Bernama - Public Sector Home Financing Board To Disburse RM12b Loans This Year

Wednesday, Aug 07 2019

PUTRAJAYA, 2 AUGUST -The Public Sector Home Financing Board (LPPSA) says it aims to disburse RM12 billion in total loans by the end of this year.

Chief executive officer Datuk Kamal Mohd Ali said the board has to date disbursed close to RM6 billion in loans to 20, 000 applicants.

"We have about 800, 000 active account holders with RM70 billion in total loans.

"Per year we approve almost 40, 000 applications and based on that, we reckon the numbers of disbursement will not run far away from RM11 billion to RM12 billion, " he told a press conference here today.

Earlier, Kamal signed a Memorandum of Understanding (MoU) on behalf of LPPSA with Bank Islam Malaysia Bhd and Bank Simpanan Nasional (BSN) on a loan management system (LMS).

Under the MoU, civil servants may apply for financing from LPPSA as well as Bank Islam or BSN which has agreed to bridge the gap between the purchase price and the approved loan amount.

Bank Islam was represented by chief executive officer Mohd Muazzam Mohamed and BSN by its chief executive Datuk Yunos Abd Ghani, with the signing witnessed by Deputy Finance Minister Datuk Ir Amiruddin Hamzah and Treasury secretary-general Datuk Ahmad Badri Mohd Zahir, who is also LPPSA chairman.

On the MoU, Kamal said this would help civil servants and their spouse who is not a civil servant to pay for an affordable house.

"Based on our joint application, there is quite a demand for this type of loan. They probably want to buy a house which is more than an individual's loan eligibility.

"For example, a civil servant's eligible loan can go up to RM300, 000 but the price of the house is RM500, 000. So the spouse will take the balance of RM200, 000 from the bank, ” he said.

Mohd Muazzam said under the MoU, Bank Islam is looking to disburse around RM100 million in total loans by the end of this year and are targeting between RM250 million and RM300 million in total loan disbursements next year.

"This is something that we are eager to be able to do. We can finance up to 50 per cent of the total loan including the Mortgage Reducing Term Takaful (MRTT), ” he added.

Yunos said BSN’s objective is to cover the difference between a civil servant's entitlement and the price of the house.

"For a start, we target to disburse RM100 million to RM200 million in total loans for this year, ” he said, adding that the interest rate of the loan would be based on the bank's rate.

On another development, Kamal said the board is in the midst of discussions with its insurance panel on issues raised by the Congress of Unions of Employees in the Public and Civil Services (Cuepacs) to lower management charges for residential insurance, which is considered high and burdensome to civil servants.

Cuepacs president Datuk Azih Muda had said that the management charge of 45 per cent for residential insurance premiums set by LPPSA was too high, causing the monthly payment for housing loans to increase and making it difficult for civil servants to own houses.

"We heard them. Currently we are in the midst of discussions with all the insurance players, the feedback is positive and we would probably get back to them as soon as possible.

"We have 12 to 13 insurance players in our panel. We have informed them about Cuepacs’ request, " he said.

At the same event, Amiruddin launched the LMS, which was developed to make it easier for LPPSA customers, who comprise civil servants, to make housing loan applications online.

The loan management system, which began operations on April 1, makes it easier for customers to submit applications and download annual income statements as well as balance status, among others.

Civil servants no longer need to come to the services counter or make telephone calls to check their financing account, Kamal said. - Bernama