

## The Star : Beware of banks' easy loans

Written by Administrator

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THE disturbing trend of banks enticing consumers to take up personal loans should be stopped before more consumers fall into the debt trap.

Recently, a bank sent personalised letters to their account holders whose salaries are directly credited into their accounts, offering each a personal loan of RM5,000. The loans may be hassle free but it is definitely not cheap. With interest at 3% per month, it is double that of credit cards whose monthly interest of 1.5% is already considered high.

A person who signs up for a two-year loan pays RM296 a month or a total of RM7,104. For a five-year loan, the monthly payment is RM181 and at the end of the period, the worker would have paid RM10,860, double the amount borrowed.

This is not the first time that banks are offering easy loans. On and off, they have been sending personalised cheques to credit card holders urging them to take up the instant cash offer.

Bank Negara must stop the banks from tempting people into debt. It must ensure that banks act responsibly. If we become a nation of borrowers, we will one day pay dearly through unwanted societal and economic effects.

**S.M. MOHAMED IDRIS,**  
**President, Consumers Association of Penang.**