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AN EMPIRICAL EVALUATION OF INFORMAL DEBT COLLECTION REGULATION IN SINGAPORE: FRAGMENTATION OR COMPLEMENTARITY?

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Singapore's Debt Collection Act 2022 (DCA) and Debt Collection Regulations 2023 (DCR) mark a significant shift in the governance of informal debt collection, introducing licensing and conduct requirements to a previously unregulated industry. While existing laws – such as the Moneylenders Act and Protection from Harassment Act – already addressed abusive practices, the DCA primarily seeks to professionalise debt collection rather than establish substantive consumer protections. This article critically evaluates whether the new framework enhances regulatory coherence or exacerbates fragmentation, drawing on doctrinal analysis, case law, and empirical insights. Findings reveal a persistent reliance on criminal deterrence, enforcement gaps, and regulatory blind spots, questioning the DCA's effectiveness in curbing abuse. By situating Singapore's model within global regulatory trends, this study highlights the tensions between industry legitimacy, legal oversight, and debtor protection, offering reflections on future policy directions.

I. Introduction

In 2022, Singapore introduced the Debt Collection Act (DCA),[1] followed in 2023 by the Debt Collection Regulations (DCR),[2] becoming one of the Southeast Asian jurisdictions to implement a sector-specific legal framework addressing informal debt collection. However, when the DCA and DCR were adopted, abusive informal debt collection was already banned in Singapore by pre-existing legislation: the Moneylenders Act 2008 (MLA),[3] the Protection from Harassment Act 2014 (PFHA)[4] and the Personal Data Protection Act 2012 (PDPA).[5] While not dedicated

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1 Debt Collection Act 2022 (Act 27 of 2022) [DCA].

2 Debt Collection (General) Regulations 2023 [DCR/DCR (General)].

3 Moneylenders Act 2008 (2020 Rev Ed) [MLA].

4 Protection from Harassment Act 2014 (2020 Rev Ed) [PFHA].

5 Personal Data Protection Act 2012 (2020 Rev Ed) [PDPA].

to informal debt collection, these normative acts covered many of the egregious practices employed by debt collectors, as reflected not only by their provisions but also by extensive case law.

Given this context, two main questions arise. The *first* and most obvious one is, why were the DCA and DCR needed? What role do they play? Do they fill in a gap in the legislation and serve a complementary role, or do they unnecessarily add another layer to legislation, contributing to the further fragmentation of the legal framework governing informal debt collection?

Subsequently, the legislative history of the DCA reveals that it took almost a decade to concretise. The Parliament made numerous inquiries and suggestions regarding its adoption, while the Ministry of Law postponed it. Thus, another question would be why it was adopted now. Was it implemented to answer a growing societal need, to serve the interests of economic operators or both? The article aims to answer these intertwined questions.

A. *Importance of the Topic in the Context of Singapore*

Singapore is an economic powerhouse with a significantly developed and stable financial sector and relatively low poverty levels. Over the past two decades, consumer loans have expanded significantly. According to Monetary Authority of Singapore (MAS) data, in 2004 consumer loans amounted to S$104,232.8m,[6] a figure that more than tripled to S$365,399.1m in March 2024.[7] This substantial growth, equalling about 50% of business loans,[8] raises concerns amidst a changing economic environment characterised by rising interest rates, high inflation, and increased living costs.

In a written reply to a Parliamentary Question,[9] the Deputy Prime Minister, Minister for Finance, and MAS Chairman acknowledged that these factors could increase household indebtedness and strain family finances. However, MAS

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[6] The figure indicates the aggregate value of Domestic Banking Unit (DBU) loans, as per Table I.5A Commercial Banks: Loans and Advances of DBUs to Non-Bank Customers by Industry <https://eservices.mas.gov.sg/statistics/msb-xml/msb-statistics-history/Report.aspx?tableSetID=I.H&tableID=I.5A> and that of Asian Currency Unit loans, as per Table I.5B Commercial Banks: Loans and Advances of ACUs to Non-Bank Customers by Industry <https://eservices.mas.gov.sg/statistics/msb-xml/msb-statistics-history/Report.aspx?tableSetID=I.H&tableID=I.5B> (May 2024).

[7] The figure indicates the aggregated value of loans to residents as per Table I.5A Commercial Banks: Loans and Advances to Residents by Industry <https://eservices.mas.gov.sg/statistics/msb-xml/Report.aspx?tableSetID=I&tableID=I.5A> and non-residents as per Table I.5B Commercial Banks: Loans and Advances to Non-Residents by Industry <https://eservices.mas.gov.sg/statistics/msb-xml/Report.aspx?tableSetID=I&tableID=I.5B> (May 2024).

[8] *Ibid*.

[9] *Singapore Parliamentary Debates, Official Report* (09 January 2024) vol 95 <https://sprs.parl.gov.sg/search/#/fullreport?sittingdate=09-01-2024> (Mr Lawrence Wong, Deputy Prime Minister and Minister for Finance) [Written Reply on Revision of Metrics].

considered household and individual credit quality stable,[10] with no identified deterioration in the proportion of households falling behind or defaulting on payments.[11]

The positive trend in non-performing loans (NPLs) further evidences Singapore's financial sector's remarkable stability. The NPL ratio, a key indicator of loan performance, steadily decreased from 5.91% in the second quarter of 2004 to 2.37% in the first quarter of 2021. Similarly, the ratio for housing and bridging loans declined from 1.43% in the second quarter of 2004 to 0.24% in the first quarter of 2023. These figures underscore the financial sector's resilience to economic challenges.

Credit and charge card statistics mirror this trend. In 2004, Singapore had 2,985,973 local cardholders, with a charge-off rate of 7.6%. By 2018, cardholders increased to 6,872,526, while the charge-off rate declined to 5.8%,[12] aligning with the Deputy Prime Minister's confidence in macroeconomic stability.

Nonetheless, the numbers tell a different story at the microeconomic (individual) level. For instance, bad debts written off increased from S$195.9m in 2004 to S$310.5m in 2018, despite the percentage decline in charge-off rates. A particularly concerning trend is the rise in personal loans – including personal instalments, home renovation, education, and pawnshop loans. According to a 2022 report,[13] personal loans (just like credit cards), have become a popular way of financing one's needs in recent years. Between 2009 and 2017, personal loans grew at an annual rate of 10%, becoming the fastest-growing loan category and increasing household liabilities from 15% to over 18%. This growth reflects both declining consumers' purchasing power,[14] and persistent social inequality, as vulnerable populations face barriers to accessing traditional financing.

A 2022 NUS study highlighted significant income disparities, with median graduate incomes more than double those of individuals with secondary or lower education.[15] Such disparities often push individuals towards alternative financing, including loan sharks, to cope with rising living costs.

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[10] This information is confirmed by the relatively steady ratio of NPLs regarding housing and bridging loans, which decreased from 0.37% in the third quarter of 2021 to 0.24% in the first quarter of 2023, as per Table I.12A Commercial Banks: Non-Performing Loans by Sector (NPL) <https://eservices.mas.gov.sg/statistics/msb-xml/Report.aspx?tableSetID=I&tableID=I.12A> (May 2024). Historical data suggests a similar trend. If in the second quarter of 2004, the ratio of NPLs for Housing and Bridging loans was 1.43% it steadily declined until 2011 and revolved around 0.4% since then. See: Table I.12A Commercial Banks: Non-Performing Loans by Sector (NPL) <https://eservices.mas.gov.sg/statistics/msb-xml/msb-statistics-history/Report.aspx?tableSetID=I.H&tableID=I.12A> (May 2024).

[11] Written Reply on Revision of Metrics, *supra* note 9.

[12] As per Table I.17 Credit and Charge Card Statistics (Discontinued from July 2019), <https://eservices.mas.gov.sg/statistics/msb-xml/msb-statistics-history/Report.aspx?tableSetID=D.H&tableID=I.17> (May 2024). The charge-off rate for the year is defined as the bad debts written off during the year divided by the average rollover balance for the same year.

[13] Duckju Kang, "Average Household Debt in Singapore" <https://www.valuechampion.sg/personal-loans/average-household-debt-singapore> (14 October 2022).

[14] *Ibid*.

[15] Nicholas Yong, "Singapore inequality: How a tote bag sparked a debate about class", *BBC* <https://www.bbc.com/news/world-asia-64342107> (31 January 2023).

To its merit, the Singaporean government has implemented proactive measures to reduce income inequality,[16] such as transfers to low-income families.[17] While these efforts have kept untenable debt levels low, the debt market's scale remains sufficient to attract debt collectors. Thus, high-interest rates and default charges make debt collection a lucrative business with significant individual impacts, despite low macroeconomic percentages.

B. *Objectives and Scope of the Article*

This article critically examines the evolving regulatory framework governing informal debt collection in Singapore, with particular focus on the 2022 DCA and the 2023 DCR. Given that informal debt collection was already subject to multiple legislative instruments – the MLA, PFHA, and PDPA – this study investigates whether the introduction of sector-specific regulation serves a complementary function by filling existing gaps or merely contributes to regulatory fragmentation.

To this end, the article contextualises Singapore's informal debt collection practices within their historical, socio-economic, and legal evolution, assessing the drivers behind the adoption of the DCA and its broader implications. It evaluates whether the DCA enhances consumer protection, fosters industry legitimacy, and mitigates abusive practices, or whether its scope remains narrowly focused on professionalisation rather than substantive regulatory oversight. By incorporating an assessment of judicial interpretations, enforcement patterns, and stakeholder perspectives, the study provides a comprehensive evaluation of the effectiveness and coherence of Singapore's regulatory framework. Additionally, the article situates Singapore's model within global regulatory trends, drawing on comparative insights from the EU and the US to identify strengths, weaknesses, and potential lessons for future policy development.

C. *Methodology and Roadmap*

The study employs a multi-method approach that combines doctrinal legal analysis, empirical inquiry, and comparative research to assess whether Singapore's DCA and its associated regulations complement or fragment the existing legal framework. The analysis is anchored in a *doctrinal examination* of statutory provisions, parliamentary debates, legislative history, and judicial decisions, tracing the evolution of informal debt collection regulation and the interpretative role of the courts. Beyond this, the study integrates *empirical insights* drawn from stakeholder interviews and enforcement data, grounding legal provisions in industry practices and enforcement realities. While the article includes occasional references to regulatory approaches in other jurisdictions, particularly the EU and the US, these are illustrative rather

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[16] Grace Yeoh, "CNA Explains: What's the Gini coefficient and what does it say about inequality in Singapore?", *Channel News Asia*, <https://www.channelnewsasia.com/singapore/inequality-cna-explains-gini-coefficient-4132316> (21 February 2024).

[17] Abram Lim, "Income Inequality in Singapore: Trends & Statistics", *Smartwealth,* <https://smartwealth.sg/income-inequality-singapore/> (06 March 2024).

than analytical and are intended to frame the Singaporean model within a broader policy discourse. Through this integrative methodology, the paper provides a critical and nuanced assessment of regulatory effectiveness, balancing legal coherence, industry needs, and consumer protection imperatives.

The paper is structured as follows: Part 2 defines informal debt collection, outlining its key actors and historical development in Singapore. Part 3 examines the existing regulatory landscape, emphasising the intersection between general legal provisions and sectoral legislation. Part 4 evaluates the effects of case law outcomes, distinguishing between restrictive and enabling legal interpretations. Part 5 concludes with an analysis of the implications of Singapore's current model and recommendations for future policy development.

II. Understanding Informal Debt Collection

A. *Definition and Characteristics of Informal Debt Collection*

Informal debt collection designates all methods employed by a creditor for debt recovery that do not involve the judiciary or other state agents (bailiffs, sheriffs, or police officers). In other words, it is a form of private enforcement. Informal debt collection is rampant in practice today in all legal systems, yet it is regulated only by a few. This reality appears to be independent of the legal or economic development level.

Debt-collection agencies offer a wide range of services. Subjecting them to a functional legal framework would ensure enough mechanisms and safeguards to monitor their activities. Still, unfortunately, that is not always the case, which opens the path for abuse.

Abusive informal debt collection practices (a) threaten consumers' physical, psychological, and economic well-being;[18] (b) expose law-abiding and ethical debt collectors to unfair competition;[19] (c) undermine consumers' trust in the financial[20]

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[18] Udo Reifner *et al*, *Overindebtedness in European Consumer Law: Principles from 15 European States* (Norderstedt: Books on Demand 2012); Elizabeth Warren *et al*, *The Law of Debtors and Creditors: Text, Cases, and Problems* (United States: Wolters Kluwer, 2014); Cătălin-Gabriel Stănescu, *Self-Help, Private Debt Collection and the Concomitant Risks. A Comparative Law Analysis* (Switzerland: Springer, 2015) [Stănescu, *Self Help*]; Hans-W. Micklitz & Irina Domurath, *Consumer Debt and Social Exclusion in Europe* (London: Routledge, 2016); Iain Ramsay, "Changing Policy Paradigms of EU Consumer Credit and Debt Regulation" in Dorota Leczykiewicz & Stephen Weatherill (eds), *The Images of the Consumer in EU Law: Legislation, Free Movement and Competition Law* (Oxford: Hart Publishing, 2015) 159; Federico Ferretti & Daniela Vandone, *Personal Debt in Europe* (Cambridge: Cambridge University Press, 2019); Joseph Spooner, *Bankruptcy: The Case for Relief in an Economy of Debt* (Cambridge: Cambridge University Press 2019); Jodi Gardner, Mia Gray, & Katharina Moser, *Debt and Austerity: Implications of the Financial Crisis* (Cheltenham: Edward Elgar, 2020).

