

ASSOCIATION OF BANKS MALAYSIA

Home financing products aplenty

KUALA LUMPUR: The Association of Banks Malaysia (ABM) has reiterated that its member banks, which comprise commercial banks operating in Malaysia, have been and will continue to provide home loans to eligible borrowers.

This statement comes on the back of certain media reports which have called for criteria relaxation for potential buyers of affordable housing.

"It is observed that the rejection of housing loan applications cuts across all income ranges, but trends higher among the lower-to middle-income group due to smaller disposable income relative to the new and existing monthly commitments," it said.

ABM explained that reasons of rejection boils down to five main reasons which are; (1) high debt service; (2) adverse credit history; (3) insufficient income; (4) repayment capacity has yet to be established and (5) weak documentation or banking records.

"While banks look to grow their businesses through the growth of their loan portfolios, they are also cognizant that loans extended must be viable to pro-

tect the interest of their depositors," it added.

It noted as well that there are plenty of housing loan products from commercial banks offering an array of financing options which are tailored for borrowers with different levels of income to purchase all types of residential properties, including affordable housing.

There are also specific loan products introduced by the banks for the various government schemes such as the Housing Guarantee Scheme by Syarikat Jaminan Kredit Perumahan Bhd, schemes for selected affordable housing projects (e.g. SelangorKu and RumahWIP), "Skim Rumah Pertamaku" and PRIMA Special End Financing Scheme.

From January to May this year, commercial banks approved over RM25.7 billion and disbursed in excess of RM24.6 billion in loans for the purchase of residential property. Housing loans formed the single largest component of commercial banks' total loan portfolio, representing 34.4 per cent of the total outstanding loans as at May this year.