



Central Bank announces the “National Loan Scheme” to ease settlements for UAE nationals

Abu Dhabi, UAE, 17 March 2019: The Central Bank of the UAE, in cooperation with the UAE Banks Federation and national banks, has recently launched a national initiative under the name “National Loans Scheme”. This initiative aimed at easing the burden of debt accumulation for UAE nationals.

To help UAE citizens better manage their debt settlements, the new National Loan Scheme consolidates all loans and introduces a monthly instalment limit of 50 percent of income, or 30 percent of pensions, over a duration no longer than four years. The new scheme also includes a cap on the maximum interest rate which is equivalent to the Emirates Interbank Offered Rate (EIBOR) of three months.

The National Loan Scheme will be applicable for personal loans granted before May 2011 which exceed maximum settlement amounts and periods. Eligible loans include auto loans, overdraft facilities and credit card balances, but will exclude mortgage loans and loans for shares or deposits. To avoid further accumulation of debt, scheme applicants will not be eligible to any additional credit facilities during the settlement period.

Participating banks will begin accepting applications for the programme from the beginning of April 2019 and will be monitored closely by the Central Bank to ensure a successful implementation that benefits eligible applicants. To ensure compliance with the regulations, banks are urged to keep track of settlement terms with regards to the total loan amount and the settlement duration. For loans granted before the introduction of the scheme, banks have been requested to reduce interest rates, avoid extending settlement periods and reject additional credit requests.

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Notes to Editor:

National Loan Scheme Terms and Conditions:

- The applicant must be a citizen of the United Arab Emirates and have a fixed income through a salary or retirement fund.
- The applicant must have a personal loan granted before May 2011 which exceeds a settlement period of four years and a monthly deduction amount of 50% of income or 30% of retirement funds, provided that the loan exceeds both limits before 2nd December 2018.



- The applicant will not be able to change the bank in which the salary is deposited during the settlement process
- The applicant will not be eligible for any further credit facilities during the settlement process and authorises the relevant bank and the Central Bank to take any necessary measures to ensure that no additional credit facilities are granted during the settlement period. This can include the enlistment of the applicant's name in electronic systems that prevent applicants from receiving credit facilities.

Participating banks include: First Abu Dhabi Bank, Abu Dhabi Commercial Bank, Union National Bank, Emirates NBD, Commercial International Bank, United Arab Bank, National Bank of Fujairah, Mashreq Bank, Umm Al Quwain National Bank, Commercial Bank of Dubai, Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates Islamic Bank, Arab Bank for Investment and Foreign Trade, Al Hilal Bank, Ajman Bank and Rak Bank.