[19] Olivier Jérusalmy, Paul Fox, and Nicolas Hercelin, "Is the Human Dignity of Individual Debtors at Risk?" <https://www.finance-watch.org/wp-content/uploads/2020/01/Report_Human-dignity_final_with-annex.pdf> (January 2020); Cătălin-Gabriel Stănescu, "Regulation of Abusive Debt Collection Practices in the EU Member States: An Empirical Account" (2021) 44(1) Journal of Consumer Policy 179.

[20] Case C-357/16, UAB 'Gelvora' v Valstybinė vartotojų teisių apsaugos tarnyba [2016], ECLI:EU:C:2017:573.

or the justice system;[21] and (d) may lead to criminal activity, *ie*, money laundering and tax evasion.[22]

B. *Who are the Debt Collectors?*

Based on the existing normative acts before the adoption of the DCA in 2022, and discussions with stakeholders in Singapore, several main categories of debt collectors can be identified, each with a corresponding risk level.

The *first* category is that of debt collectors working *in-house* for banks and other credit institutions. These institutions are regulated and enjoy a strong societal reputation, making them the least risky. No cases involving abusive debt collection practices by such institutions were identified. Discussions with stakeholders reveal that these institutions regularly engage in individual negotiations with distressed debtors, often personalising solutions.[23] Singaporean banks also rarely sell debt portfolios, preferring to manage their debts in-house – a notable contrast to the EU and the US, where banks outsource or sell defaulted loans on secondary markets after a brief in-house collection period.[24]

The *second* category comprises regulated professionals, such as lawyers, insolvency practitioners, and accountants, governed by their respective legislations and supervisory bodies. While misconduct in this group is rare, it is usually handled through disciplinary measures. For example, the Law Society of Singapore handles disciplinary actions in the case of lawyers engaging in debt collection.

The *third* category is debt-collection agencies, specialised corporate entities that collect debts for individuals and businesses. Before the DCA, this group was unregulated, enabling anyone to start a debt recovery agency. Case law frequently highlights violations by their employees, underscoring their significant contribution to the regulatory gaps the DCA and DCR seek to address.

Finally, the *fourth* category includes licensed and unlicensed money lenders, such as loan sharks and their agents (runners). These entities pose the highest risks, commonly engaging in aggressive and abusive practices, as evidenced by an extensive body of case law. While regulated by the MLA, the PFHA, the PDPA, the Penal Code and tort law, their operations often fall outside traditional regulatory safeguards. The last two categories are the primary focus of this paper.

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[21] Ferretti & Vandone, *supra* note 18; Remo Caponi & Janek Novak, "Access to Justice" in Burkhard Hess & Stephanie Law (eds), *Implementing EU Consumer Rights by National Procedural Law. Luxembourg Report on European Procedural Law Volume II*, (Oxford, Chicago and Baden: Beck, Hart, Nomos, 2019).

[22] Cătălin-Gabriel Stănescu & Camelia Bogdan, "Regulatory Arbitrage and Non-Judicial Debt Collection in Central and Eastern Europe – Tax Sheltering and Money Laundering" (2021) 11(2) Accounting, Economics and Law 119.

[23] Interviews with Credit Counselling Singapore representatives (March 2024).

[24] Stănescu, *Self-Help*, *supra* note 18 at 193–195. See also Cătălin-Gabriel Stănescu, *EU Informal Debt Collection Regulation: Failure by Design?* (London: Oxford University Press, 2025) at Chaps 3 and 7 [Stănescu, *EU Informal Debt Collection Regulation*].

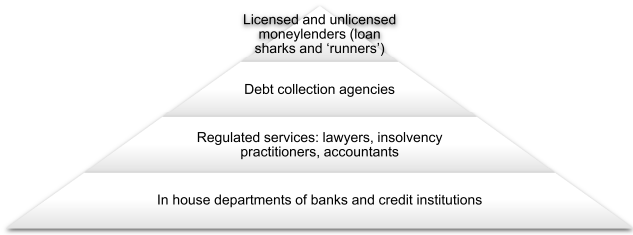

Figure 1: Pyramid of Debt Collection Actors and Posed Risks, ranked from lowest (bottom) to highest (top)

C. *Historical Context and Evolution of Informal Debt Collection Regulation in Singapore*

Between 2012 and 2016, several MPs raised questions[25] and suggested measures to define fair debt collection practices, including a binding Code of Conduct,[26] robust borrower protections and clearer guidelines.[27] These suggestions were supported by the Advisory Committee's Final Report on Moneylending,[28] which emphasised that debt collection was "largely unregulated, with no guidelines or regulations on debt collection practices other than general criminal laws and laws relating to harassment."[29] While these laws provided some protection against illegal behaviour, the report argued that sector-specific guidelines would better address the problem.[30]

However, the Minister of Law postponed discussions, citing:

(a) a decline in complaints against licensed moneylenders for debt-collection-related activities, with reports decreasing from 124 in 2013 to 45 in 2015;
(b) the sufficiency of existing safeguards, including administrative remedies (e.g. suspension[31] or revocation of licences,[32] and gatekeeping measures for

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25 *Singapore Parliamentary Debates, Official Report* (13 August 2012) vol 89 <https://sprs.parl.gov.sg/search/#/report?sittingdate=13-08-2012> at page 563 (Mr K Shanmugam, Minister for Foreign Affairs and Minister for Law).

26 *Singapore Parliamentary Debates, Official Report* (12 February 2015) vol 93 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=oral-answer-828> at page 22 (Ms Indranee Rajah, Senior Minister of State for Law) [Oral Answer on Code of Conduct for Debt Collectors].

27 *Singapore Parliamentary Debates, Official Report* (28 January 2016) vol 94 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=written-answer-2613##> (Mr K Shanmugam, Minister for Law) [Answer on Harassment and Intimidation by Licensed Moneylenders].

28 The Advisory Committee on Moneylending, *Final Report*, <https://www.mlaw.gov.sg/files/news/press-releases/2015/05/Rep.pdf> (2015).

29 *Ibid* at [76].

30 *Ibid* at [77].

31 As of 1 January 2024, no moneylender was suspended from activity. See List of Valid Moneylenders in the Republic of Singapore <https://rom.mlaw.gov.sg/files/ML%20Lists/List_of_Licensed_Moneylenders_as_at_1_June_2025.pdf> (04 July 2025).

32 However, as the Minister of Law admitted, no such suspension or revocation happened until mid-2015. *Singapore Parliamentary Debates, Official Report* (13 July 2015) vol 93 <https://sprs.parl.gov.sg/search/#/fullreport?sittingdate=13-07-2015> at page 130 (Mr K. Shanmugam, Minister for Law).

individuals with criminal records)[33]; criminal remedies under the PFHA[34] and civil remedies for harassment. Notably, case law revealed ambiguities regarding whether entities could qualify as offenders under PFHA, creating loopholes for "institutionalised harassment";[35] and

(c) economic concerns, arguing that imposing new regulations might burden moneylenders already adapting to other regulatory changes.[36]

Therefore, the recommendation to introduce a set of guidelines for licensed moneylenders was deemed premature and subject to later review.[37]

In response to subsequent inquiries in 2021, the Minister of Law reiterated that existing laws protected borrowers from unreasonable or illegal debt collection practices.[38] Nonetheless, from 2018 to 2020, there were, on average, 400 yearly police reports concerning debt collection agency misconduct, with 97% classified as intentional harassment under the PFHA. In contrast, the remaining 3% were classified as offences under the Penal Code (*eg*, mischief or voluntarily causing hurt).[39] From June 2021 to June 2022, the number of harassment cases caused by debt collectors, moneylenders or creditors reached 56.[40]

However, by March 2021, the Ministry of Law acknowledged the need for new legislation to regulate debt collection companies and their employees.[41] The shift

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[33] Oral Answer on Code of Conduct for Debt Collectors, *supra* note 26.

[34] According to the Senior Minister of State for Law, in less than 4 months since its adoption, at least four anti-harassment orders had been issued against debt collectors, under the PFHA 2014. See *Singapore Parliamentary Debates, Official Report* (10 March 2015) vol 93 <https://sprs.parl.gov.sg/search/#/fullreport?sittingdate=10-3-2015> at page 110 (Ms Indranee Rajah, Senior Minister of State for Law). As of 31 January 2016, 171 applications for protection orders were filed under the act and 99 were granted, including for debt collection-related harassment. However, there are no specific numbers. See: *Singapore Parliamentary Debates, Official Report* (6 April 2016) vol 94 <https://sprs.parl.gov.sg/search/#/fullreport?sittingdate=6-4-2016> (Ms Indranee Rajah, Senior Minister of State for Law).

[35] The matter will be solved in the subsequent amendment of 2019. See: Ministry of Law, "Enhancements to the Protection from Harassment Act ('POHA')" <https://www.mlaw.gov.sg/news/press-releases/enhancements-to-the-protection-from-harassment-act-poha/> (01 April 2019) at [15] [Ministry of Law, Enhancements to the Protection of PFHA].

[36] Answer on Harassment and Intimidation by Licensed Moneylenders, *supra* note 27.

[37] *Ibid*. See also: Ministry of Law, "Government Welcomes Committee Recommendations to Strengthen Singapore's Moneylending Regulatory Regime" <https://www.mlaw.gov.sg/news/press-releases/government-welcomes-committee-recommendations-to-strengthen-sing/> (29 May 2015) at [3].

[38] *Singapore Parliamentary Debates, Official Report* (05 April 2021) vol 95 <https://sprs.parl.gov.sg/search/#/fullreport?sittingdate=05-04-2021> (Mr K Shanmugam, Minister for Law and Minister for Home Affairs) [Reply on Measures to Prevent Debt Collection Agencies from Engaging in Harassment and Intimidation].

[39] *Singapore Parliamentary Debates, Official Report* (02 November 2021) vol 95 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=written-answer-na-9139##> (Mr K Shanmugam, Minister for Law and Minister for Home Affairs) [Question on the Number of Police Reports Regarding Conduct of Debt Collection Agencies].

[40] *Singapore Parliamentary Debates, Official Report* (05 October 2022) vol 95 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=written-answer-11689##> (Mr K Shanmugam, Minister for Law and Minister for Home Affairs) [Breakdown of Cases Filed with Protection from Harassment Court].

[41] Reply on Measures to Prevent Debt Collection Agencies from Engaging in Harassment and Intimidation, *supra* note 38, and Question on the Number of Police Reports Regarding Conduct of Debt Collection Agencies, *supra* note 39.

coincided with data showing persistent and low prosecution rates. For instance, the police only initiated investigations when a prima facie case was deemed arrestable. As a result, from the almost 1,200 police reports received from 2018 to 2020, the police investigated only 192.[42] Only 16% of cases were investigated, and just 1.6% resulted in prosecution, highlighting the inadequacy of existing measures.

Where cases were not deemed arrestable and investigations were not undertaken, complainants were advised to pursue civil remedies or file a Magistrate's Complaint, both of which would result in more time and financial expenses for aggrieved parties, making it unlikely that they would pursue further action.

D. *Impact of Abusive Debt-Collection Practices on Consumers and Society*

Issues related to abusive debt collection appear to be more prevalent in cases involving debts owed to unlicensed moneylenders (loan sharks). These tend to disproportionately affect vulnerable groups, particularly low-income individuals and foreign workers. Reports indicate a growing reliance on shadow credit offered by unlicensed moneylenders, with harassment cases rising from zero between 2008 and 2012 to 460 between 2013 and 2018.[43]

Despite efforts to regulate legal moneylending, unlicensed moneylenders continue to thrive, often engaging in deceptive tactics such as impersonating licensed entities via SMS, WhatsApp text messages or fake websites and social media accounts.[44] These practices prey on the gullible and exploit regulatory loopholes.

Several factors contribute to this persistence. Interest and loan cost caps[45] imposed on licensed moneylenders may render the business unattractive. Creditworthiness requirements limit the options of vulnerable categories, pushing them toward the underground market, with all its accompanying risks (lack of supervision, shady practices). Additionally, predatory behaviours by unlicensed moneylenders, including charging exorbitant fees or misusing borrower data, perpetuate cycles of exploitation. Regulatory measures must address these shortcomings to curb the societal harm caused by abusive debt collection.

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[42] Question on the Number of Police Reports Regarding Conduct of Debt Collection Agencies, *supra* note 39.

[43] *Singapore Parliamentary Debates, Official Report* (19 November 2018) vol 94 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=written-answer-4263##> (Mr K Shanmugam, Minister for Law and Minister for Home Affairs).

[44] Ministry of Law, List of Licensed Moneylenders in Singapore <https://rom.mlaw.gov.sg/information-for-borrowers/list-of-licensed-moneylenders-in-singapore/>.

[45] According to the Ministry of Law, "Advisory for Borrowers on Licensed Moneylending" <https://rom.mlaw.gov.sg/files/Advisory-English-Malay.pdf>, moneylenders cannot require the debtor to pay more than double the principal borrowed, even after including late interest and fees.

III. Fragmentation: The Regulatory Landscape

A. *General Legislation*

1. *Moneylenders Act*

The MLA, first enacted in 1959, provides the primary legal basis for penalising harassment of debtors by unlicensed moneylenders. The 1993, 2005 and 2006 amendments to the Act significantly enhanced oversight and penalties, doubling fines and imprisonment terms for first-time unlicensed moneylenders, and introducing mandatory caning for repeat offenders where damage to property or harm to persons occurred.[46] The severity of these penalties reflects the government's long-standing concern with loansharking syndicates, which have historically employed intimidation tactics such as arson, vandalism, and physical threats in recovering their debts.

