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**PROVISIONS ON THE DISCLOSURE OF PRICING  
INFORMATION ON CONSUMER CREDIT  
(ANNUAL PERCENTAGE RATE “APR” PROVISIONS)**

**HBN *Law***

SINCE 1938



## PROVISIONS ON THE DISCLOSURE OF PRICING INFORMATION ON CONSUMER CREDIT (ANNUAL PERCENTAGE RATE “APR” PROVISIONS)

### 1. INTRODUCTION

On May 1, 2015 the Central Bank of Curaçao and Sint Maarten (“**CBCS**”) implemented new APR Provisions, applicable to all locally operating lenders in Curaçao and Sint Maarten.

The main objective of the APR Provisions is to protect (aspirant) consumers of credit for personal or household uses (“**Consumer Credit**”).

At this stage, the APR Provisions contain requirements for lenders as to how Consumer Credit products are to be promoted. The Provisions also provide for a uniform APR calculation method. The APR is the annual percentage rate which equates the present value of all commitments (credit draw downs, repayments and financial charges), future or existing, agreed upon between the lender and the consumer.

It is expected that a maximum APR will be included in the Provisions later this year.

### 2. REQUIREMENTS FOR LENDERS

Under the APR Provisions, lenders are required to clearly disclose APR related information when advertising, when responding to consumers’ inquiries on Consumer Credit or before extending Consumer Credit.

#### *Advertising*

When advertising, lenders must communicate in a clear and concise way at least the main characteristic of a credit product. It is required that the borrowing rate along with particulars of any charges be included in the total cost of consumer credit.

Furthermore, the advertisement may not contain any misleading, contradictory or inaccurate statements. Footnotes must be of sufficient size and prominence to be legible. The abbreviation APR may be used if the term ‘annual percentage rate’ is stated in full elsewhere in the advertisement. If the



advertisement is based on assumptions, such assumptions must be stated, and if an advertisement states a rate of return it must be the APR.

Advertisements with the sole purpose to promote brand awareness of a lender, including only mentioning only the type of credit product, but excluding mentioning any other specific characteristics of the product such as its repayment terms and/or amendments of the consumer credit product are not considered “advertising” under the APR Provisions.

#### *Responding to inquiries*

In order for the consumer to make an informed decision as to whether to conclude a credit agreement, the lender must provide the consumer with all relevant information based on the credit terms and conditions offered.

When responding to inquiries on Consumer Credit or before extending Consumer Credit the information provided must specify at least the following:

- the type of credit;
- the characteristics of the credit product along with an amortization table;
- the terms of the legal agreement between the consumer and the lender; and
- the conditions governing the application of the borrowing rate.

Both the borrowing rate and APR must be clearly mentioned in the credit agreement. Furthermore, the consumer must sign a copy of a table that shows the characteristics of the credit product.

#### *Recordkeeping*

Lenders must keep APR-related records for at least ten (10) years after expiration of the credit agreement.

### **3. LEGAL BASIS**

The APR Provisions are issued pursuant to article 2, paragraph 2 and article 45 of the National Ordinance on the Supervision of Banking and Credit Institutions 1994 (In Dutch: *Landsverordening Toezicht Bank en Kredietwezen*, P.B. 1994, no. 4) and are made part of each individual license or dispensation in conjunction with a letter sent to its holder.



### 3. CONTACT INFORMATION

If you have any questions on the matters discussed above, please contact one of our attorneys listed below.

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