

Hope for credit card debtors

Financial planning and spending within your means can help in debt management



AKWAL: Spend within your means

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PRUDENT spending and being a responsible credit card user is the best bet against credit card debts.

This is the advice of the Credit Counselling and Debt Management Agency (AKPK) to young credit card holders and those who are considering applying for a credit card.

AKPK CEO Mohamed Akwal Sultan said although there are a number of advantages in using a credit card those who think they cannot handle such a facility should

opt for a debit card instead.

"We do promote the use of credit cards but it would be better for them to use debit cards," Mohamed Akwal told the *Malay Mail* in an exclusive interview.

He said although financial institutions use many marketing methods to promote their credit cards, a person should only apply for one if they are responsible enough.

In March, the current credit card debt stood at RM24.4 billion. But it was relatively low compared with other regions.

"England is facing a credit card debt going into trillions of pounds,"

Mohamed Akwal said.

The lack of control over credit card usage and poor financial planning are the main reasons why most are left facing debts, he said.

"People should spend within their means, and if they do make purchases using their credit cards, they should have the means to settle the full payment at the end of the month.

"We do not advise people to pay financial institutions the minimum payment amount that is being practised by some out there," he said.

Among other reasons for the

debts are high medical expenses, a failure or slowdown in business, losing a job or being retrenched or a death or loss of a breadwinner.

Asked about the possibility of having stricter control over the issuing of credit cards (at present anyone who has an annual income of RM18,000 or RM1,500 a month is eligible to apply for a credit card) Mohamed Akwal said that was a policy decision.

The agency, which was set up by Bank Negara in 2006, offers free financial counselling, debt management programmes and financial education for the public.

Personalised debt management plan

THE Credit Counselling and Debt Management Agency (AKPK) was set up by Bank Negara Malaysia in 2006.

It offers financial education programmes to members of the public.

Last month alone it held over 40 talks for the public and private sectors.

The agency, also provides financial counselling and advice on budgeting, money management and credit card related issues.

Those who opt for the agency's debt management programme will have professional counsellors working with them to develop a personalised debt management plan.

AKPK CEO Mohamed Akmal Sultan said all financial information shared under the programme will be confidential.

The agency acts as a mediator between financial institutions and individuals who have outstanding

debts like credit cards, home loans and car loans among others.

"It is an absolute requirement for those who come to us with any type of unpaid loans to give up their credit cards. For those with credit card debts, it is possible for us through discussions with banks to bring down their credit card interest rate between 6 to 10 per cent, as well as stretch the repayment duration on a case to case basis," Mohamed Akwal said.

"Our services are free of charge as our role is to help the masses who are in trouble to better manage their funds. It is possible for us to work on a financial repayment scheme that is acceptable to our clients and to the financial institutions. It is also not right for banks to declare someone bankrupt if his or her debt is not very high."

He said the agency currently has nine branches in Kuala Lumpur. Next month, a branch is expected to open in Kota Baru.