The 2008 MLA[47] and the subsequent amendments[48] marked a turning point, introducing stricter licensing requirements[49] and penalties for unlicensed operations[50] while imposing interest rate caps,[51] borrowing limits[52] and creditworthiness assessments via credit reports[53] to prevent borrower over-indebtedness.[54] The latter were doubled by provisions regarding the prohibition of unsolicited loans[55] or harassing debtors,[56] as well as the duty to maintain the security and integrity of the debtor's information[57] or to correct such information on request.[58] All of these were meant to ensure a reasonable degree of protection for defaulting debtors facing debt collection or other legal consequences.

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[46] *Singapore Parliamentary Debates, Official Report* (28 May 1993) vol 61 at col 295 <https://sprs.parl.gov.sg/search/#/topic?reportid=023_19930528_S0003_T0007> (Prof S. Jayakumar, Minister for Law), *Singapore Parliamentary Debates, Official Report* (21 November 2005) vol 80 at col 1831 <https://sprs.parl.gov.sg/search/#/topic?reportid=030_20051121_S0004_T0008> (Assoc Prof Ho Peng Kee, Senior Minister of State for Law) [2005 Second Reading of the MLA], and *Singapore Parliamentary Debates, Official Report* (03 April 2006) vol 81 at col 1734 <https://sprs.parl.gov.sg/search/#/topic?reportid=016_20060403_S0004_T0004> (Assoc Prof Ho Peng Kee, Senior Minister of State for Law).

[47] MLA, *supra* note 3.

[48] *Singapore Parliamentary Debates, Official Report* (12 January 2010) vol 86 at col 2058 <https://sprs.parl.gov.sg/search/#/topic?reportid=018_20100112_S0003_T0001> (Assoc Prof Ho Peng Kee, Senior Minister of State for Law) [Moneylenders (Amendment) Bill 2010], *Singapore Parliamentary Debates, Official Report* (08 January 2018) vol 94 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=bill-274> (Ms Indranee Rajah, Senior Minister of State for Law), and *Singapore Parliamentary Debates, Official Report* (22 November 2023) vol 95 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=bill-664> (Ms Rahayu Mahzam, Senior Parliamentary Secretary to the Minister for Law).

[49] MLA, *supra* note 3 at ss 5, 19.

[50] *Ibid* at s 25.

[51] *Ibid* at s 36.

[52] *Ibid* at s 93(2)(a)–(c).

[53] *Ibid* at ss 54, 66 and 66A.

[54] *Singapore Parliamentary Debates, Official Report* (07 July 2014) vol 92 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=oral-answer-663> at page 41 (Ms Indranee Rajah, Senior Minister of State for Law) [Effect of New Licensed Moneylenders Rules on Consumers' Access to Credit].

[55] MLA, *supra* note 3 at s 30.

[56] *Ibid* at s 47.

[57] *Ibid* at s 76.

[58] *Ibid* at s 78.

Following these reforms, licensed moneylenders declined from 249 in 2011 to 185 in 2014, reflecting tighter regulatory scrutiny. Minister for Law Indranee Rajah noted that this trend resulted partly from a moratorium on new moneylender licenses imposed in 2012.[59] She implied, however, that this tightening of regulations had to be balanced against the risk of driving borrowers into the informal sector,[60] where unlicensed moneylenders operate outside of legal oversight.

During the 2010 parliamentary debates surrounding the Amendment of the Moneylenders Act, the Police Force provided alarming statistics regarding the prevalence of unlicensed moneylending and harassment offences. The figures demonstrated a steady increase over the years, with a particularly significant spike from 2008 to 2009. Specifically, 11,879 cases were reported in 2008, which surged to 18,645 cases in 2009 – a 56.9% increase.[61] A troubling trend was the rise in harassment offences involving arson,[62] suggesting that existing penalties lacked sufficient deterrence and emboldened loan sharks and their agents to adopt increasingly aggressive tactics.[63] However, from 2011 to 2012, the reported cases of unlicensed moneylending and related harassment seemed to decrease by 21%, while the number of arrested persons increased by 22%.[64]

Thus, the regulatory landscape of licensed moneylending commonly intersected with concerns regarding debt collection practices. In 2016, MP Christopher de Souza raised concerns over harassment and intimidation by licensed moneylenders, calling for the introduction of clearer guidelines on debt collection behaviour.[65] In response, Minister for Law K Shanmugam stated that while the PFHA 2014 already provided legal recourse against harassing behaviour, further debt collection guidelines would be considered at a later stage to allow the industry time to adjust to existing reforms.[66] The Registry of Moneylenders was empowered to suspend, revoke, or decline to renew the licenses of moneylenders who engaged in aggressive or unlawful debt recovery practices,[67] but enforcement has remained largely reactive and dependent on borrower complaints.

While licensed moneylenders are subject to regulatory oversight, unlicensed moneylenders (commonly known as loan sharks) pose a more serious challenge. In 2008, the Singapore Police Force introduced a multi-pronged strategy to tackle unlicensed moneylending, incorporating enhanced penalties, asset confiscation, and

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59 Effect of New Licensed Moneylenders Rules on Consumers' Access to Credit, *supra* note 54.

60 *Ibid*.

61 Moneylenders (Amendment) Bill 2010, *supra* note 48 at col 2052.

62 *Ibid* at col 2054.

63 *Singapore Parliamentary Debates, Official Report* (18 August 2009) vol 86 at col 964, <https://sprs.parl.gov.sg/search/#/topic?reportid=012_20090818_S0006_T0005> (Assoc Prof Ho Peng Kee, Senior Minister of State for Home Affairs) [Answer on Effects of Harsher Penalties for Unlicensed Moneylending].

64 *Singapore Parliamentary Debates, Official Report* (16 October 2012) vol 89 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=oral-answer-503> at page 947 (Mr S Iswaran, Second Minister for Home Affairs).

65 Answer on Harassment and Intimidation by Licensed Moneylenders, *supra* note 27.

66 *Ibid*.

67 *Ibid*.

cross-border law enforcement collaboration.[68] Minister for Home Affairs Wong Kan Seng highlighted that amendments to the MLA had strengthened deterrence by allowing the government to confiscate loan sharks' assets under the Corruption, Drug Trafficking and Other Serious Crimes (Confiscation of Benefits) Act, revoke their passports, and impose ten-year travel bans to prevent them from operating overseas syndicates.[69]

The policing of loan-sharking syndicates has evolved over the years in response to changing criminal methods. By 2009, reports indicated that loan shark syndicates had adopted increasingly hierarchical structures, with top leaders shielding themselves through multiple layers of intermediaries.[70] Senior Minister of State for Home Affairs Ho Peng Kee described the organizational sophistication of these syndicates, which leveraged technology, recruited vulnerable individuals or youngsters lured by extra pocket money[71] as runners and operated across borders.

In response, law enforcement intensified efforts to curb loan-sharking-related violence, such as the use of arson. In 2018, Minister K Shanmugam stated that between 2013 and 2017, 170 cases of loan-sharking harassment involving the use of fire were reported, with 13 more cases in the first eight months of 2018.[72] He noted a steady decline in arson cases (20 in 2017 from 50 in 2015) and the dismantling by the police of ten unlicensed moneylending syndicates in 2016 and 2017.[73] Despite these successes, loan-sharking harassment remained a persistent issue.

Beyond direct law enforcement measures, the government has sought to regulate loan-sharking through financial education and deterrence mechanisms. A recurring debate in Parliament has been whether borrowing from unlicensed moneylenders should be criminalised,[74] a paternalistic measure tantamount to victim-blaming. However, Senior Minister of State for Home Affairs, Assoc Prof Ho Peng Kee rejected this proposal,[75] given the risk that criminalizing borrowers might drive such activities further underground, deter victims from seeking police assistance, and expose them to greater risks of coercion.

More recently, new challenges have emerged, particularly in the context of migrant domestic workers (MDWs). In 2024, MP Mark Lee raised concerns about the harassment of MDWs' employers by moneylenders, particularly in cases where MDWs had taken loans and defaulted.[76] Minister K Shanmugam confirmed a rise in

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[68] *Singapore Parliamentary Debates, Official Report* (21 October 2008) vol 85 <https://sprs.parl.gov.sg/search/#/topic?reportid=019_20081021_S0006_T0002> (Mr Wong Kan Seng, Deputy Prime Minister and Minister for Home Affairs).

[69] *Ibid*.

[70] *Singapore Parliamentary Debates, Official Report* (11 January 2011) vol 87 at col 2191 <https://sprs.parl.gov.sg/search/#/report?sittingdate=11-1-2011> (Assoc Prof Ho Peng Kee, Senior Minister of State for Home Affairs).

[71] *Ibid*.

[72] *Singapore Parliamentary Debates, Official Report* (20 November 2018) vol 94 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=written-answer-na-4238> (Mr K Shanmugam, Minister for Law and Minister for Home Affairs).

[73] *Ibid*.

[74] Answer on Effects of Harsher Penalties for Unlicensed Moneylending, *supra* note 63.

[75] *Ibid*.

[76] *Singapore Parliamentary Debates, Official Report* (07 May 2024) vol 95 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=written-answer-na-16394> (Mr K Shanmugam, Minister for Law and Minister for Home Affairs).

harassment cases linked to MDW borrowing, though police did not track whether harassment targeted employers specifically.[77] The government has responded by enhancing financial literacy programmes for MDWs and warning them of the risks associated with unlicensed borrowing,[78] both measures with little effect in curbing abusive debt collection.

2. *Protection from Harassment Act 2014*

The legal framework governing harassment in informal debt collection in Singapore is marked by a complex interplay between statutory provisions, regulatory oversight, and enforcement practices. As informal debt collection often involves both licensed and unlicensed moneylenders, the state's response has evolved over time to address the particular risks posed by each category. While the MLA 2008 established criminal sanctions against harassing behaviours, the PFHA 2014 provided civil and criminal recourse to victims of harassment, including those targeted by debt collectors. Parliamentary discussions and ministerial statements reveal both the strengths and the limitations of the current framework, including gaps in standardisation and enforcement challenges.

The PFHA was the result of a concerted effort to give coherence to the laws governing harassment and fill in the loopholes existing in common law, which did not provide any adequate protection to third parties for any disturbance caused to them while on premises.[79] Under common law, only individuals with proprietary interests, such as leaseholders or freeholders,[80] could file complaints about private nuisances, leaving innocent third parties, such as family members, friends, or neighbours, without adequate recourse. The PFHA provided broader protections for such third parties and sought to fill this critical gap by establishing clearer guidelines and remedies for harassment-related offences.

The act provides several crucial safeguards against abusive debt collection practices, particularly those involving harassment, intimidation, or the unauthorised disclosure of debtor information. It criminalises intentionally causing harassment, alarm, or distress, making it an offence to use threatening, abusive, or insulting words or behaviour, including making harassing communications or publishing identity information of the target with the intent to distress them.[81] This is particularly relevant to debt collection tactics that involve public shaming, aggressive communication, or threats. Additionally, it prohibits general harassment, making it an offence for any entity, including debt collectors, to use threatening, abusive, or insulting behaviour that is likely to cause distress, even if the intent was not explicitly proven.[82] The PFHA also addresses cases where a debtor is put in fear of violence or

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77 *Ibid*.

78 *Ibid*.

79 Yihan Goh & Man Yip, "The Protection from Harassment Act 2014 – Legislative Comment" (2014) 26 SAcLJ 700 at 701–703.

80 *Epolar System Enterprise Pte Ltd v Lee Hock Chuan* [2003] 2 SLR(R) 198; *Hunter v Canary Wharf* [1997] AC 655.

81 PFHA, *supra* note 4 at s 3.

82 *Ibid* at s 4.

provoked into reacting violently, which can occur in extreme debt collection cases where physical intimidation or threats are used to force repayment.[83] Furthermore, it criminalises unlawful stalking, which is highly relevant in cases where debt collectors engage in persistent, unwanted contact, including following a debtor, making repeated calls, or appearing at their residence or workplace.[84]

Beyond criminal offences, the act enables debtors to seek protection orders against persistent harassment[85] by debt collectors, including expedited protection orders,[86] allowing victims to obtain swift legal relief without waiting for a full court hearing. These provisions ensure that debt collection practices remain lawful, proportionate, and respectful of debtor rights, preventing psychological distress, intimidation, and reputational damage.

The harassment issue in informal debt collection has been repeatedly debated in Parliament. A key intervention occurred in January 2016 when MP Christopher de Souza raised concerns over increasing debt collection-related harassment cases involving licensed moneylenders. In response, Minister for Law K Shanmugam acknowledged the problem but highlighted that complaints against licensed moneylenders had actually declined from 124 in 2013 to 45 in 2015. He pointed to existing safeguards under the PFHA, but stopped short of committing to immediate regulatory changes, instead deferring the introduction of industry-wide debt collection guidelines to a later stage to allow the moneylending industry time to adjust to recent reforms.[87] Challenges remained, particularly in standardizing acceptable debt collection practices. While the Advisory Committee on Moneylending recommended clear industry guidelines in 2015,[88] these have not been implemented until the adoption of the DCA and DCR, leaving licensed moneylenders with substantial discretion in debt recovery methods.

The PFHA was significantly amended in 2019[89] to enhance victim protection and streamline legal remedies. A major innovation was the establishment of the Protection from Harassment Court, a specialized court dedicated to dealing with offline and online harassment.[90] During the 2019 parliamentary debate on the PFHA amendments, Senior Minister of State for Law Edwin Tong outlined key procedural reforms, including expedited hearings within 24 to 72 hours for protection orders and stronger criminal penalties for offences against vulnerable persons.[91] He also emphasized the need to deal with the rising phenomenon of doxxing as a form of

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83 *Ibid* at s 5.

