

# LCQ9: 100% Personal Loan Guarantee Scheme

Following is a question by the Hon Jeffrey Lam and a written reply by the Secretary for Financial Services and the Treasury, Mr Christopher Hui, in the Legislative Council today (February 16):

Question:

The Government announced in September last year that the application deadline for the 100% Personal Loan Guarantee Scheme (PLGS) would be extended to the end of April this year. Regarding the PLGS, will the Government inform this Council:

(1) of the respective numbers of applications received, approved, rejected and being processed by the participating lending institutions (PLIs) since the PLGS was launched; the total amount of loans granted to date; in respect of those rejected applications, the trades and industries in which the applicants were engaged and the reasons for the rejection;

(2) whether it knows the average and longest time taken by the PLIs for processing the applications mentioned in (1); whether the Government will urge the PLIs to further expedite the time for processing applications, so as to provide timely relief for borrowers; and

(3) whether it will further extend the application deadline for the PLGS, as well as increase the maximum loan amount and extend the maximum repayment period?

Reply:

President,

Having consulted the HKMC Insurance Limited (HKMCI), the reply to the various parts of the question is as follows:

(1) The 100% Personal Loan Guarantee Scheme started accepting applications on April 28, 2021, with 14 participating banks responsible for vetting loan applications. As the scheme administrator, the HKMCI relies on the professional expertise, judgement and care of the banks in conducting customer due diligence and verifying the eligibility of loan applicants.

According to the information provided to the HKMCI by the participating banks, as at January 27, 2022, the banks had received more than 73 000 applications, around 36 400 (or about 50 per cent) of which had been submitted by the banks to and approved by the HKMCI, involving a total loan amount of about HK\$2.53 billion and an average loan size of around HK\$69,000. The borrowers of the approved loans came from different industries, such as transportation and logistics, retail, construction, catering, tourism and

hotel. Of all the applications received by the banks, around 41 per cent could not be processed as they involved duplicated applications, withdrawal by the applicants, lack of necessary documents to support the applicants' eligibility or loss of contact with the applicants. About six per cent of applications were rejected by the banks, mainly due to non-compliance with the scheme's eligibility criteria, such as failure to provide proofs of past employment and proofs of cessation of main recurrent incomes.

(2) As at January 27, 2022, around 3 000 applications were being processed by banks. In most of these cases, the banks were awaiting necessary documents and information from the applicants to verify their eligibility.

The time taken for the banks to vet each application varies from case to case. It ranges from one to two days to more than one month at most for individual cases. On average, the banks took around 25 working days to vet each application, mainly due to the need to wait for the applicants to provide necessary supporting documents and supplementary information to the banks. For those cases with all necessary information provided by the applicants in their submission of the applications, the banks needed around two working days on average to process an application, whereas the HKMCI generally approved a loan within three working days upon receipt of an application from the banks.

The HKMCI has all along been maintaining close communication with the participating banks to discuss various operational matters of the scheme and to provide timely guidance. The HKMCI and the banks have earlier implemented a number of measures to refine the vetting procedures and to provide clearer guidelines on documentation requirements. These include adopting a more flexible approach to fulfil the documentary proof requirements in respect of residential address and unemployment, and accepting applicants who took up part-time or temporary jobs with non-recurrent incomes during the unemployment period. The banks will continue to contact the applicants and follow up, with a view to completing expeditiously the processing of the loan applications.

(3) The Government will closely monitor the local economy and labour market conditions as well as other relevant factors, and review the scheme as necessary.