

December 2001

CIRCULAR BM 924

**To: All Licensed Banks
operating in the Sultanate of Oman**

After Compliments,

Re: Personal Loans

1. Attention of licensed banks is drawn to Circulars BM 874 dated 13 October 1999, BM 875 dated 30 October 1999 and BM 896 dated 2 October 2000.
2. In modification thereof, the Central Bank of Oman has now decided on the following, to be **effective from 1 January 2002**.

i) Interest Rate Ceiling on Personal Loans

Ceiling on interest rate is reduced to 12% p.a. on personal loans to be sanctioned/extended from 1 January 2002.

ii) Quantitative Ceiling on Personal Loans

Personal Loan limit is enhanced to 40% of the total credit extended by a bank.

CIRCULAR BM

iii) **Bank Charges**

Prohibition to charge a pre-payment fee or pre-closure fee on loans of RO 50,000 or below is lifted (a maximum of 1% of the outstanding balance may be charged on existing or new loans).

3. All other contents of the above Circulars, not specifically amended subsequently, continue to remain in force.

Best regards,

Hamood Sangour Al Zadjali
The Executive President

RV/js