of our

branches.