

Goodwill discounts for early settlement of existing Fixed Rate Hire-Purchase Agreements which adopt the Rule of 78

Following the Hire Purchase (Amendment) Act 2026 (HPAA) which will take effect on **1 June 2026**, the Rule of 78 method has been abolished and the method of calculating terms charges using the reducing balance method of calculation will be applied on fixed rate Hire-Purchase agreements entered into after the HPAA effective date.

In order to alleviate the impact of the Rule of 78 method on customers that opt for early settlement under existing fixed rate Hire-Purchase agreements, Public Bank will be providing goodwill discounts to eligible Hire-Purchase customers which adopt the Rule of 78 method to assist the customers.

Frequently Asked Questions

No.	Question	Answer
1	What is the Hire Purchase (Amendment) Act 2026 (HPAA)?	It is a legal update to the Hire-Purchase Act 1967 in Malaysia that introduces major reforms to interest calculation, transparency, digital documentation and consumer protection in Hire-Purchase financing.
2	What is the effective date of enforcement for HPAA?	The HPAA was gazetted on 30 January 2026 and will take effect on 1 June 2026.
3	Will the amendments apply retroactively to existing contracts, or only to new agreements signed after the effective date?	The HPAA will apply prospectively to new agreements executed on or after the HPAA's effective date. Existing agreements will continue to be honoured under existing terms until their respective maturity.
4	What is goodwill discounts?	Goodwill discounts will be provided by the Bank for eligible customers who opt for early settlement of their existing fixed rate Hire-Purchase financing which adopt the Rule of 78 method. The goodwill discounts will be calculated based on the features of the existing Hire-Purchase agreement (such as financing tenure, 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 amended Act. The exact discounts and details will be given to customers at the point of application for early settlement.

No.	Question	Answer
5	Who is eligible and qualifies for the goodwill discounts?	➤ Individuals and micro or small businesses who/ which has entered into a fixed rate Hire-Purchase agreements which adopt the Rule of 78 method prior to the HPAA's effective date i.e. 1 June 2026. ➤ Who opt to settle their Hire-Purchase financing early i.e. any time before loan or financing maturity. At the point of early settlement, the customer's account must not be: ➤ in arrears exceeding 90 days; ➤ under legal action or issued with repossession order; or ➤ under an existing restructuring and rescheduling (R&R) or enrolled in a formal debt management programme.
6	What is the duration of goodwill discounts?	The Bank will continue to offer goodwill discounts to all eligible Hire-Purchase customers until all fixed rate Hire-Purchase agreements which adopt the Rule of 78 have reached maturity or have been early settled respectively.
7	Would I be entitled to the goodwill discounts if I settle my Hire-Purchase loan/ financing today?	Yes, if you are eligible (refer No. 5 above) and your loan/ financing is under the Rule of 78. Please contact your Account Holding Branch, the helpdesk line or visit the nearest Public Bank Hire Purchase Centre/ Hire Purchase Hub/ Branch/ Credit Administration Centre for more information on the goodwill discounts amount and the final settlement amount.
8	What if I choose to continue making my current payments as per my Hire-Purchase agreement?	Customers who wish to continue to pay their payments according to their agreed schedule until the end of the tenure <u>WILL NOT</u> 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.



By Region where Hire Purchase (HP)/ AITAB HP-i were obtained	Helpdesk Numbers
Kuala Lumpur, Selangor, Putrajaya	03-22646288 03-22646488 03-31676688
Perlis, Kedah, Pulau Pinang, Kelantan, Terengganu	04-3146688 04-2697800
Perak, Pahang	05-2458568
Johor, Melaka	07-2083600
Negeri Sembilan, Sabah, Sarawak & Labuan	03-21767701