

PUBLIC CONSULTATION
AMENDMENTS TO THE PAWNBROKERS ACT

(A) Introduction

1. The Ministry of Law (MinLaw) is proposing amendments to the Pawnbrokers Act (PBA), which provides the legislative basis for regulating pawnbrokers in Singapore. The PBA was last amended in 1993. A major review of the PBA has been carried out to update the laws governing the pawnbroking industry to ensure that they remain relevant, and keep pace with changes in the moneylending and financial industry in general.

2. A major amendment is to remove the existing auction system, while the other amendments will improve protection for pawners, strengthen governance of the pawnbroking industry, and make technical changes to update various provisions in the Act.

(B) Remove the existing auction system

3. Under the current PBA, when pawners do not redeem their pledges within the redemption period, which is typically 6 months, pawnbrokers are required to monetise the unredeemed pledges through public auction and return any surplus generated to the pawners.

4. MinLaw is proposing to put in place a new approach where ownership of the pledge vests with the pawnbroker and the pawner's debt is expunged if the pledge remains unredeemed after the redemption period. This will also remove the need for public auction, which will thus be abolished. The pawnbroker will be free to dispose of these pledges in any manner and retain any surplus generated from the disposal. This amendment will allow the cost savings from doing away with the auction system to benefit the pawners, through getting a higher valuation up-front from the pawnshops.

5. To protect the interests of the pawner, MinLaw is proposing to require the pawnbrokers to: (a) provide an indicative valuation of the pledge to the pawner at the point of pawning; and (b) send a reminder to the pawner of his unredeemed pledge that will also re-state the original indicative valuation, as well as provide a fresh indicative valuation, at the end of the redemption period¹. This will enhance transparency and enable pawners to make better-informed decisions.

(C) Other amendments

6. MinLaw is also proposing other amendments to update the PBA, to enhance the licensing regime, simplify the business of pawnbroking, improve pawnbroking operations, enhance Registrar's regulation of pawnbroker, refine the provisions governing the discontinuance of pawnbroking operations, prevent illicit activities, as well as make technical changes.

¹ The pawner will be given a grace period of up to 30 days from the notice to redeem the pledge.

7. The full list of amendments is contained in the Annex, where they are set out under 8 categories.

Feedback sought

8. MinLaw invites interested parties to provide your views and feedback on the proposed amendments to the Pawnbrokers Act. The consultation period is from 8 April 2013 to 6 May 2013. The public can view the consultation papers at www.minlaw.gov.sg and www.reach.gov.sg/YourSay/EConsultationPaper.aspx. The feedback may be sent in electronic form or hard copy form to:

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