



22 AUG, 2019

Affordable home fund eligibility eased

The Star, Malaysia



Page 1 of 2



Programme launched: CGC chief business officer Leong Weng Choong showing the MyKNP programme to Nor Shamsiah at the launch yesterday.

Affordable home fund eligibility eased

Platform launched to assist those unsuccessful in securing financing

By ROYCE TAN
starbiz@thestar.com.my

KUALA LUMUR: Bank Negara is intensifying efforts to assist first-time homebuyers by doubling its previous caps on household income and property prices to allow more to access its RM1bil fund.

Beginning Sept 1, eligibility for the Fund for Affordable Homes will be expanded to a maximum household income of RM4,360 from RM2,300 and the maximum property price has been doubled to RM300,000 per unit.

While the fund has been established since January, only a meagre 700 applications have been received. Only 390 applications have been processed so far, where the take-up rate is 76%.

The central bank has so far approved 296 applications and rejected 94, with RM31mil having been disbursed from January to June this year.

This is only 3.1% of the total RM1bil which Bank Negara plans to make available until January 2021.

Bank Negara assistant governor Adnan Zaylani Mohamad Zahid said the enhancement of the criteria was to enable higher utilisation of the fund.

"The criteria set earlier is really at the margin, but we recognise that we can do more, which is why there is a revision to the criteria," he told a press conference yesterday after the central bank launched the Khidmat Nasihat Pembiayaan (MyKNP), a joint collaboration between the bank, Credit Guarantee Corp Malaysia Bhd (CGC) and the Credit Counselling and Debt Management Agency (AKPK) to assist SMEs and house-buyers who have been unsuccessful in securing financing.

MyKNP is a one-stop centre that aims to improve the experience of financing applicants, including providing a greater understanding of the factors affecting their financing application and help raise their eligibility for future financing.

Those who have been unsuccessful in securing

financing for home financing can contact MyKNP at CGC and AKPK respectively for free advisory services, including further clarification on reasons for the rejection by the banks, advice on how to improve eligibility and information on alternative financing for SMEs, and alternative solutions for homebuyers.

Meanwhile, Bank Negara has also made it mandatory for financial institutions to provide an explanation for rejecting the loans of unsuccessful applicants.

Governor Datuk Nor Shamsiah Mohd Yunos, who launched the MyKNP, said it is hoped that the one-stop centre would raise the awareness and credibility of financial consumers by bridging the asymmetrical information gap between them and financial institutions.

"The financial sector continues to play an important role in supporting SMEs and households, especially in the face of challenging financial and economic environments.

"Financing has been consistent with the current economic growth rate of 4.9% for the second quarter of the year. Net financing for the quarter has grown 5.6% on an annual basis," she said, adding that the continued issuance of loans to all economic segments continued to spur the country's economic growth.

Nor Shamsiah stressed that SMEs were an important business segment for financial institutions, accounting for 87% of their total business client accounts.

A total of RM152bil has been disbursed to SMEs for the first-half of the year, as compared to RM149bil for the same period last year.

As for housing loans, RM78.5bil has been approved for the first-half of the year, benefiting over 180,000 borrowers.

However, Nor Shamsiah added that it is noteworthy that the ability to repay home financing is still a major challenge for home-owners.

The approval rate for home financing for the first-time house-buyers' category now stands at 44%, higher than the five-year average of 41%.

Adnan Zaylani said there was no reason why

financial institutions would not extend financing to any eligible borrowers.

"Those that are deemed ineligible could be due to adverse credit history for uncertain repayment capacity. However, all is not lost. Where we can help, we will."

On why the central bank has enabled the two platforms to assist SMEs and homebuyers, Adnan Zaylani said there were challenges in the current environment in which finance was becoming more of a concern. There is growing feedback from our regional offices that people have issues on where to seek financing. This is especially so when they have been rejected by lending institutions and generalise that the whole system is not working for them.

"By doing this - creating awareness among SMEs and homebuyers - we hope to reduce such perspectives and that there is a very big ecosystem which can help prospective borrowers. It is to create awareness on what exists out there," he said.

Adnan Zaylani added that the financial institutions in the country offered a range of financial products to meet SME needs, including working capital and capital expenditure. He also said SMEs can tap into Bank Negara's funds of about RM9.1bil at affordable rates.

The approval rate for SME financing currently stands at 72%. On the largest lacking criteria leading towards rejection, Adnan Zaylani said the most common would be the viability of the business, affordability and the debt service ratios.

"There are some who may have trouble because of some technical reasons and subject to the explanations and reasons given, this is where further assistance to improve eligibility can be given through MyKNS," he said.

"Over the years, the number of distressed borrowers has increased.

"Previously, there were the unsecured personal loans in the programme, but now we have housing loans as well. We have to admit that certain segments would feel the pain of a slowing economy," AKPK CEO Azaddin Ngah Tasir said.



22 AUG, 2019

Affordable home fund eligibility eased

The Star, Malaysia



Page 2 of 2

SUMMARIES

Programme launched: CGC chief business officer Leong Weng Choong showing the MyKNP programme to Nor Shamsiah at the launch yesterday.

Platform launched to assist those unsuccessful in securing financing

KUALA LUMUR: Bank Negara is intensifying efforts to assist first-time homebuyers by doubling its previous caps on household income and property prices to allow more to access its RMBil fund.