

Title

Agensi Kaunseling dan Pengurusan Kredit (AKPK) – Roles of Financial Service Providers

Effective Date

17-April-2006

Applicability

- Banking institutions licensed under the Banking and Financial Institutions Act 1989 (BAFIA);
- Islamic banking institutions licensed under the Islamic Banking Act 1983 (IBA) and international Islamic banks;
- Life insurers and general insurers licensed under the Insurance Act 1996 (IA);
- Takaful operators registered under the Takaful Act 1984 (TA);
- Development financial institutions prescribed under the Development Financial Institutions Act 2002 (DFIA); and
- Designated payment instrument issuers approved under the Payment Systems Act 2003 (PSA).

Summary

This revised guidelines incorporates amendments to clause 4.2, making reference to the Guidelines on Classification and Impairment Provisions for Loans / Financing.

Issuing Department

Jabatan Konsumer dan Amalan Pemasaran

[Guideline Info](#)

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PART A OVERVIEW

1. RATIONALE FOR ESTABLISHMENT

- 1.1 To ensure that the household sector continues to be resilient by providing an avenue for individual borrowers and potential borrowers to seek advice on, and assistance in, managing their credit.
- 1.2 To promote a sound and robust banking system by facilitating debt repayment efforts and minimising incidences of non-payment arising from bad debt management.

2. TYPE OF SERVICES OFFERED

- 2.1 Counselling and advice on financial management
- 2.2 Debt management programme
- 2.3 Financial education

For more information, please refer to AKPK's website:

<http://www.akpk.org.my/services.htm>

3. APPLICABILITY / SCOPE / COVERAGE

- 3.1 The Guidelines are applicable to the following financial service providers (FSPs):
 - Banking institutions licensed under the Banking and Financial Institutions Act 1989 (BAFIA);
 - Islamic banking institutions licensed under the Islamic Banking Act 1983 (IBA);
 - Life insurers and general insurers licensed under the Insurance Act 1996 (IA);
 - Takaful operators registered under the Takaful Act 1984 (TA);
 - Development financial institutions prescribed under the Development Financial Institutions Act 2002; and
 - Designated payment instrument issuers approved under Payment Systems Act 2003 (PSA).

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PART B OPERATIONS

4. RE-CLASSIFICATION OF NON-PERFORMING LOANS (NPLs)

- 4.1 AKPK rescheduled or restructured credit facilities can be re-classified as performing once borrowers and FSPs agree to the new terms and conditions.
- 4.2 FSPs should also refer to the Guidelines on Classification and Impairment Provision for Loans / Financing

5. MORATORIUM

- 5.1 Moratorium on legal action commences upon notification by AKPK that it has received an application from the borrower concerned for a debt management programme.

6. SCOPE OF CASES REFERRED TO AKPK

- 6.1 With effect from 12 July 2006, AKPK's debt management programme is available to any individual with aggregate outstanding loans / financing from the FSPs regulated by Bank Negara Malaysia that do not exceed RM2.0 million¹.

7. ROLES AND RESPONSIBILITIES OF FSPs

- 7.1 Provide dedicated resources to handle matters related to AKPK. A FSP should inform AKPK and Bank Negara Malaysia should there be a change in the names and contact information of the persons (managerial level) and/or the unit responsible for this matter.
- 7.2 Ensure that application form for the debt management service is available at all its branches.

¹ Either jointly or individually

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- 7.3 Ensure that brochures on AKPK are made available and posters on AKPK are displayed at all its branches.
- 7.4 Accept applications from borrowers on behalf of AKPK and forward them to AKPK.
- 7.5 Assist borrowers in obtaining the information and documentation required as per the application form.
- 7.6 Educate relevant banking customers on the services provided by AKPK.
- 7.7 Provide support to AKPK in negotiating and working out a debt repayment plan for individual borrowers who have debt with multiple creditor FSPs.
- 7.8 Put in place proper debt work-out mechanism to assist borrowers having debts with it only, that is single FSP.
- 7.9 Observe a moratorium to enable the necessary assessment to be conducted on each application. In the case of default, the restructuring plan will be cancelled and the next course of action will be left to the FSP's discretion.

PART C INFORMATION ON AKPK

8. APPLICATION FORM

- 8.1 A copy of the form can also be downloaded from the AKPK's website at: <http://www.akpk.org.my/form.htm>

9. FURTHER INFORMATION

- 9.1 For details on the agency, its operations and processes please visit AKPK website: <http://www.akpk.org.my>

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APPENDIX I

Withdrawal of Guidelines or Circulars

Guidelines/ Circular	Title	Effective Date
BNM/RH/CIR/003-8	Agensi Kaunseling dan Pengurusan Kredit (AKPK) Treatment of Credit Facilities under Debt Management Programme	13 September 2006