

 We may have been informed by banks and sales person that hire purchase interest rate is increased to above then four percent and will be keep increasing further. Compared to last year which is about two percent silently increasing. In my opinion it is purely not healthy to our nation consumers and also to our socioeconomy as well. As we understand the rates and the number of complaint against repossession is in increasing trend. It is a direct effect to consumers and will bring up more problem to the banks eventually to the socioeconomy. Let me illustrate how this can happen.

Firstly, we understand that they may be a small growth in the economy but no improvement for people economy (financial flow). Their salary remain the same further cost of living in Malaysia is so high compared to overseas. In todays context, car is one of the basic necessity even for womans and expecially those who have family. Its is because almost everyone is working and our working hours is not like those day, we can see even housewife have to be in office untill 7pm ♦ 8pm most of the times. In the time of removal of subsidy, it is even a tough time with a interest hike in hire purchase. As a consumer also as a rakyat, we will be pleased and grateful if Government and Bank Negara to consider about reducing back the interest rate.

Secondly if we look at how it affects people, with the interest hike it adds burden to service the loan and consumers end up paying more on interest let say people who buy car in 2009 only RM 530.00 permonth but people who car in 2010 have to pay almost RM 650.00 for the same car. This is a huge stumbling block for everyone inclusive to the society at large. One people will spending more for transportation, if they buy the car they will pay more than other who purchase early and finally by time consumers can afford and endup their car being repossessed. Repossession as far we concerned is also effects rakyat♦s personal economy badly, because they have to pay repossession fee and storage fee which is so expensive. How many people afford to redeem their car as soonest as possible.

Whilst the outstanding is increasing, deprived of car, embarrestment that need to go through among the colleagues, neighbours and relatives, affects happiness in the family enviroments, being blacklist by the bank, will lead us to become debt owing society. Again this consequence is not healthy for us and our socieconomy as well. Banks on the otherside will also face difficulties in getting back the money from customer.

Many may not aware of the Hire Purchase Act revisal on the repossession part but the key changes will be giving an opportunity to those who serve the loan more than 1/3, the bank is required to obtained court order for repossession, but we cross refer the reality the majority people who struggles with hire purchase loan are those who dont fall under the 1/3 but majority are the beginners and youths. Youths and graduates are the majority who actively purchasing cars and will be the most affected as well.

We hope our Governement and Bank Negara will give their kind consideration and assistance in reducing the hire purchase interest current rate to a minimum rate by keeping people welfare in the heart. We will also ensure that people will buy more cars if the rate gone down and this will eventually boost our economy also our financial flow.

People First, Performance Now♦ Ms. Matheevani Marathandan♦ National Consumer Complaints Centre (NCCC)♦