

Islamic Auto Finance FAQs

General

1. Is Islamic Auto Finance only for Muslims?

No. Islamic Banking is available to all eligible customers, regardless of their religious background.

2. What is the amount of financing I can obtain?

The financing amount is dependent on the Open Market Valuation (OMV) of the financing vehicle.

OMV	% of Financing
Where open market value does not exceed S\$20,000:	Maximum 70% of the purchase price less amount of discount, rebate or any other benefits offered.
Where open market value is more than S\$20,000:	Maximum 70% of the purchase price less amount of discount, rebate or any other benefits offered.

3. How do I calculate my monthly hire purchase rental payment using flat rate computation?

Total Profit Payable = Financing Amount x Profit Rate x Financing Tenure

Total Amount Payable = Financing Amount + Total Profit Payable

Monthly Rental Payment = Total Amount Payable / Financing Tenure (months)

4. Does Maybank allow for partial early settlement?

No, partial early settlement is not allowed.

However, you may opt for early settlement whereby the profit rebate is calculated using the following formula:

$$\text{Rebate} = \frac{n(n+1)}{N(N+1)} \times \text{Total profit for the whole tenure} \times 0.80$$

- 1% of the Original Hire Purchase facility amount
- 1 month's profit in lieu (if 1 month notice is not served)

Where "n" represents the unexpired period of hiring (expressed in months); and "N" represents the original tenure of finance (expressed in months).

5. How is the early settlement amount calculated?

The early settlement amount is the balance originally payable minus the rental payments paid minus rebate.

6. What is the difference between Islamic Auto Finance and a Conventional Car Loan?

- a. In terms of the documents, you would need to read and sign an additional contract, Aqad, together with the HP agreement.

An Aqad is an additional contract required for Islamic Auto Finance that harmonizes the terms of the hire-purchase transaction for the purposes of Shariah compliance.

- b. If you opt for early settlement, the following profit rebate will apply for Islamic Auto Finance:

$$\text{Rebate} = \frac{n(n+1)}{N(N+1)} \quad \times \quad \text{Total profit for the whole tenure} \quad \times \quad 0.80$$

- 1% of the Original Hire Purchase facility amount
- 1 month's profit in lieu (if 1 month notice is not served)

c. Where "n" represents the unexpired period of hiring (expressed in months); and "N" represents the original tenure of finance (expressed in months).

d. Whereas for Conventional car loan, the interest rebate is calculated using the following formula:

$$\frac{n(n+1)}{N(N+1)} \quad \times \quad \text{Term Charges (i.e. total interest amount payable)}$$

e. Where "n" represents the unexpired period of hiring (expressed in months);

f. and "N" represents the original tenure of finance (expressed in months).

g. But the following conditions shall apply as well:

- I. In the event of early settlement, a charge of 20% of the total term charges payable under the HP Agreement, pro-rated for the unexpired hiring period (calculated in months).
- II. In addition, a prepayment fee of 1% of the original loan amount will be levied.
- III. The Hirer is also required to serve a 30-day notice in advance of the settlement date. Otherwise, interest in lieu of notice will be levied.