Consumer safety net

MORE PRUDENT Bank Negara releases new retail lending guidelines

Bank Negara Malaysia has told banks to be more responsible and transparent in approving home and car loans or issuing credit cards under a set of new retail lending guidelines released yesterday.

With immediate effect, new vehicle loans will have a maximum tenure of nine years. Prior to this, some banks offered car loan tenures of up to 11 years.

The guidelines, also aimed at improving consumer protection and making them more prudent as borrowers, required banks to look at their customers’ net income, instead of just gross income, when considering loan applications.

Prior to this, some banks based their lending decisions on the applicant’s gross income.

Bank Negara said borrowers who had variable income, such as salesmen, were required to furnish their bank account statements of at least three months.

The central bank said the new guidelines would apply to all new and additional financing offered to individual customers and sole proprietors and would cover home, car, personal financing, credit and charge cards and share financing, except for securities margin financing.

It said most of these key requirements under the “Guidelines on Responsible Finance” were not new, as banks had been practising them for some time.

“We want to set parameters that promote responsible lending practices.”

Tan Sri Dr Zeti Akhtar Aziz
Bank Negara governor

“What we do not want is to have restrictive rules and regulations, but we want to set parameters that promote responsible lending practices that are transparent to businesses and consumers,” Bank Negara governor Tan Sri Dr Zeti Akhtar Aziz told a press conference.

“As you know, this global crisis that we are experiencing started in the credit market. In fact, it started in the subprime market, and this was due largely to irresponsible lending practices.”

With the exception of the car loan nine-year tenure ceiling, the rest of the guidelines will be effective Jan 1.

Zeti said the guidelines would not curtail lending activities or the process of lending itself. Instead, the move will help foster a healthy and sustainable credit market, which in turn contributes to economic growth.

KUALA LUMPUR Foreign diplomats lauded the police for making Malaysia a safe country to live and work in after attending a closed-door briefing by the force’s top brass at their college in Cheras, here, yesterday.

The diplomats, from 79 countries, were given a two-hour briefing by Inspector-General of Police Tan Sri Ismail Omar and several of his senior men on the force’s efforts in combating crime.

Yesterday’s briefing was the first time police, together with the Foreign Affairs Ministry, reached out to the foreign community here to explain their successes, shortcomings and the goals set to make Malaysia a safer place to work and live in.

First Secretary of the Russian Embassy

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Cops win praise from diplomats

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