



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

BANKING (AMENDMENT) ACT, 2024

Introduced by:

SENATOR HIROSHI V. YAMAMURA

Received by:

[Handwritten Signature] 8-8-24

SPEAKER BRENSON S. WASE

SIGNATURE

NB No. 19

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**NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
45TH CONSTITUTIONAL REGULAR SESSION, 2024**



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Republic of the Marshall Islands
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BANKING (AMENDMENT) ACT, 2024

A BILL FOR AN ACT to amend Title 17 Chapter 1 in order to restrict banks from lending unsecured loans or permit unsecured credit facilities.

BE IT ENACTED BY THE NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS

§101. Short title.

This Act may be cited as the Banking (Amendment) Act, 2024.

§102. Amendment

Section 130(1) of the Banking Act is amended by inserting a new subsection (3) as follows:

§130. Lending restrictions.

(1) A licensed domestic bank engaged in local banking business shall not:

- (a) grant to any person, partnership, corporation or to any group of corporations or of persons which group is under the control or influence of one and the same person, any loan or credit facility, or incur any other liability on behalf of such person, partnership, corporation or group so that the total value of the loans, credit facilities, and other liabilities with respect to such person, partnership, corporation or group is at any time more than twenty-five percent (25%) of the sum of the

1 unimpaired paid-up capital and surplus of the licensed
2 bank;

3 (b) grant or permit to be outstanding unsecured loans or
4 unsecured credit facilities of an aggregate amount in
5 excess of two percent (2%) of the sum of the unimpaired
6 capital and surplus of such licensed bank or twenty-five
7 thousand dollars (\$25,000), whichever is the greater, or
8 incur any other liability in excess of such amount without
9 security;

10 (i) to or on behalf of its directors, whether such loans,
11 credit facilities, or other liabilities are obtained by
12 or on account of such persons jointly or severally;
13 or

14 (ii) to or on behalf of any partnership or private
15 corporation in which any one or more of its
16 directors, or officers, is interested as partner,
17 director, officer or agent, or to or on behalf of any
18 individual, partnership, or private corporation of
19 which any one or more of its directors, or officers,
20 is a guarantor.

21 For the purpose of this Subsection the term ,director` or
22 ,officer` includes the spouse, or children of a director or
23 officer;

24 (c) grant or permit to be outstanding to its officers and
25 employees unsecured loans or unsecured credit facilities
26 which in aggregate amount, for any one office. or
27 employee, exceed one year's emoluments of such person.

28 (2) In Subsection (1)(b) and (c) of this Section the expression
29 ,unsecured loans or unsecured credit facilities` means loans or
30 credit facilities granted without security or collateral, or, with
31 respect to any loan or credit facility granted with security, and
32 any part thereof which at any time exceeds the market value of
33 the assets constituting that security or collateral.

34 (3) grant or permit to any person unsecured loans or unsecured
35 credit facilities. It is the obligation of the Bank or any financial
36 lending facilities to make a Secured Loan on the occasion of
37 any Borrowing, subject to the conditions of a Security

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3 **BILL SUMMARY**

4 This Bill proposes to amend the Banking Act in order to restrict banks and other
5 financial lending institutions from lending unsecured loans or permit unsecured
6 credit facilities.

7
8 Banks have been issued unsecured loans and credit facilities only through using co-
9 signers as forms of collaterals to unsecured loans. This has affected persons who
10 have been co-signing and when borrowers failed to pay their loans results in co-
11 signers responsible for the payment of the loan.

12
13 The proposed to amend the lending restrictions under Section 130 of the Banking
14 Act.

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BANKING (AMENDMENT) ACT, 2024

SIGNATURES

DATE: 03-20-24 INTRODUCED BY: HEROSTHI YAMAMURT 
Print Name Signature

DATE: _____ INTRODUCED BY: _____
Print Name Signature