84 *Ibid* at s 7.

85 *Ibid* at s 12.

86 *Ibid* at s 13.

87 Answer on Harassment and Intimidation by Licensed Moneylenders, *supra* note 27.

88 Ministry of Law, "Advisory Committee Finalises Recommendations to Improve Balance between Borrower Protection and Access to Credit" <https://www.mlaw.gov.sg/news/press-releases/advisory-committee-finalises-recommendations-to-improve-balance-/> (29 May 2015).

89 *Singapore Parliamentary Debates, Official Report* (07 May 2019) vol 94 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=written-answer-na-16394> (Mr Edwin Tong Chun Fai, Senior Minister of State for Law) [Protection from Harassment (Amendment) Bill].

90 *Ibid*. For a breakdown of harassment cases filed with the court in 2021–2022 see Breakdown of Cases Filed with Protection from Harassment Court, *supra* note 40.

91 Protection from Harassment (Amendment) Bill, *supra* note 89.

harassment,[92] which could also be used by debt collectors or moneylenders to publicly shame debtors by exposing their personal information online. The new provisions made it a criminal offence to publish personal data with the intent to harass,[93] reflecting emerging digital risks in informal debt collection.

Statistical evidence demonstrates the scale of harassment cases adjudicated under PFHA. In 2022, Minister K Shanmugam provided a general breakdown of 56 cases filed with the court between June 2021 and June 2022.[94] The figure, however, is misleadingly small. Parliamentary records from 2018 indicate that complaints against illegal moneylenders engaging in unsolicited calls and messages were persistently high, with an estimated 10,000 complaints per year.[95] Interestingly, although the Personal Data Protection Commission (PDPC) received the complaints, these were subsequently referred to the police, who were deemed the relevant authority to investigate such offences.[96] This reveals the far-reaching consequences of legal and institutional fragmentation, where overlapping jurisdictions tend to result not in concomitant investigations but in enforcement deferrals.

3. *Personal Data Protection Act*

The 2012 PDPA[97] and its amendments provide a foundational framework for safeguarding individuals from potential abuses tied to debt recovery practices. The act includes several key provisions that protect debtors from misuse of their data, including for debt-collection purposes. It mandates that organisations, including debt collection agencies, must obtain the debtor's consent before collecting, using, or disclosing personal data unless an exemption applies.[98] It restricts the disclosure of personal data without consent, except in circumstances permitted by law, such as when required for legal proceedings or regulatory compliance.[99] Additionally, the PDPA requires that organisations only collect, use, or disclose personal data for reasonable and appropriate purposes, meaning that debt collectors cannot engage in excessive or intrusive data use, such as public shaming or unauthorized third-party disclosures.[100]

The act further imposes a duty on organisations to protect personal data from unauthorized access, collection, use, disclosure, copying, modification, disposal, or similar risks, which is particularly relevant in preventing the public exposure of debtor information as a coercion tactic.[101] It also ensures that personal data is

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92 *Ibid*.

93 *Ibid*.

94 Breakdown of Cases Filed with Protection from Harassment Court, *supra* note 40.

95 *Singapore Parliamentary Debates, Official Report* (06 February 2018) vol 94 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=oral-answer-1515> (Assoc Prof Dr Yaacob Ibrahim, Minister for Communications and Information).

96 *Ibid*.

97 PDPA, *supra* note 5.

98 *Ibid* at s 13.

99 *Ibid* at ss 16–17.

100 *Ibid* at s 18.

101 *Ibid* at s 24.

not retained longer than necessary,[102] preventing debt collection agencies from indefinitely holding or misusing debtor information after settlement. Violations of these provisions can result in enforcement actions by the Personal Data Protection Commission (PDPC), including financial penalties and orders to cease improper data practices.[103] These measures collectively safeguard debtors against data misuse, harassment, and undue reputational harm in the debt collection process. However, the act does little to curb such activities undertaken by unlicensed or illegal debt collectors.

The subsequent 2020 Amendment enhanced these safeguards by including modern communication platforms like instant messaging and imposing stricter penalties for breaches.[104] These provisions address the pervasive issue of harassment in debt collection, ensuring, among others that digital tools are not misused to pressure debtors into repayment through persistent and unsolicited contact.

Additionally, the 2020 Amendment introduces penalties for the unauthorized use or disclosure of personal data directly curbing abusive practices where debt collectors might misuse sensitive debtor information for coercive purposes, for personal gain, or in a manner that causes harm to the data subject,[105] where harm is defined as either physical harm or harassment, alarm or distress caused to the individual.[106] By integrating stringent enforcement mechanisms, these legislative measures appear to address the necessity of balancing legitimate debt recovery efforts with respect for individual privacy and dignity.

The 2012 PDPA and the 2008 MLA establish overlapping substantive and institutional frameworks for data protection in debt collection. Institutionally, the PDPC[107] and the Registrar of Moneylenders[108] both oversee compliance, creating dual regulatory oversight for debt collection activities. These overlapping provisions impose parallel obligations on debt collectors, requiring adherence to both broad data protection principles under the PDPA and specific borrower protections under the MLA. Unfortunately, as shown above, this overlap does not necessarily translate into better oversight or more effective enforcement.

The broader regulatory environment surrounding personal data also incorporates the Credit Bureau Act 2016,[109] which mandates licensed credit bureaus to safeguard consumer data, thereby reducing the likelihood of its misuse in debt recovery efforts. The CBA explicitly restricts access to sensitive customer information,[110] ensuring that only approved members (*eg*, banks) can utilise such data. This provision prevents unauthorised entities, including unlicensed or illegal debt collectors, from accessing credit information that could be leveraged coercively. Moreover,

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[102] *Ibid* at s 25.

[103] *Ibid* at s 48J.

[104] *Singapore Parliamentary Debates, Official Report* (02 November 2020) vol 95 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=bill-478> (Mr S Iswaran, Minister for Communications and Information).

[105] *Ibid*. See also Personal Data Protection (Amendment) Act 2020 (No 41 of 2020) at s 22 [Personal Data Protection (Amendment) Act].

[106] Personal Data Protection (Amendment) Act, *supra* note 105 at s 22.

[107] PDPA, *supra* note 5 at s 5.

[108] MLA, *supra* note 3 at s 6.

[109] Credit Bureau Act 2016 (Act 27 of 2016) [CBA].

[110] *Ibid* at ss 16 and 27.

consumers enjoy the right to review and correct their credit reports, further mitigating the risk of harm caused by inaccuracies, which could be exploited during debt collection.

Singapore's regulatory response to unlicensed moneylenders offers further insights into the intersection of personal data protection and debt collection. The Online Criminal Harms Act 2023[111] grants the government the authority to direct online service providers to block accounts and remove advertisements promoting illegal lending activities. In a written answer to a Parliamentary question, it was revealed that between January 2023 and May 2024, the Singapore Police Force flagged over 4,500 phone numbers and 5,300 online accounts linked to unlicensed moneylending,[112] underscoring the persistent scale of informal digital credit and debt collection harassment.

4. *Conclusion*

The 2008 MLA, 2014 PFHA and the 2012 PDPA collectively provide a robust but imperfect framework for curbing abusive debt collection practices, particularly by unlicensed moneylenders and debt collectors. While these laws impose legal constraints and enforcement mechanisms, significant gaps and challenges persist, limiting their effectiveness in deterring unlawful actors.

First, there are still gaps and weaknesses in addressing unlicensed entities. The MLA only applies to licensed moneylenders, meaning unlicensed lenders operate outside its direct regulatory scope. While the MLA criminalises illegal lending and harassment,[113] unlicensed lenders often evade enforcement by operating underground or online. Additionally, although the PFHA provides for protection orders,[114] many unlicensed collectors operate anonymously, making court orders difficult to enforce.

Second, data protection laws are reactive, not preventative. While the PDPA restricts access to debtor information, unlicensed collectors often obtain it through illicit means, such as insider leaks, social engineering, or data breaches. The PDPC's enforcement[115] is primarily reactive, meaning it only investigates after a complaint, rather than proactively preventing data misuse by illegal collectors. Moreover, as it will be shown, the official positions send mixed signals *vis-à-vis* how far debt collectors are allowed to push the boundaries of data protection laws.

Finally, there are online and cross-border challenges. Many unlicensed lenders and debt collectors operate online or from foreign jurisdictions, evading local enforcement. The MLA and PFHA have limited extraterritorial reach, and enforcement against foreign actors remains weak.

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[111] Online Criminal Harms Act 2023 (Act 24 of 2023) [OCHA].

[112] *Singapore Parliamentary Debates, Official Report* (06 August 2024) vol 95 <https://sprs.parl.gov.sg/search/#/sprs3topic?reportid=written-answer-na-17226##> (Mr K Shanmugam, Minister for Law and Minister for Home Affairs).

[113] MLA, *supra* note 3 at s 47.

[114] PFHA, *supra* note 4 at s 12.

[115] PDPA, *supra* note 5 at s 48I.

Given this wide range of issues, sectoral legislation could no longer be postponed, although, as the following section reveals, the focus was on professionalising and legitimising the debt collection profession, rather than addressing the activity.

B. *Sectoral Legislation*

Until 2022, persons or entities engaged in debt collection were not regulated by sectoral legislation in Singapore. That changed with the introduction of the DCA in 2022, followed by the DCR in 2023, all of which came into effect on March 1, 2024.

1. *Debt Collection Act 2022*

It is noteworthy that, in light of its legislative history and comparison to existing laws such as the MLA and PFHA, the adoption of the DCA is somewhat surprising. During the Second Reading of the Bill, Ms Sun Xueling noted that the number of complaints lodged against debt collectors remained high, averaging 367 annually between 2018 and 2021. These complaints primarily involved cases of public embarrassment and inconvenience caused to debtors.[116] While the number is lower than the over 18,000 cases involving unlicensed moneylenders that prompted amendments to the MLA, it still underscored a need for targeted regulation. The DCA, therefore, was less a response to a crisis and more a protective measure to regulate the industry and establish professional standards.

(a) Aims

The DCA focuses on regulating the profession of debt collectors, rather than directly governing debt collection activities, a task left to the DCR. As such, its content is very technical and procedural.[117] The starting assumption is that debt collection is a legitimate economic activity that facilitates the fulfilment of financial obligations.

The act's primary objectives are twofold. On the one hand, to *regulate* the industry and *prevent* problematic conduct by setting entry standards and imposing appropriate licensing requirements. On the other, to *reduce* problematic conduct, by establishing enforcement mechanisms to address errant behaviour.[118] The legislation operates more as a preventive measure, emphasising the *vetting* of debt collectors and the *professionalisation* of the industry, rather than offering robust protective mechanisms to eliminate abusive practices. The DCA is less ambitious and more realistic. It does not aim to stamp out abusive debt collection but only to *lessen* its occurrence.

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[116] *Singapore Parliamentary Debates, Official Report* (13 September 2022) vol 95 <https://sprs.parl.gov.sg/search/#/fullreport?sittingdate=13-9-2022> (Ms Sun Xueling, Minister of State for Home Affairs) [Debt Collection Bill 2022].

[117] Jodi Gardner, "Recent Developments in the Regulation of Consumer Credit" [2023] Sing JLS 196 at 204 [Jodi Gardner, "Recent Developments"].

[118] Debt Collection Bill 2022, *supra* note 116.

Unlike similar frameworks in the EU or US, which predominantly serve as consumer protection measures, the DCA does not distinguish between individual and business debtors. This all-encompassing scope reflects the government's broader aim of ensuring that neither individuals nor businesses are subjected to unreasonable debt-recovery practices.[119]

As Gardner observed, the DCA primarily seeks to regulate the debt collection industry through entry requirements and enforcement tools,[120] rather than providing comprehensive conduct guidelines.[121] Thus, its preventive functions outweigh the protective ones.

(b) Licensing and Vetting

The cornerstone of the DCA is its licensing requirement. Under the act, any individual or entity conducting debt collection activities in Singapore must hold a valid license as of March 1, 2024. Operating without a license constitutes an offence punishable by fines of up to 20,000 SGD, imprisonment for up to 2 years, or both. Repeat offenders face harsher penalties, including fines ranging from 20,000 to 100,000 SGD or imprisonment of up to 5 years or both.

To obtain a license, both debt collection undertakings and their key personnel must undergo a police screening to ensure they meet the "fit and proper" criteria.[122] Likewise, individuals employed as debt collectors must secure police approval.[123]

However, the DCA does not explicitly define "fit and proper",[124] leaving room for flexibility but also arbitrariness in interpretation. This concern was also voiced during the Parliamentary debates.[125] During the Second Reading of the Bill, the Minister of State for Home Affairs clarified that the specific criteria would be detailed in subsidiary legislation and made publicly available.[126] They were subsequently formalised in the Debt Collection (General) Regulations 2023 (DCR (General)).

The licensing framework aims to address concerns about criminal ties and records among debt collectors. Many MPs advocated for a balanced approach, arguing that past convictions should not automatically disqualify individuals,[127] particularly those seeking a second chance.[128] Subsequent developments partially justified the MPs' worries. The Debt Collection (Class License) Order 2023 prohibits class licensees from employing individuals with previous convictions related to debt collection activities.[129] However, the DCR (General) leaves room for discretion. It does not impose an outright ban, instead treating past convictions as part of a broader evaluation. This inconsistency creates a conspicuous contradiction, as individuals

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[119] *Ibid*.
[120] See DCA, *supra* note 1 at s 2 for the definition of a "debt collection business".
[121] Jodi Gardner, "Recent Developments", *supra* note 117 at 204.
[122] DCA, *supra* note 1 at s 8(2).
[123] *Ibid* at s 20(2).
[124] Jodi Gardner, "Recent Developments", *supra* note 117 at 204–206.
[125] Debt Collection Bill 2022, *supra* note 116 (Mr Chua Kheng Wee Louis).
[126] *Ibid* (Ms Sun Xueling, Minister of State for Home Affairs).
[127] *Ibid* (Mr Dennis Tan Lip Fong).
[128] *Ibid* (Mr Derrick Goh).
[129] Debt Collection (Class License) Order 2023 at Schedule, s 1(b)(i).

barred from working under class licensees might still operate independently or under other licensed debt collection undertakings.

