

EA Alert Dated: 16 July 2019

EA Alert (05/2019): Educating Work Permit Holders on Money Management and Facilitating Self-exclusion

Dear Key Appointment Holders and Employment Agency Personnel,

### **New Moneylending Measures Announced**

On 15 July 2019, the Ministry of Law (MinLaw) announced new measures to stem the increase in moneylending activities targeting foreigners (work pass holders). These include reducing the total amount that low-income foreigners can borrow from licensed moneylenders from \$1,500 to \$500, and disallowing foreigners from acting as guarantors for loans.

2. For further details, you may refer to the press release by MinLaw [here](#).

### **Educating Work Permit Holders on Money Management**

3. It has been observed that more work permit holders are borrowing from moneylenders. MOM seeks EAs' assistance to help educate work permit holders, in particular foreign domestic workers, on the risks of borrowing and indebtedness.

- A. **The need for proper money management.** Advise workers to: (i) Spend prudently and save regularly, so that they can use the savings for unforeseen emergencies; and (ii) Avoid borrowing money because there is a cost to borrowing. For example, an individual can pay up to \$500 in interest and other fees just to borrow \$500 from a licensed moneylender.

Refer workers to MOM's new [online guide](#) which provides tips on money management.

- B. **Warn workers not to borrow from unlicensed moneylenders** or be involved in their activities, such as acting as brokers or runners.
- Educate them on how to identify and ignore unlicensed moneylenders – do not respond to any loan offers via social media, phone calls or text messages.
  - Remind workers that those who borrow from or work with unlicensed moneylenders will be debarred from employment in Singapore.
- C. **Advise workers to approach Voluntary Welfare Organisations (VWOs), the Migrant Workers' Centre, or the Centre for Domestic Employees** if they are facing difficulties with their debts. A list of VWOs is provided in [Annex A](#).
- D. **Explain to workers about the new self-exclusion facility by MinLaw and facilitate the process**, to help them manage their spending and prevent indebtedness.
- Explain to workers what self-exclusion is about. Explain that self-exclusion is voluntary, and by applying for it, an individual commits to not borrowing from licensed moneylenders in Singapore for a minimum of 2 years. This self-exclusion cannot be lifted within the 2 years, even if there is an urgent need to borrow.
  - If the worker agrees to apply for self-exclusion after understanding about the implications, EAs can apply for it on behalf of the worker. The worker must sign a form to declare that he/she wishes to self-exclude and understand the implications. The application process for self-exclusion (including by third parties,

such as EAs) can be found [here](#). For FAQs on the self-exclusion, please refer to [Annex B](#).

4. Please contact us at Tel: 6438 5122 or email us at [MOM\\_FMMD@mom.gov.sg](mailto:MOM_FMMD@mom.gov.sg) if you require any clarification.

Yours sincerely

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