

Pre-payment Fee Q&A and Examples

[applicable to Hang Seng Credit Card Interest-free Cash Instalment Plan, Hang Seng Credit Card Interest-free Spending Instalment Plan and Hang Seng Credit Card Balance Transfer Instalment Plan]

Q&A

Q: Do I save interest expenses by making early repayment of Hang Seng Credit Card Interest-free Cash/Interest-free Spending/Balance Transfer Instalment Plan?

A: Generally speaking, the earlier a borrower makes loan repayment, the more outstanding interest/fees are likely to be saved. Nevertheless, one should consider the early repayment charges involved before deciding whether to pay off his/her loans early or not. For Hang Seng Credit Card Interest-free Cash/Interest-free Spending/Balance Transfer Instalment Plan, the principal and handling fee are fixed in each and every month during the repayment period. The borrower is advised to first check with the bank about the total amount involved in early repayment (including outstanding loan balance, early repayment charges, etc.) and the amount of outstanding handling fee. He/she should compare different scenarios and consider carefully before making a decision of repaying early or not.

Examples for pre-payment fee calculation

A) Applicable to all new Hang Seng Credit Card Interest-free Cash/Interest-free Spending/Balance Transfer Instalment Plan approved on or after 25 November 2016

In case the Cardmember requests to make prepayment of the outstanding balance of Instalment Plan, Hang Seng will charge each time a fee equivalent to the handling fee of the remaining period of Instalment Plan (maximum 10 months handling fee) and HK\$300 administration fee. All the fee will be debited from the Credit Card Account directly.

Assume the loan amount is HK\$50,000, with a 0.22% personalised monthly handling fee and a 60-month repayment period (annualised percentage rate (APR)* is 5.11%):

		Case (1)	Case (2)	Case (3)
Loan amount	(a)	\$50,000	\$50,000	\$50,000
Monthly handling fee (%)	(b)	0.22%	0.22%	0.22%
Monthly handling fee amount	(c) = (a) x (b)	\$110	\$110	\$110
Original repayment period		60	60	60
Remaining repayment period	(d)	21	13	8

Total pre-payment fee if making prepayment:

Remaining repayment period (max 10 months)	(e)	10	10	8
Monthly handling fee amount	(c)	\$110	\$110	\$110
Handling fee of remaining repayment period (max 10 months)	(f) = (c) x (e)	\$1,100	\$1,100	\$880
Plus: \$300 administration fee	(g)	\$300	\$300	\$300
Total pre-payment fee	(h) = (f) + (g)	\$1,400	\$1,400	\$1,180

Total remaining handling fee if paying as scheduled:

Remaining handling fee	(i) = (c) x (d)	\$2,310	\$1,430	\$880
------------------------	-----------------	---------	---------	-------

Handling fee saved/(Additional handling fee payable) if making prepayment

	(j) = (i) - (h)	\$910	\$30	(\$300)
--	-----------------	-------	------	---------

B) Applicable to all new Hang Seng Credit Card Interest-free Cash / Interest-free Spending / Balance Transfer Instalment Plan approved before 25 November 2016

In case the Cardmember requests to make prepayment of the outstanding balance of Instalment Plan, Hang Seng will charge each time a fee equivalent to the handling fee of the remaining period of Instalment Plan (maximum 6 months handling fee) or HK\$300, whichever is higher. All the fee will be debited from the Credit Card Account directly.

Assume the loan amount is HK\$50,000, with a 0.22% personalised monthly handling fee and a 36-month repayment period (annualised percentage rate (APR)* is 5.14%):

		Case (1)	Case (2)	Case (3)
Loan amount	(a)	\$50,000	\$50,000	\$50,000
Monthly handling fee (%)	(b)	0.22%	0.22%	0.22%
Monthly handling fee amount	(c) = (a) x (b)	\$110	\$110	\$110
Original repayment period		36	36	36
Remaining repayment period	(d)	10	6	2
<u>Total pre-payment fee if making prepayment:</u>				
Remaining repayment period (max 6 months)	(e)	6	6	2
Monthly handling fee amount	(c)	\$110	\$110	\$110
Pre-payment fee (min HK\$300)	(f) = (c) x (e)	\$660	\$660	\$300
<u>Total remaining handling fee if paying as scheduled:</u>				
Remaining handling fee	(g) = (c) x (d)	\$1,100	\$660	\$220
Handling fee saved / (Additional handling fee payable) if making prepayment	(h) = (g) – (f)	\$440	\$0	(\$80)

* The APR is calculated based on the requirement of the Code of Banking Practice. APR is a reference rate which expresses the fees and charges of respective product as an annualised rate.

The above information is for reference only. For any enquiry, please call our Hang Seng Credit Card Enquiry Hotline 2998 6899.