Borrow smartly, borrow safely

FOR decades, the level of protection a Malaysian consumer enjoyed when borrowing money depended largely on where you borrowed it from.

Banks operated under close regulatory watch. Pawnshops and moneylenders answered to their own legislation. But newer players, buy now pay later (BNPL) apps, debt collectors, and leasing and factoring schemes are operated in a regulatory grey zone, largely unbound by consumer protection rules.

That changed on March 1, 2026, when the Consumer Credit Act 2025 came into force alongside a new regulator, the Consumer Credit Commission (Suruhanjaya Kredit Pengguna).

The premise is elegantly simple: rather than a patchwork of laws governing different lenders differently, one unified framework now applies to anyone in the business of extending credit – banks, moneylenders, pawnbrokers, car financing companies, BNPL providers, debt collectors, and debt counsellors alike.

The urgency behind this reform is not abstract. Malaysia's Consumer Credit Oversight Board Task Force reported roughly 140.4 million BNPL transactions worth RM12bil within just six months, used by 7.5 million people – many of them young adults who scarcely registered that they were taking on debt at all.

Because BNPL sat outside credit law, providers could extend spending limits with minimal scrutiny of a consumer's actual ability to repay. On the other side, debt collectors, similarly unregulated, operated with little accountability. This explains why so many Malaysians can recount an unsettling late-night call over a missed instalment.

The new Act reshapes this landscape in several concrete ways. Every credit provider, from established banks to BNPL apps, now carries a legal obligation to treat consumers fairly and communicate transparently. Lenders must conduct genuine affordability assessments before approving any credit.

Consumers, meanwhile, can verify whether a lender or debt collector is properly licensed – the commission is required to maintain and publish a register of all licensed credit providers and registered credit service providers under its oversight.

None of this resolves Malaysia's household debt burden overnight. Enforcement will take years to mature and its real-world impact hinges on how assertively the new commission wields its powers.

Every borrower deserves the same baseline protection, regardless of where the credit originates. But for the first time, the law recognises a simple truth: a ringgit borrowed is a ringgit borrowed, whether it comes from a bank counter or a digital checkout button.

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