

Friday, Mar 24 2017

'Household debt on the decline'

HERE are the excerpts of the media briefing chaired by governor Datuk Muhammad Ibrahim at the central bank yesterday.

Liberalisation measures to allow local businesses to manage currency exposure

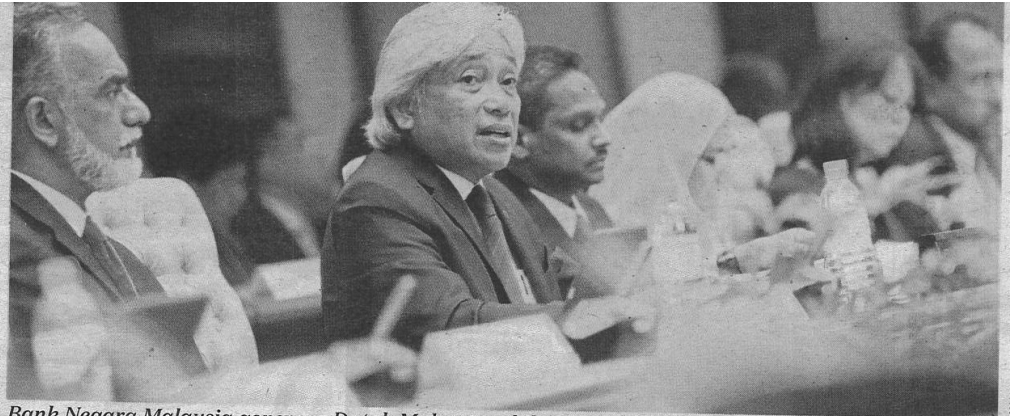
It is most important to ensure that the ringgit remains stable for businesses to transact their trade. Since the December 2 measures, the ringgit volatility has dropped by 50 per cent. It used to be 10 to 12 per cent but has now dropped to five to six per cent.

As we go further, the Finance Market Committee will introduce new measures, which can help businesses once we have discussions with the industry.

Household debt concerns

The level has dropped from 89.1 per cent to 88.4 per cent.

The Credit Counselling and Debt Management Agency counsels 10,000 to 12,000 people on a monthly basis, of which 2,000 to 3,000 have participated in the programme. More and more are



Bank Negara Malaysia governor Datuk Muhammad Ibrahim at a media briefing to launch Bank Negara's 2016 Annual Report in Kuala Lumpur yesterday. PIC BY ROSELA ISMAIL

becoming proactive at the early stages.

Four measures will help reduce household debt levels further — raise productivity and income, reduce unproductive debt, increase affordable housing and rental schemes and efficient allocation of affordable housing units.

Affordable housing

Most of the public discussions have converged on financing. But that is not true as access to financing has always been there.

Land and infrastructure form half of the cost of affordable houses and we need to reduce those components.

We are also concerned about high-rise condominiums, office space and overbuilding of shopping malls.

As far as exposure by the banking sector, it is not excessive as we have reminded them to be

careful through supervisory intervention.

Future growth amid rising oil prices

We need new sources of growth as we move forward, improve productivity as well as quality of education.

It is important that we produce employment that pays at least a living wage for the 120,000 graduates who enter the job market every year.

From our research, it was found that a single person in Kuala Lumpur would need RM2,700 monthly, while a family of two adults would need RM4,600 and a young family of four would need RM6,500 monthly.

With migrant workers, we cannot churn good jobs. They also cause a huge outflow of remittances to the tune of RM30 billion last year. Even if foreign di-

rect investments are lower, it is the quality which is important, providing a larger spillover. That is what we want.

Forex trading

Last month we imposed a RM1.4 million fine on banks for not reporting to us the behaviour of staff in rigging US dollar-ringgit.

We will be very strict. From January 1 next year, we will also announce the names of the banks penalised and the offences.

The 1992 forex loss investigations

We will give our full support to the task force. The first interaction was a week ago and they were given three months to complete the report.

All of us who are present here were not there at the time. We can only tell you what transpired at the time based on the documents.

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