Press Release

Statement on the 100% Personal Loan Guarantee Scheme

In relation to a news report today about some people claiming to help unemployed persons make applications for the 100% Personal Loan Guarantee Scheme (PLGS) using false instruments at a handling fee, the HKMC Insurance Limited (HKMCI) made the following statements to protect the interest of the applicants:

1. When banks review loan applications under the PLGS, they will exercise professional expertise, judgement and care in conducting customer due diligence and verifying the eligibility of the borrowers. The HKMCI will also conduct appropriate checks and strive to ensure that the approved applications meet the requirements. If the banks and the HKMCI discover any suspected illicit behaviour (e.g. producing false declaration or using false instrument), they will report to the law enforcement agencies for assistance.

2. We appeal to the public to pay attention that the participating banks will try their best to provide assistance to the applicants without levying any application fee or handling fee. The banks will remind the applicants that they need not make applications via a third party. If the borrowers pay any so-called fees to a third party during applications, they will suffer a direct financial loss.

3. For enquiries, please contact the participating banks. A list of the banks and their enquiry hotlines is on the PLGS dedicated webpage (https://www.hkmc.com.hk/eng/our_business/plgs.html). The public may also call the PLGS Hotline at 2536 0392.

4. The overall default rate of the PLGS is assumed to be 25%. As the HKMCI had no experience in providing 100% loan guarantee for unemployed persons, and considering that no credit assessment is required under the PLGS and the applicants are unemployed, the same assumption as for the Special 100% Loan Guarantee for small and medium enterprises is adopted. Notwithstanding this, the actual default rate will depend on various factors, such as whether the economic environment will improve. Taking the 80% Guarantee Product under the SME Financing Guarantee Scheme as an example, although the overall assumed default rate is 12%, the actual cumulative default rate of the product is 3.8% since its launch in 2012.

HKMC Insurance Limited
9 May 2021