(c) Active Subjects and Exclusions

Before the adoption of the DCA, debt collectors operated in a legislative *quasi*-void. Their business was legal and legitimate, but, as Ms Sun Xueling emphasised, there was "no legal definition for what constitutes a 'debt collector'" or "an enforceable legislative framework."[130] Debt collectors often used various corporate structures, making it challenging to assess the size and scope of Singapore's debt collection industry. Consequently, parliamentary inquiries into the industry's size and market impact often went unanswered.[131]

The DCA primarily targets debt collection undertakings that service SMEs or individuals, as these two categories are perceived to pose a higher risk to public safety.[132] This perception is supported by the case law and stakeholder feedback.[133] Banks and other large crediting institutions, on the other hand, typically conduct debt collection in-house and are rarely implicated in abusive practices. Discussions with industry players and MPs suggest that this difference arises from: (a) the tight regulation and supervision of financial institutions; and (b) the potential reputational costs associated with aggressive behaviour against their clients. This is a striking difference from the experiences of other jurisdictions, such as the EU or the US, where banks frequently sell or outsource defaulted debts.[134]

The DCA's broad definitions, however, encompass commercial entities that may not traditionally consider themselves part of the debt collection industry. For example, businesses involved in collecting acquired debts or third-party debts could now fall under the law's ambit. While the purchase of debt portfolios is less common in Singapore than in other jurisdictions, it is not entirely absent.[135] Additionally, commercial intermediaries receiving payments on behalf of another entity may need to be mindful of the DCA's provisions.[136]

Foreign debt collectors are also subject to the DCA if they engage in debt recovery activities within Singapore. This interpretation stems from the Interpretation Act 1965, which defines "person" as "any company or association or body of persons,

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[130] Debt Collection Bill 2022, *supra* note 116.

[131] *Ibid* (Mr Dennis Tan Lip Fong).

[132] *Ibid*.

[133] MP interview and Credit Counselling Singapore representatives' interviews (March 2024).

[134] Stănescu, *Self Help*, *supra* note 18 at 193–195; See also Stănescu, *EU Informal Debt Collection Regulation*, *supra* note 24 at chaps 3 and 7.

[135] Credit Counselling Singapore representatives' interviews (March 2024).

[136] Daniel Chan, "The Debt Collection Act 2022: Its Genesis, Scope and Implications" <https://www.wongpartnership.com/upload/medias/KnowledgeInsight/document/20704/LegisWatch_TheDebtCollectionAct2022ItsGenesisScopeandImplications.pdf> (February 2024) [Daniel Chan, "The Debt Collection Act"]. In the legal note, the author gives the hypothetical example of a distributor in the business of selling consignment inventory to customers and collecting payment in instalments from customers on behalf of the manufacturer for the goods. In the author's opinion, if the customer fails to pay an instalment and the distributor sends a written notice requesting payment of the overdue instalment on behalf of the manufacturer, the distributor may potentially be classified as a debt collector under the DCA.

corporate or unincorporated" without distinguishing between national and foreign ones.[137]

Certain regulated entities are excluded from the DCA's licensing requirements. These include banks, financial institutions, moneylenders, licensed insolvency practitioners, law firms, and accounting corporations.[138] Due to their regulated nature, these categories are deemed low- risk. This exclusion mirrors approaches in the EU, where similar entities are subject to their respective regulatory frameworks.[139]

(d) Loopholes and Blind Spots

The DCA contains several notable loopholes. One of the most significant pertains to debts denominated in cryptocurrencies. The act defines debt as a "monetary obligation owed by a debtor", but the Minister of State clarified that the DCA does not extend to non-monetary assets, whether they were used or not to secure a debt. If cryptocurrencies are not considered "money", then businesses collecting such debts may fall outside the DCA's licensing requirements.[140] The government views these situations as low risk, which could be dealt with under the Penal Code or the PFHA.[141] However, this stance further underscores the legal fragmentation and complexity of the regulatory framework.

Another gap involves individuals collecting personal loans owed to them or retail companies, with in-house credit control departments collecting debts. These categories are excluded from the DCA's scope. During the Second Reading of the Bill, the Minister of State for Home Affairs clarified that "the conduct of such collections will still be governed by other laws",[142] though no timeline or details for additional legislation were provided. This exclusion reflects Singapore's preference for regulating the debt collection *profession* rather than the *activity,* creating challenges for including original creditors in the DCA's ambit. Consequently, abusive practices by original creditors may persist unaddressed. Moreover, the need for additional laws will only contribute to the fragmentation of informal debt collection's legal framework. The plethora of normative acts and the inherent complexity of navigating them could have been avoided by regulating the activity since abusive practices in debt collection remain abusive irrespective of whom commits them.

A surprising loophole concerns the live streaming of debt collection activities. During the Second Reading of the Bill, Ms Sun Xueling stated that "[l]ivestreaming of debt collection activities, in and of itself, is not an offence, unless it crosses the threshold for other criminal offences, such as the [PFHA]".[143] This position is problematic given the potential for public shaming, privacy violations, and stigmatisation, associated with such practice.

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137 *Ibid*.

138 DCA, *supra* note 1 at First Schedule.

139 See for instance the Directive (EU) 2021/2167 of the European Parliament and of the Council of 24 November 2021 on credit servicers and credit purchasers, OJ L 438, p. 1–37 (EU) at Art 2(5) [CSCPD] or the Danish Debt Collection Act 319 of 14 May 1997 as amended in 2014 (LBK no 1018 of 19/09/2014), (Denmark) Chapter 1 at s 1(2) [Danish DCA].

140 Daniel Chan, "The Debt Collection Act", *supra* note 136.

141 Debt Collection Bill 2022, *supra* note 116 (Ms Sun Xueling).

142 *Ibid*.

143 *Ibid*.

Finally, the absence of an adequate complaint mechanism and civil remedies for aggrieved debtors is a significant shortcoming. Unlike the US Fair Debt Collection Practices Act, which provides individual remedies,[144] the DCA primarily relies on criminalisation. Aggrieved debtors are limited to filing police reports,[145] which may overwhelm law enforcement resources and discourage public engagement.[146] A more effective approach would involve empowering debtors with accessible civil remedies[147] while allowing police to focus on systemic violations. Unfortunately, this suggestion was rejected during parliamentary debates, leaving debtors with traditional civil remedies, which are often too expensive and time-consuming to justify action, making them impractical options for redress.

2. *Debt Collection (General) Regulations 2023*

The Minister for Home Affairs was empowered to issue Regulations to give effect to the DCA, resulting in the DCR (General). These regulations establish several obligations for debt collectors:

(a) a due-diligence obligation to take all reasonable and necessary measures to verify the debtor's identity and to obtain evidence of the loan agreement between the debtor and the creditor;[148]
(b) an obligation to cease collection of contested debts when the debtor notifies in writing that the debt is challenged in court, that impersonation has occurred or that the loan agreement was forged;[149]
(c) an obligation to refrain from abusive methods, such as threatening language or behaviour, displaying signs, writings, or visible representation that threaten unlawful violence (*eg*, sending threatening texts or social media messages to debtors), or any outward displays of physical aggression.[150]

Breaches of these obligations may result in fines and/or imprisonment, with repeat offenders facing harsher penalties.[151] Regulatory actions, such as revocation or suspension of licences, can also be taken against violators.[152]

While the DCR (General)'s provisions are a step forward, they are limited in scope. The banned practices focus primarily on threats of violence in verbal, written or visible representations, leaving other forms of harassment, misrepresentations, actual violence or privacy breaches unaddressed. These gaps often defer to other legislation (such as the PFHA, PDPA or the Penal Code) reinforcing the fragmented nature of Singapore's legal framework for informal debt collection.

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[144] Fair Debt Collection Practices Act (as amended by Public Law 111-203, title X, 124 Stat. 2092 (2010)) (US) at s 813(*a*).
[145] Debt Collection Bill 2022, *supra* note 116 (Ms Sun Xueling).
[146] *Ibid* (Mr Yip Hon Weng, Mr Dennis Tan Lip Fong and Mr Leon Perera).
[147] *Ibid* (Mr Leon Perera).
[148] DCR (General), *supra* note 2 at s 14.
[149] *Ibid* at s 15.
[150] *Ibid* at s 16.
[151] *Ibid* at s 18.
[152] DCA, *supra* note 1 at ss 22–27.

Another layer of fragmentation arises from how criminal offences unrelated to the regulations are dealt with under existing laws, like the PFHA and the Penal Code.[153] This division complicates enforcement and highlights the need for more cohesive regulation.

C. *Self-Regulation: Industry Codes of Practice*

The DCA allows license conditions to include requirements for compliance applicable Codes of Practice.[154] These codes can be issued under the DCA, adopted by industry associations like the Credit Collection Association of Singapore (CCAS), or created by individual debt collection agencies.

1. *DCA Codes of Practice*

The DCA empowers the Licensing Officer to issue or approve codes of practice concerning the conduct, duties, responsibilities, management, administration, and operation of debt collection businesses.[155]

However, these codes lack legislative force[156] and do not create criminal liability for violations,[157] albeit licensees and class licensees must comply with them.[158] Instead, non-compliance may serve as evidence in criminal proceedings or establish liability in other legal contexts.[159]

This evidentiary role is comparable to practices in other jurisdictions, such as the EU, where industry codes are referenced in consumer legislation.[160] For the moment, however, this is unlikely to play a big part in informal debt collection regulation in Singapore. During the Second Reading of the Bill, the Minister of State indicated no immediate plans to issue a code of conduct, relying instead on existing regulations to guide debt collectors' behaviour.[161]

2. *The Credit Collection Association of Singapore's Code of Conduct and Practice (Industry Level)*

Established in 2013, the CCAS represents credit associations and agencies. Its objectives include promoting best practices, professionalisation through training and certification, and ensuring regulatory compliance within the industry.[162]

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[153] Debt Collection Bill 2022, *supra* note 116.

[154] DCA, *supra* note 1 at s 10(3)(*a*)(ii) and s 10(3)(*b*)(iii).

[155] *Ibid* at s 16(1)–16(3).

[156] *Ibid* at s 16(6).

[157] *Ibid* at s 16(9).

[158] *Ibid* at s 16(7).

[159] *Ibid* at s 16(9).

[160] Directive 2005/29/EC of the European Parliament and of the Council of 11 May 2005 concerning unfair business-to-consumer commercial practices in the internal market, OJ L 149, p. 22–39, at Recital 20 and arts 6(2)(*b*) and 10.

[161] Debt Collection Bill 2022, *supra* note 116 (Ms Sun Xueling).

[162] Credit Collection Association of Singapore (CCAS), "Code of Conduct & Practice" <http://creditcollection.org.sg/files/CCASCodeofEthics.pdf> (2015) at 1 [CCAS, *Code of Conduct*].

In 2015, CCAS adopted a Code of Practice outlining standards for members during debt collection activities and disciplinary measures for those found non-compliant.[163] The Code aligns with international practice. Its *general* principles provide for fair and transparent communication, measured and lawful conduct towards debtors and creditors alike, empathy and forbearance in regard to vulnerable categories of debtors (*eg*, debtors facing financial difficulties[164] or facing mental health issues[165]) and due consideration of data protection and confidentiality.[166] Sector-*specific* principles are further developments of general ones, designed for activities concerning tracing,[167] communication (by phone or in writing),[168] house visits[169], pre-litigation and litigation,[170] overseas collection[171] and commercial collection.[172]

To illustrate the former, among others, all members must (a) conduct their business under names, titles and trading styles which are not intended to confuse, mislead or otherwise embarrass clients, creditors, customers or members of the public and which will not imply any association with other organisations, governmental bodies or persons which either do not exist or carry no association with the business;[173] (b) treat debtors with whom they deal fairly and transparently;[174] (c) make contact at reasonable times and intervals, taking into consideration the reasonable wishes of the debtor, which may include the preferred method of communication (where possible, debtors are to be made aware of business operations hours and highlight contact periods);[175] and (d) treat debtors fairly and not subject them (or their authorised representatives) to aggressive practices, or conduct which is deceitful, oppressive, unfair or improper, whether lawful or not.[176]

Regarding the latter, members must (a) take reasonable steps to ensure that the person traced is in fact the debtor;[177] (b) when making contact by telephone, ensure adherence to data protection requirements and verify the identity of the debtor or their authorised third party before discussing the nature of the call;[178] (c) always act in a courteous and respectful manner when conducting doorstep collection;[179] (d) consider refraining from commencing, or consider suspending or ceasing, any legal or bankruptcy action upon identifying that the debtor is particularly vulnerable and that such action would be likely to exacerbate a physical or mental health

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[163] *Ibid* at 3.
[164] *Ibid* at s 2(b).
[165] *Ibid* at s 2(c).
[166] *Ibid* at s 2(e).
[167] *Ibid* at s 4(a).
[168] *Ibid* at s 4(b).
[169] *Ibid* at s 4(c).
[170] *Ibid* at s 4(d).
[171] *Ibid* at s 4(e).
[172] *Ibid* at s 4(f).
[173] *Ibid* at s 2(a)(ii).
[174] *Ibid* at s 2(a)(xii).
[175] *Ibid* at s 2(a)(xvii).
[176] *Ibid* at s 2(a)(xxiii).
[177] *Ibid* at s 4(a)(iii).
[178] *Ibid* at s 4(b)(i).
[179] *Ibid* at s 4(c)(iv).

condition;[180] and (e) respect the prevailing time zones of the country the member is calling when making telephone calls to debtors or their representatives.[181]

Compliance monitoring involves organisational processes[182] and accessible dispute and complaint handling mechanisms for customers.[183] Breaches are investigated by CCAS[184] with sanctions including suspension or exclusion from membership.[185] However, these measures lack deterrence, as exclusion from CCAS does not preclude continued operation in the industry. Notably, CCAS's website does not provide evidence of enforcement actions since the Code's adoption.

