



Frequently Asked Questions (FAQs) - Goodwill Discount for Early Settlement of Existing Hire-Purchase Agreements

No.	Question	Answer
1	What is a goodwill discount?	<p>A goodwill discount is being introduced under Hire Purchase (Amendment) Act 2025 (HPAA) to ensure fairness for customers who entered a fixed-rate hire-purchase agreements and/or which apply the Rule of 78 method prior to the HPAA or during the grace period defined therein ("Goodwill Discount").</p> <p>The Goodwill Discount will be calculated based on the features of the existing hire-purchase agreement (such as timing of early settlement and rate structure) and applied to the net balance due. The intention is to offer early settlement treatment that is broadly comparable to the approach under the HPAA.</p>
2	What is the Rule of 78 method?	<p>Rule of 78 method under the Hire Purchase Act 1967 refers to the method of calculating profit where profit are allocated disproportionately at the earlier months of the payment schedule, meaning customers pay more profit upfront and receive a smaller rebate if they settle early.</p>
3	When is the effective date for the goodwill discount?	<p>The goodwill discount comes into effect 1 June 2026 following the effective of HPAA.</p>
4	Who is eligible for the Goodwill Discount?	<p>Customers (individuals, micro or small businesses) are eligible if they meet all of the following criteria:</p> <ol style="list-style-type: none"> Have a fixed-rate KFH Automobile Ijarah-i calculated under the Rule of 78 method, which was either: <ol style="list-style-type: none"> executed before the HPAA comes into effect; or executed within the 18-month grace period after the HPAA comes into effect. Perform an early settlement before the account's maturity date. Have a good payment record (i.e. account is not in arrears exceeding 90 days at the point of early settlement).
5	Who is NOT eligible for the Goodwill Discount?	<p>Customers will NOT qualify if their KFH Automobile Ijarah-i account are as follows:</p> <ol style="list-style-type: none"> Accounts in arrears exceeding 90 days; Accounts undergoing legal proceedings or with a repossession order issued; and Accounts under an existing Restructuring & Rescheduling (R&R) plan or enrolled in a debt management programme.
6	Do I need to settle my arrears before requesting early settlement?	<p>Yes. Customers with outstanding arrears must fully settle all arrears before the Goodwill Discount can be applied to early settlement. Only accounts in good standing are eligible for the discount.</p>

7	If my account was previously in arrears more than 90 days but is now up to date, am I eligible?	Yes. Customers who have fully regularised their accounts are considered to have a good repayment record and are eligible for the Goodwill Discount.
8	Would I be entitled to the goodwill discount if I settle my hire purchase financing before the effective date of the HPAA?	No, the Goodwill Discount will start from the effective date of the HPAA. Customers settling their hire purchase financing before this date will not be eligible for the Goodwill Discount.
9	What if I choose to continue making my current payments as per my hire-purchase financing agreement?	Customers who wish to continue making payments according to their agreed schedule until the end of the tenure will not be affected by the change. As such, customers may continue to pay the same instalments as originally agreed and do not need to take any action.
10	Is the Goodwill Discount the same for every customer?	No. The discount amount varies based on your financing amount, tenure, and remaining period.
11	What if I choose to continue making my current payments as per my hire purchase financing agreement?	Customers who wish to continue making payments according to their agreed schedule until the end of the tenure will not be affected by the change. As such, customers may continue to pay the same instalments as originally agreed and do not need to take any action.
12	How is the Goodwill Discount applied for accounts previously under moratorium?	The discount is calculated using the original tenure and settlement timing, as if the moratorium had not occurred.
13	How will I know the exact Goodwill Discount amount?	The exact amount of the Goodwill Discount will be disclosed in the settlement letter after settlement has been made.
14	Do I have to settle the full outstanding balance and close the hire-purchase financing account first?	Yes. The Bank will refund the goodwill discount: a. Within 10 working days (if you have a KFH Savings / Current account with the Bank) b. Within 20 working days (if you do not have a KFH Savings / Current account with the Bank).
15	Does the goodwill discount have an expiry date?	There is no fixed expiry date.
16	What should the customers do for assistance?	Customers may visit or contact: a. the nearest branch; or b. Contact Centre at 1 300 888 534