

Frequently Asked Questions

1. Does the merchant need to hold a Chong Hing bank account to apply for Merchant Receivables Loan?

Chong Hing bank account is not a prerequisite when applying for a Merchant Receivables Loan. Merchant is required to open one for loan disbursement and repayment upon loan approval. Merchant can contact our Merchant Sales & Services Section at (852) 3768 8822 during the business hours (Mondays to Fridays 9:00 am to 6:00 pm) or contact their merchant sales manager directly for enquiries or to schedule an account opening appointment.

2. Does the borrower save interest expenses by making early repayment of Merchant Receivables Loan?

Generally speaking, the earlier a borrower makes loan repayment, the more outstanding interest payments are likely to be saved. Nevertheless, borrowers should also consider the early repayment charges involved before deciding whether to pay off their loans early or not. Chong Hing Bank Merchant Receivables Loan uses the “Rule of 78” to calculate the interest and principal proportion in each monthly repayment. Even though the monthly repayment amount is the same throughout the loan tenor, more interest will, in general, be included in earlier repayments, and less on principal. In other words, where a borrower has been making repayments as scheduled for some time, the amount of outstanding interest is likely to be small. If the borrower chooses to pay off the loan early at this point of time, the loss may outweigh the gain as the amount of interest saved may not be enough to cover the relevant charges for early repayment. If a borrower is considering an early repayment, please contact the Bank to check the total amount involved in early repayment (including outstanding loan balance, early repayment charges and other fees, etc.) and the amount of outstanding interest. The borrower can compare different scenarios and consider carefully before making a decision of repaying early or not.