While the Code's detailed provisions could inspire further regulation, its limited enforcement undermines its potential. A cohesive integration of such standards into Singapore's regulatory framework would enhance the overall governance of informal debt collection. As the case law discussed below reveals, most of the issues addressed in the Code are common occurrences in practice for both legitimate and illegal debt collectors.

IV. Complementarity: Case Law Outcomes

A. *Restrictive Effects*

1. *Criminalisation: Strong Deterrent Effect*

One of the most striking features of Singapore's legal framework regarding abusive informal debt collection practices is its strong emphasis on *deterrence*, through criminalisation. This applies uniformly, whether the offenders are runners, acting on behalf of loan sharks or agents of legitimate debt collection agencies, seeking to collect on behalf of their clients.

(a) Unlicensed Moneylenders and Debtors Turned Runners

Parliament's legislative stance against unlicensed moneylending reflects a commitment to deterrence, a principle consistently upheld by the courts in numerous cases. Distinctions among types of offences or offenders are minimal,[186] with certain actions, such as harassment by fire on behalf of unlicensed moneylenders,

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[180] *Ibid* at s 4(d)(iv).

[181] *Ibid* at s 4(e)(v).

[182] *Ibid* at s 2(f)(iii).

[183] *Ibid* at s 2(d).

[184] For more details, see Credit Collection Association of Singapore, "Dispute Resolution Process" <http://creditcollection.org.sg/commitment.html>.

[185] Credit Collection Association of Singapore, *The Constitution of Credit Collection Association (Singapore)* <http://creditcollection.org.sg/files/CCASConstitution.pdf>.

[186] For instance, in *Ong Chee Eng v PP* [2012] 3 SLR 776 [*Ong Chee Eng*], the High Court provided a sub-division of harassment cases that involved non-fire property damage: a category consisting of those who turned to loan sharks due to genuine desperate needs (such as sudden illness or prolonged unemployment) – genuine financial need – and another consisting of young harassers lured by easy money or thrill and gamblers, looking to settle their vice-related debts – greed and self-interest. However, it should be noted that the distinction did not lead the High Court to depart from the benchmark punishments prescribed by the law.

particularly targeted due to the associated public disquiet, syndicate involvement, and risks to public safety. These factors are deemed to necessitate stringent penalties.[187]

In *PP v Nelson Jeyaraj s/o Chandran*, the court underscored this stance, enhancing the punishment on appeal, and stating:

> The recent legislative changes leading to the current Moneylenders Act introduced *mandatory imprisonment and caning* to the punishment provisions for harassment offences resulting in property damage. This showed that Parliament had adopted an even more robust stance against harassment offences. These legislative changes also marked a paradigm shift in Parliament's treatment of unlicensed moneylending and related offences, which were henceforth to be viewed as syndicate offences that were particularly pernicious and had to be met with the full brunt of the law.[188]

The court's reasoning extended beyond the legislative intent, incorporating the factual circumstances of the case. The offender committed five harassment offences, all during nighttime hours (1.00 am to 5.00 am), when residents and neighbours were likely asleep. This meant that he sought to avoid early detection, deliberately increasing the risks to victims and their property. This *modus operandi* led the court to conclude that "a clear and strong message that such offences cannot be tolerated at all"[189] had to be sent.

The legal framework's strong emphasis on deterrence also results in an almost complete disregard for mitigating circumstances. Financial hardship, often cited as a defence by debtors-turned-runners, is explicitly excluded as a mitigating factor unless exceptional circumstances exist. The rationale, as articulated by the courts, is that individuals who have experienced harassment themselves should know better than to perpetuate such practices:

> Financial difficulties could not be relied upon in mitigation of an offence save in the most exceptional or extreme of circumstances. Debtors-turned-runners who had first-hand experience of what it was like to be hounded by loan sharks should know better than to revisit such hardship upon third parties in a bid to escape their own predicament. No mitigating weight should be accorded to the argument that the respondent only committed harassment to avoid harassment of himself and his family. If the court were to impose lenient sentences on the basis of sympathy for their conundrum, the inadvertent effect would be to further encourage the continued exploitation of easy prey.[190]

While this logic is technically sound, it reveals a deeper issue. Unlicensed moneylenders resorting to harassment in debt collection were too hard to catch as they

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[187] *PP v Nelson Jeyaraj s/o Chandran* [2011] 2 SLR 1130 at [39] [*Nelson Jeyaraj*].

[188] *Ibid* at [2], [38]–[43]. The same stance is acknowledged in *PP v Quek Li Hao* [2013] 4 SLR 471 at [22] [*Quek Li Hao*].

[189] *Nelson Jeyaraj*, *supra* note 187 at [19].

[190] *Ibid* at [4], [52]–[56].

rarely engaged in such activities alone. They use vulnerable debtors who cannot pay their debts and accept tasks from moneylenders, exposing themselves to legal punishment when caught. The court argues that by showing leniency, it would only encourage the practice of using runners. The logic may appear technically correct, especially in cases where runners show too much audacity, but it is not without criticism. Despite stringent punishments, the number of cases involving unlicensed moneylender harassment continues to rise.[191] This persistence suggests that deterrence efforts focusing solely on runners, rather than the instigators who exploit them, may be misplaced. The courts' punitive approach, while understandable, often reflects frustration at being unable to hold the masterminds accountable.

In *Ong Chee Eng v PP*,[192] the court highlighted the need for proportionality in sentencing. The accused, though involved in multiple offences, took steps to minimise the damage caused and cooperated with authorities by disclosing additional crimes. This cooperation led the court to distinguish his case from others involving more egregious behaviour, such as *PP v Nelson Jeyaraj*.[193]

The judgment acknowledged that offenders and offences are not homogenous and that a one-size-fits-all approach could undermine justice. However, Parliament's stance remained unequivocal: debtors-turned-runners were not to receive more lenient treatment than loan sharks if their actions involved harassment.[194] Thus, whatever discretion was left to the court had to do with the duration, not the nature of the punishment.[195]

This strict approach raises questions about its efficacy. Severe punishments for runners may fail to deter desperate debtors from engaging in similar practices[196] while leaving unlicensed moneylenders – the true instigators – largely untouched.[197] Encouraging runners to testify against unlicensed moneylenders could offer a more effective solution. In *Ong Chee Eng v PP*, the court recognised the public interest in encouraging offenders to disclose additional crimes:

> There is public interest in encouraging a guilty person to come forward to disclose the facts of the offence that he has committed and to confess his guilt: *PP v Siew Boon Loong* [2005] 1 SLR(R) 611 at [21]. It is all the more in the public

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[191] *Ibid* at [40]–[41].

[192] *Ong Chee Eng*, *supra* note 186.

[193] *Ibid* at [31]–[32].

[194] *Ibid* at [19].

[195] *Ibid* at [20]–[22].

[196] *Ibid* at [17] citing *Singapore Parliamentary Debates, Official Report* (12 January 2010) vol 86 at cols 2099–2100 <https://sprs.parl.gov.sg/search/#/topic?reportid=018_20100112_S0003_T0001#> (Ms Audrey Wong, Nominated Member of Parliament).

[197] The inability to detect illegal moneylenders was also one of the reasons for which the MLA was amended in 2005. See 2005 Second Reading of the MLA, *supra* note 46 at col 1831 (Assoc Prof Ho Peng Kee, Senior Minister of State for Law). However, the legal presumptions introduced by the amendments, such as the one by which any person whose bank account or ATM card has been proven to have been used in the collection of debts by an unlicensed moneylender is presumed to have assisted in the carrying out of unlicensed moneylending activities, tended to impact intermediaries, not the actual moneylenders.

> interest to have the accused persons disclose other offences which they had committed but which the police are unaware of. […].[198]

In the mentioned case, the appellate court reduced the sentence, stating that it "should not be much higher than the normal level of sentence for the most serious of the individual offences" but "[n]either should the total sentence be crushing".[199] Such reasoning underscores the need for a balanced approach that deters criminal behaviour while incentivising cooperation with law enforcement. However, broader systemic measures are required to target the roots of the problem effectively, including better mechanisms to dismantle unlicensed moneylending syndicates and reduce their exploitation of vulnerable individuals.

(b) Legitimate Debt Collection Agencies

The restrictive effects of Singapore's legal framework do not solely target unlicensed moneylenders and their runners but extend to legitimate debt collection agencies engaging in abusive practices. Since the 1993 amendments to the Moneylenders Act, debt collectors hired by illegal moneylenders and resorting to harassment or intimidation have faced punishments identical to those imposed on illegal moneylenders. This approach underscores Parliament's intent to impose strong deterrence across the board.

Several recent cases demonstrate that courts are equally concerned with unfair practices of legitimate agencies. In *PP v Nigel Teo Chun Min & Anor*[200] the court considered it necessary "to send a clear and deterrent signal" to the agency involved and to the broader debt collection industry, for one "should not countenance thuggish debt collection tactics that plainly and openly flout the law on harassment."[201]

The court identified several aggravating factors warranting a deterrent sentence: (a) *premeditated and deliberate tactics* – the strong-arm methods were planned and even advertised as such on the debt collection agency's website, (b) *collaborative intimidation* – agents acted in tandem to pressure the debtor through intimidation and insults, and (c) *corporate policy* – the agency's owner oversaw the incident, reflecting an institutionalised culture of aggression.[202]

The court concluded that fines alone were insufficient deterrents, as the potential profits from aggressive debt collection could outweigh the penalties. It stated:

> Having considered the above aggravating factors, it is abundantly clear that a fine would not provide sufficient deterrence in such cases. This is especially true since the quantum of debt and the resulting remuneration that could be paid to debt collection agencies could easily outweigh any fine that is imposed on the individual offender. In my view, the term of imprisonment should also not be *de minimis* in nature and should be sufficiently long to deter employees from being paid to take the risk of incarceration.[203]

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198 *Ong Chee Eng*, *supra* note 186 at [34]–[35].
199 *Ibid* at [40].
200 *PP v Nigel Teo Chun Min & Anor* [2017] SGMC 53 [*Nigel Teo*].
201 *Ibid* at [37].
202 *Ibid* at [37]–[41].
203 *Ibid* at [42].

Similarly, in *PP v Yong Chee Meng*,[204] the court held that:

> [A] fine would not be sufficient to send out the appropriate signal of deterrence in this case. The Offender and his colleagues had committed the offence in a brazen fashion. The offence was committed by the group to achieve maximum impact of causing unbearable annoyance […] and disturbing the public peace […]. The premeditated and organised course of action […] reflected an extremely high level of culpability in the commission of the offence.[205]

In *PP v Francis Lee Sian Sian*,[206] the court noted that the accused's actions were part of their professional duties and intended for profit.[207] The judge highlighted the severity of these practices compared to those of unlicensed moneylending syndicates:

> [T]he practices used by the accused were *more egregious than unlicensed moneylending syndicates*. I was strongly of the view that *a strong signal must be sent to deter would-be offenders*. In fact, I have noted that there were already a number of such cases involving employees of other debt collection agencies being charged in court in respect of such thuggish practices.[208]

The courts have consistently applied deterrent punishments in harassment-related cases involving debt collection agencies, particularly when the integrity and reputation of the legal profession and public confidence in the legal profession could have been undermined.

In *PP v Tan Kian Tiong*,[209] where a debt collection agency presented itself as "legal consultants" and threatened 387 alleged debtors with legal proceedings, albeit not even being registered as an LLP, the prosecution sought a deterrent sentence to prevent the accused from future offending. Among the reasons, the prosecution underlined that the accused exploited the public perception that lawyers belong to an honourable profession and its members would not make improper or frivolous demands for repayment or threaten legal action without basis. Moreover, the accused was motivated by self-interest in carrying out the offences since he was paid 30% of each recovered debt as a commission.[210] In the demand for deterrence, the court sided with the prosecution, holding that "the sentence must sufficiently impress in the mind of the accused that he cannot simply flout the law for profit."[211]

(c) Lawyers Engaged in Debt Collection

The principle of deterrence is also evident in disciplinary actions against lawyers who misuse their professional status to engage in abusive debt collection practices.

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[204] *PP v Yong Chee Meng* [2017] SGMC 36 [*Yong Chee Meng*].
[205] *Ibid* at [28].
[206] *PP v Francis Lee Sian Sian* [2019] SGDC 147 [*Francis Lee*].
[207] *Ibid* at [43].
[208] *Ibid* at [44].
[209] *PP v Tan Kian Tiong* [2019] SGMC 79 [*Tan Kian Tiong*].
[210] *Ibid* at [24]–[25].
[211] *Ibid* at [58].

In *The Law Society of Singapore v Han Meng Kuan, Mark*[212] the Disciplinary Committee found that the Respondent had improperly issued and served statutory demands without legal basis, exploiting statutory instruments to pressure the Complainant into repayment.

This conduct was deemed a serious breach of professional standards. Citing *Law Society of Singapore v Ahmad Khalis bin Abdul Ghani* [2006] 4 SLR 3009, the Committee held that "the public interest in deterring both the solicitor and other like-minded solicitors from similar conduct was paramount; and … anything which undermines public confidence in the competence or professionalism of lawyers could not be permitted."[213]

The misuse of legal instruments not only dishonours the individual lawyer but also damages the reputation of the legal profession as a whole. Deterrent measures in such cases serve to preserve public confidence and uphold the integrity of the profession.

2. *Harassment: Protection of Innocent Third Parties*

Harassment offences extend beyond the direct impact on debtors and their guarantors, frequently threatening the safety and well-being of innocent third parties. These incidents can arise from intentional actions or mistakes, yet available evidence suggests that runners or debt collectors rarely rectify errors, even when made aware of them.

(d) Harassment of Innocent Third Parties by Unlicensed Moneylenders and Their Runners

For example, in *Lau Tian Heng v PP*,[214] the accused mistakenly knocked on the wrong flat. Realizing his error, he moved to the victim's residence, where he banged loudly on the door and demanded to see "Janet". Despite the victim's assertion that no such person lived there, the accused left a threatening note, damaged property, and caused significant distress. The court held that such deliberate intimidation of an elderly woman was "undoubtedly a case of harassment by intimidation […] with threatening behaviour coupled with wanton destruction of property" and was precisely "the kind of problem that the Moneylenders Act was designed to eradicate".[215]

The 2010 amendments to the MLA were partly driven by the increasing tendency of loan sharks and their runners to target innocent third parties. As the Senior Minister of State for Home Affairs observed:

> Loan sharks now increasingly target innocent neighbouring households by splashing paint on their doors or their cars in multi-storey carparks, hoping that peer pressure would force the borrowers to pay up. Indeed, in some instances,

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[212] *Law Society of Singapore v Han Meng Kuan, Mark* [2007] SGDSC 2.
[213] *Ibid* at [12] (Opinion of Lee Chuan Huei).
[214] *Lau Tian Heng v PP* [2001] SGDC 267 [*Lau Tian Heng*].
[215] *Ibid* at [15].

> knowing that innocent parties are frustrated, loan sharks demand that they pay up on behalf of the actual debtors![216]

Such harassment created an atmosphere of fear within communities, warranting punitive and deterrent responses. Before the 2010 amendments to the MA, courts had already been taking a tough stance on the matter. In *PP v Soh Yew Heng*[217] the court held that:

> There are costs and harm imposed on society by these acts of harassment. The harassment, at the very least, creates a breach of the peace and good public order. It fosters an atmosphere of threat and danger because of the damage to property and warning messages scrawled on walls. Residents of our various housing estates are entitled to live in surroundings free from such disturbances … The response of the Courts should, therefore, be both punitive and deterrent.[218]

Despite the 2010 amendments to the MLA and the introduction of the 2014 PFHA, innocent third parties continued to suffer from unfair debt collection practices. In *PP v Quek Li Hao*,[219] a debtor-turned-runner splashed paint on a neighbour's unit, causing unnecessary annoyance and distress.[220] The court highlighted the aggravating nature of targeting innocent parties:

> This could take the form of harassing the debtor's neighbours or vandalising the flat when the harasser knows that the debtor is no longer residing there. Innocent parties should not be made to suffer the anxiety, frustration and helplessness caused by such acts of harassment. Such indiscriminate acts disturb the peace of mind and sense of well-being of the community by enlarging the area of conflict.[221]

Similarly, in *PP v Sebestian Tia Yong Wei*[222] offenders targeted neighbours by splashing paint and defacing walls. The court emphasised the need for harsher penalties for offenders who knowingly harass innocent parties, raising the benchmark sentence for such cases:

> [O]ffenders who knowingly harass innocent persons such as debtors' neighbours ought to be given an imprisonment term of two to three months higher than the benchmark sentence of 12 months' imprisonment. Unlicensed moneylenders and their assistants should not be allowed to treat debtors' neighbours as mere collateral damage in their unrelenting quest to make debtors pay up.[223]

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[216] Ho Peng Kee's statements at the Moneylenders (Amendment) Bill 2010, *supra note* 48 at col 2053.
[217] *PP v Soh Yew Heng* [2007] SGDC 49.
[218] *Ibid* at [15].
[219] *Quek Li Hao*, *supra* note 188.
[220] *Ibid* at [19].
[221] *Ibid* at [39].
[222] *PP v Sebestian Tia Yong Wei* [2015] SGDC 35 at [8] [*Sebestian Tia Yong Wei*].
[223] *Ibid* at [20]; *Quek Li Hao*, *supra* note 188 at [44].

(e) Harassment of Innocent Third Parties Caused by Debt Collection Agencies

The disruptive behaviour of debt collection agencies has also significantly impacted innocent third parties. In *PP v Yong Chee Meng*,[224] the employees of a debt collection agency caused a public spectacle while attempting to collect a debt from a food stall owner. Wearing matching "Debt Recovery" t-shirts, they unfurled a banner with the message "Debt recovery in process" in front of the stall, trespassed on the stall's premises, disrupted operations, and chased away customers.[225] The court identified the fear caused to innocent bystanders as an aggravating factor in sentencing.[226]

The persistence of harassment by debt collection agencies, even after the adoption of the PFHA, is evident in cases such as *PP v Francis Lee Sian Sian*. Here, the wife and the daughter of the alleged debtor witnessed acts of physical and verbal violence against him committed by debt collectors.[227] Similarly, in *PP v Nigel Teo Chun Min & Anor*,[228] the employees of a debt collection agency harassed a debtor at his house, late at night, banging on doors, ringing bells incessantly, and shouting insults, thereby disturbing neighbours. Such behaviour was explicitly cited as an aggravating factor in sentencing.[229]

The impact of harassment on innocent parties extends to tort (defamation) cases. Debt collectors should be mindful that involving innocent third parties in debt collection efforts might expose them to damages. In *Chan Tam Hoi @ Paul Chan v Tang Swea Phing and another*,[230] the defendant's representatives (a debt collection agency) repeatedly visited the debtor's home when he was not around, so the demands were heard by his wife, helper and neighbour, but also the wife's and daughter's workplace, although it was clear that the debtor did not work there.[231] In the latter instance, the court found that the defendants attempted to pressure the plaintiff into paying through his family members for no good reason.[232] Such attempts amounted to defamation, and the defendants had to pay damages amounting to 10,000 SGD.[233]

3. *Moneylending: Fight Against Loan Sharks*

One key reason for amending the MLA and toughening its penalties was to combat the thuggish practices of unlicensed moneylenders. The prevalence of aggressive informal debt collection was primarily (though not exclusively) related to loan sharking. As previously noted, the number of cases involving unlicensed moneylending and harassment rose alarmingly between 2008 and 2009 by 56.9%, with

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[224] *Yong Chee Meng*, *supra* note 204.
[225] *Ibid* at [4]–[9].
[226] *Ibid* at [16].
[227] *Francis Lee*, *supra* note 206 at [7]–[9] and [12]–[14].
[228] *Nigel Teo*, *supra* note 200.
[229] *Ibid* at [41].
[230] *Chan Tam Hoi @ Paul Chan v Tang Swea Phing and another* [2022] SGDC 95 [*Chan Tam Hoi*].
[231] *Ibid* at [12]–[16].
[232] *Ibid* at [151]–[154].
[233] *Ibid* at [158].

an increasing number of incidents involving arson. This trend prompted a strong legislative and judicial response, emphasising deterrence through mandatory punishments.

However, the framework reveals notable gaps. The *first* issue is addressing the root cause of illegal moneylending, particularly the needs of "the poor and vulnerable who desperately need loans but cannot get them from legitimate sources".[234] Singapore's general affluence means that most of its citizens enjoy access to cheap and reliable credit, but this tends to obscure the reality that certain groups remain unbanked (*ie*, unable to access formal banking services) or face financial troubles. Factors contributing to the rise of illegal moneylending include increased desperation for credit, difficulties in debt repayment, or heightened borrower complaints due to worsening debt collection practices. Economic downturns, such as financial crises, may exacerbate these issues, though their specific impact on Singapore requires further exploration. It may also be that debtors decided to step up and complain (more than they did in the past), or the aggravation in debt collection practices determined them to complain. The vice versa could also be true: facing an increased number of defaults, loan sharks resorted to increased pressure to extract repayment.

During the parliamentary debates of the Second Reading of the Moneylenders (Amendment) Bill 2010, Ms Paulin Tay Straughan highlighted the need for formal sources of financial aid for vulnerable groups.[235] Courts similarly acknowledged that resolving the issue requires "socio-economic and political decisions" that only Parliament can enact.[236] A broader focus on the structural exclusion of vulnerable populations from formal banking services could inform additional policies to curb loan sharking. The continued emergence of such cases underscores that systemic solutions remain elusive.

The *second* gap concerns the lack of a mechanism to ensure that unlicensed moneylenders rather than their "runners" bear the brunt of legal consequences. As noted earlier, many runners are debtors themselves, coerced into aiding loan sharks. While it is reasonable to hold individuals accountable for their actions, the absence of measures to target the syndicates behind such activities is problematic. The legislature has long been aware of the layered structures used by loan sharks to evade detection:

> Now, loan sharks have taken to outsourcing their "business functions" to debtors or youths, who appear easy targets for recruitment. These operatives carry out functions ranging from assisting the loan sharks in the collection of money to effecting transfers of money electronically to carrying out acts of harassment. They add to the layers surrounding the loan shark syndicate, shielding the leaders from direct exposure. Members are also fearful to testify against the 'ah longs' and 'towkays' for fear of reprisal to themselves and their families. And business continuity is high as, characteristically, the syndicates' structure enables them to elude Police enforcement, replace lower-rung members, reorganise their resources and perpetuate their criminal activities.[237]

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[234] *Ong Chee Eng v PP*, *supra* note 186 at [11].
[235] Moneylenders (Amendment) Bill 2010, *supra* note 48 at col 2101.
[236] *Ong Chee Eng v PP*, *supra* note 186 at [12].
[237] Moneylenders (Amendment) Bill 2010, supra note 48 at col 2055.

A system of immunity and protection for runners who testify against loan sharks could help dismantle these syndicates more effectively. Encouraging cooperation through reduced penalties or witness protection programs would align with broader deterrence and enforcement goals.

Finally, case law[238] highlighted a legislative gap concerning the regulation of debt collection practices by legitimate agencies. In *PP v Nigel Teo Chun Min & Anor*, the court observed: "The mere fact that the conduct of debt collectors is not currently regulated by a specific statute like the Moneylenders Act does not give debt collectors *carte blanche* to recover their client's debts by any means they deem fit."[239] While general legal remedies, such as those under the Penal Code, were available, the absence of a dedicated regulatory framework for professionalising the debt collection industry exacerbated fragmentation. The eventual introduction of the DCA sought to fill this gap, complementing existing legislation.

4. *Blacklisting: Banned Practices*

The available case law, originating in the MLA and PFHA, covers a wide array of abusive informal debt collection practices. The most egregious, such as house visits involving physical violence (*eg*, beating[240]), verbal abuse (*eg*, insults[241]), or property damage (*eg*, arson,[242] destroying personal objects,[243] and paint spraying[244]) or to innocent third parties (*eg*, paint spraying on doors,[245] and staircase walls[246]) or causing public disturbance[247] have been consistently punished by courts. All of these reflected the serious societal harm caused by such actions and the necessity of robust deterrent measures.

Additional abusive practices identified in case law include public humiliation attempts in front of customers (*eg*, displaying a public banner,[248] shouting slurs at the alleged debtors in the presence of his/her family,[249] disclosing the claim to third parties[250]) or neighbours (*eg*, crying or banging on the door of the debtor or that of neighbours,[251] locking the debtor's door,[252] showing up dressed in funeral clothes[253]

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[238] *Nigel Teo*, *supra* note 200; *Francis Lee*, *supra* note 206.
[239] *Nigel Teo*, *supra* note 200 at [22(c)].
[240] *Francis Lee*, *supra* note 206 at [8] and [30].
[241] *Nigel Teo*, *supra* note 200 at [6].
[242] *Nelson Jeyaraj*, *supra* note 187; *Ong Chee Eng*, *supra* note 186.
[243] *Yong Chee Meng*, *supra* note 204; *Lau Tian Heng*, *supra* note 214.
[244] *Quek Li Hao*, *supra* note 188; *Ong Chee Eng*, *supra* note 186.
[245] *PP v Sebestian Tia Yong Wei* [2015] SGDC 35.
[246] *Ibid*; see also *Quek Li Hao*, *supra* note 188.
[247] *Yong Chee Meng*, *supra* note 204; *Nelson Jeyaraj*, *supra* note 187.
[248] *Yong Chee Meng*, *supra* note 204.
[249] *Chan Tam Hoi*, *supra* note 230; *Nigel Teo*, *supra* note 200.
[250] *Yong Chee Meng*, *supra* note 204.
[251] *Lau Tian Heng*, *supra* note 214; *Nigel Teo*, *supra* note 200.
[252] *Ong Chee Eng*, *supra* note 186..
[253] Cara Wong, "Debt collector who dressed in funeral garb to harass debtor sentenced to five weeks' jail", *The Straits Times* (15 January 2020).

or with t-shirts bearing the inscription "debt collection"[254]). Misappropriation of funds paid by debtors[255] and false representations made to debtors[256] were also reported.

In many cases, the actual creditor – whether legitimate or a loan shark – has managed to avoid direct exposure by resorting to "professional" debt collection agencies, respectively, by employing runners[257] (many of whom were (former) debtors themselves).[258]

Surprisingly, the practices identified in case law are absent from the DCR General. This omission suggests that the legislature believes these behaviours are adequately addressed by the MLA and PFHA, indicating an intent for these laws to function complementarily with the DCA. However, this reliance on multiple statutes reinforces the fragmentation of Singapore's legal framework for debt collection. A more integrated approach could streamline enforcement and provide clearer guidance to stakeholders.

The persistence of abusive practices despite existing laws underscores the need for continued vigilance and legislative refinement. Strengthening sector-specific regulations, enhancing oversight mechanisms, and addressing systemic issues such as financial exclusion could contribute to a more cohesive and effective framework for combating abusive debt collection practices.

B. *Enabling Effects*

1. *Safe(r) Harbours: Reasonable Annoyance & Low Inconvenience*

As part of the DCA's protective aims, certain abusive practices were explicitly outlawed. During the Second Reading of the Bill, Ms Sun Xueling highlighted examples, such as threatening debtors or their families or disclosing the debtors' identity to neighbours. She noted that accompanying regulations would specify prohibited conduct for debt collectors.[259]

However, such blacklists inevitably suggest the existence of whitelists – practices deemed *acceptable* in debt collection activities. In fact, several MPs underscored the need for "clearer and accessible guidelines on what constitutes *proper and improper debt collection*" (emphasis added) or a clear list of "*dos and don'ts*" (emphasis added)[260] to ensure clarity for all stakeholders.

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254 *Yong Chee Meng*, *supra* note 204.

255 *PP v Tan Kiang Chua Destry* [2007] SGDC 294.

256 *Tan Kian Tiong*, *supra* note 209.

257 *Lee Kuan Tat v PP* [2007] SGHC 65 at [30] [*Lee Kuan Tat*]; *Nelson Jeyaraj*, *supra* note 187 at para 30; *Ong Chee Eng*, *supra* note 186 at para 16.

258 *Goh Joon Tong and Another v PP* [1995] SGHC 173; *Lau Tian Heng v PP*, *supra* note 214; *Lee Kuan Tat*, *supra* note 257; *Nelson Jeyaraj*, *supra* note 187; *Ong Chee Eng*, *supra* note 186.; *Quek Li Hao*, *supra* note 188; *PP v Tan Bee Leong* [2013] SGDC 72; *Sebestian Tia Yong Wei*, *supra* note 222; PP v Lee Kia Yih [2022] SGDC 196.

259 Debt Collection Bill 2022, *supra* note 116.

260 *Ibid* (Mr Yip Hon Weng, Mr Dennis Tan Lip Fong and Ms Foo Mee Har).

The establishment of "safe harbours" was also framed as a way to enhance the industry's legitimacy, by ensuring that regulations would not unduly restrict legitimate activities.[261] The case law also reveals instances where certain practices, even if "reasonably" annoying and inconvenient, are considered acceptable under specific conditions. However, this concept is not without complications, particularly when such practices impact innocent parties or when legal interpretations of "reasonable" behaviour fail to align with public expectations.

(a) Reasonableness in Personal Data Protection

One illustrative case is *MyRepublic Limited*,[262] where the PDPC evaluated the reasonableness of a debt collection agency's use of a customer's personal data. The alleged debtor had no outstanding debt with the debt collector's client at the time, but due to an administrative time lag in the latter's systems, the account was erroneously flagged for recovery. The Commission ultimately dismissed the complaint, reasoning that the PDPA "does not demand infallibility in an organisation's personal data processing activities and systems. Rather, it requires organisations to do what is *reasonable* to fulfil their obligations".[263]

The PDPC identified several mitigating factors: batch processing of arrears was common practice, the error was short-lived, and the debt collection ceased promptly upon correction. Additionally:

> [T]he inconvenience to the Complainant was no more than a letter and phone call, both of which were private communications directed to him. Apart from the annoyance and displeasure of having to deal with requests to repay a debt that he had already settled, there was no embarrassment or harm caused.[264]

While this decision underscores the importance of proportionality, it raises concerns about the potential normalisation of minor errors at the expense of innocent parties. The precedent implies that even individuals wrongly pursued by debt collectors may have limited recourse if the inconvenience caused is deemed reasonable. Such interpretations risk undermining public confidence in the system's fairness and accountability.

(b) Low-Harm Defences in Criminal and Tort Cases

Criminal and tort cases also reveal attempts by debt collectors to invoke low-harm or low-culpability defences. In *PP v Nigel Teo Chun Min & Anor*,[265] defence counsel argued that the police's idleness at the scene and the lack of property damage or physical harm[266] mitigated the accused's culpability. The court acknowledged the absence of aggravating factors, such as direct harm to bystanders, but still imposed liability, emphasising that nuisance alone justified legal consequences.

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[261] *Ibid* (Mr Yip Hon Weng).
[262] *MyRepublic Limited* [2018] SGPDPC 13.
[263] *Ibid* at [7] (emphasis added).
[264] *Ibid* at [8].
[265] *Nigel Teo*, *supra* note 200.
[266] *Ibid* at [30].

Similarly, in *PP v Tan Kian Tiong*,[267] a debt collection agency's threats to pursue legal proceedings against 387 alleged debtors[268] were not excused by the argument that victims faced no consequential harm. The court rejected this defence, recognising that the agency's conduct was inherently intimidating and exploitative.[269]

In *Lee Kuan Tat v PP*,[270] the defence's argument that the absence of evidence of threats or harm warranted leniency was dismissed. The court noted: "although there is nothing in the statement of facts alleging that the debtors were harassed or exposed to threats of violence [the lawyer's] submission that the appellant would not have resorted to threats of violence and meekly forgone the money is naïve to the extreme."[271]

(c) Civil Liability and Defences in Tort Cases

A recent tort case, *Chan Tam Hoi @ Paul Chan v Tang Swea Phing and another*,[272] further demonstrates the limited applicability of safe harbours as defences. The debt collectors argued that they acted on client instructions, had no statutory duty to verify the debt before undertaking the assignment and operated within legal boundaries.[273] Once again, the court was not convinced by any of these arguments.

In the court's view, the fact that the debt collector only acted on the defendants' instructions was not a defence since the general rule is that whoever commits a tort under the authority, instructions or orders of another remains personally liable for the tort. Moreover, the debt collector was being paid for an assignment which it knew may cause the plaintiff "inconvenience and embarrassment". The lack of statutory duty to verify debts did not shield the agency from defamation claims. Finally, compliance with criminal law did not negate civil liability for causing embarrassment or inconvenience to third parties.[274] The judgment reinforces the principle that debt collection agencies cannot escape accountability for their actions, even when operating within perceived legal boundaries.

The concept of "safe harbours" offers some clarity but highlights systemic gaps in regulation, particularly regarding ambiguous standards of reasonableness and protections for innocent parties. Reliance on general legal principles for low-harm cases underscores the need for specific statutory guidelines. Strengthening safeguards, such as mandatory debt verification and clearer definitions of acceptable conduct, could enhance trust, reduce errors, and improve compliance while balancing debtor protection with industry legitimacy.

2. *Professionalisation: Business Legitimisation & Fair Competition*

In April 2019, while the government remained resistant to introducing a debt collection act, the Ministry of Law proposed an amendment to the PFHA. Among the

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[267] *Tan Kian Tiong*, *supra* note 209.
[268] *Ibid* at [1].
[269] *Ibid* at [55].
[270] *Lee Kuan Tat*, *supra* note 257.
[271] *Ibid* at [29]–[30].
[272] *Chan Tam Hoi*, *supra* note 230.
[273] *Ibid* at [30].
[274] *Ibid* at [31]–[35].

changes was a clarification that legal entities could be held liable for harassment-related behaviour.[275] This proposal was prompted by increased feedback on the "institutionalised harassment" of debtors by debt collectors and ambiguous case law regarding whether legal entities could qualify as offenders under the PFHA.[276] This initiative marked an early step toward sector-specific regulation, ultimately culminating in the adoption of the DCA in 2022.

However, the DCA 2022's primary purpose is to regulate and enable debt collection; everything else is secondary. Debt collection was made a legitimate "regulated business" subject to prior vetting and authorisation, which gives the DCA 2022 its technical appearance. Concomitantly, the industry is legitimised by its prospective compliance with professionalisation requirements.[277] These requirements extend to both businesses and individuals involved in debt collection activities.[278]

(a) Licensing and Vetting Standards

The main standard for granting licenses to debt collection entities or approving the deployment of individuals in debt collection activities is that the subject (or its key appointment holder) is "fit and proper".[279] The assessment is to consider any criteria and requirement prescribed or deemed appropriate by the Licensing Officer.[280]

The detailed *vetting* criteria appear in the First Schedule of the DCR (General) 2023 and refer to prior convictions for an offence under the DCA 2022, prior convictions for offences involving dishonesty or dishonest acts, prior convictions for offences specified in the Second Schedule of the DCA 2022 (related among others to the MLA 2008, PFHA 2014 or the Penal Code).[281] Being insolvent or likely to undergo insolvency proceedings, whether as a company or an individual, is also listed.[282]

These gatekeeping measures align with international practices, such as those in the US,[283] the EU[284] and its Member States,[285] where similar vetting mechanisms aim to exclude individuals prone to misconduct. Nonetheless, parliamentary debates[286] and interviews with stakeholders reveal concerns about the potential impact of these provisions.[287] Critics argue that while these measures are essential for industry professionalisation, they may create barriers for individuals seeking to rehabilitate their professional lives.

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[275] Ministry of Law, Enhancements to the Protection of PFHA, *supra* note 35 at point 9.
[276] *Ibid* at point 15.
[277] DCR (General), *supra* note 2 at s 10.
[278] DCA, *supra* note 1, s 18 and the following.
[279] *Ibid* at ss 8(2) and 20(2).
[280] *Ibid* at ss 8(3) and 20(3).
[281] DCR (General), *supra* note 2 at First Schedule, Part 1, s 1, Part 2, s 1 and Part 3, s 1.
[282] *Ibid* at First Schedule, Part 1, s 2, Part 2, s 2 and Part 3, s 1.
[283] Fair Debt Collection Practices Acts adopted at states levels, referred to as mini-FDCPAs generally provide for licensing and/or authorization criteria. See Stănescu, *Self-Help*, *supra* note 18 at 219, footnote 42.
[284] CSCPD, *supra* note 139 at Arts 5, 7.
[285] For example, Danish DCA, *supra* note 139 at Chap 2, ss 3-7 and Chap 3, s 8.
[286] Debt Collection Bill 2022, *supra* note 116.
[287] Interview with Member of Parliament (March 2024).

(b) Training and Compliance Obligations:

A key enabling effect of the DCA 2022 and its ancillary regulations is the emphasis on training and compliance. According to the DCR 2023:

> a licensee must put in place all measures, including appropriate training, that are reasonable and necessary to ensure that every debt collector of the licensee does not breach the Act or any written law, including the Penal Code 1871 and the Protection from Harassment Act 2014 and carries out any debt collection activity for the licensee in compliance with the Act, all the conditions of the approval granted […] for the individual to be deployed as debt collector […] and all the codes of practice that are applicable to the licensee […][288] (emphasis added).

The "appropriate training" requirement implies that debt collection entities must provide agents with comprehensive legal education. This training must go beyond the DCA and DCR to cover the broader spectrum of debt collection-related legislation, including the Penal Code and PFHA. This approach reflects the Singaporean legislator's intention to create a complementary legal framework where multiple laws work in tandem to govern debt collection practices effectively.

The DCA's professionalisation requirements have significant implications for the industry's legitimacy and fair competition. By enforcing licensing and training standards, the Act aims to distinguish legitimate operators from rogue actors who rely on aggressive or unlawful tactics. Such measures not only protect debtors but also promote fair competition by ensuring that all industry participants operate under uniform regulatory standards.

V. Conclusion

The introduction of the 2022 DCA and the 2023 DCR represents a pivotal shift in Singapore's approach to informal debt collection regulation. While existing laws, such as the MLA, the PFHA, and the PDPA, have already addressed various aspects of debt collection practices, the new framework primarily seeks to professionalise the industry rather than comprehensively regulate debt collection activities. The licensing and compliance requirements imposed by the DCA introduce much-needed institutional oversight, yet their focus remains on industry legitimacy rather than substantive debtor protections.

Judicial interpretations further underscore Singapore's strong deterrence-based approach, particularly in cases involving unlicensed moneylenders and abusive collection practices. However, the persistent reliance on criminalisation, without robust civil remedies for aggrieved debtors, limits the accessibility of redress mechanisms and reinforces the fragmentation of enforcement pathways. Additionally, sectoral exclusions, regulatory loopholes (such as those concerning cryptocurrency-denominated debts), and gaps in the oversight of original creditors leave significant areas unaddressed.

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[288] DCR (General) 2023, *supra* note 2 at s 10(1).

Singapore's model diverges from consumer-centric approaches in the EU and the US, favouring economic regulation over debtor protection. While the DCA has streamlined the debt collection industry, its contribution to reducing abusive practices remains uneven, as key enforcement challenges persist. A more integrated framework – bridging sectoral, criminal, and consumer protection laws – would enhance both regulatory coherence and the balance between industry interests and debtor rights.

Ultimately, Singapore's evolving legal landscape illustrates the tension between regulatory clarity and legal fragmentation. Whether the DCA marks a step toward a more cohesive governance model or simply adds another layer to an already complex framework remains contingent on enforcement efficacy and future legislative refinements.