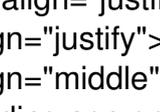


CREDIT CARD DEBT AND YOU: Under-30s under siege

Written by 3K Admin

Wednesday, 17 June 2009 08:51 - Last Updated Wednesday, 17 June 2009 09:00

Ng Suzhen
Monday, June 15th, 2009 06:47:00



THOSE under-30 are the leading age group for people declared bankrupt due to credit card debt. This startling finding reveals the other dimension to the general problem of credit card debt which has now reached RM23.3 billion.

Out of the 3,548 people declaring bankruptcy by credit card, 1,774 belong to those aged 30 and below, said Datuk Abdul Karim Abdul Jalil, director-general of the Department of Insolvency Malaysia. That works out to a staggering 50 per cent.

There are a number of reasons for the phenomenon but no serious study of the matter has yet been conducted, said Abdul Karim.

He added that applying for a credit card is easier these days. There are instances where you do not need to submit your pay slip to apply for one.

With credit cards easily obtained, it's important that the right people should be the ones who are eligible for them. These cards should be made applicable to those who have the capability to pay.

Besides that, the public should also be educated on how to better manage credit finances so as not to end up in debt, Abdul Karim said.

We've already witnessed what the credit crunch has done to a country as powerful as America. We should take precautions to make sure the same thing does not happen to Malaysia.

It is often said that money is the root of evil, but now, we can also easily say that enjoying the luxury of credit is the root of bankruptcy.

RM24b not small money

IS RM24.4 billion big money? This is the amount of credit card debt owed by Malaysians, according to Bank Negara Malaysia's statistics as at end of March 2009, reported by Bernama last week.

The report, however, stated that the credit card debt in the country has not yet reached a critical level, according to the Credit Counselling and Debt Management Agency (AKPK). This is because up to that period, loans via credit card accounted for only 6.1 per cent of the total financing by banking institutions.

However, Malay Mail took a closer look at how much RM24.4 billion is worth by looking at the country's 2009 budget allocation, and we find that RM24.4 billion is certainly worth something.

The budget allocation for 2009 stood at RM207.9 billion. Out of this amount, RM7.6 billion was allocated for transport, RM3.2 billion for public utilities, RM17.8 billion for social services (including education and health), RM7.3 billion for pensions and gratuities, RM4.1 billion for security, RM33.8 billion on subsidies, RM 27.7 billion on economic services and RM13.5 billion for debt service charges.

So, in comparison, it is quite evident that the RM24.4 billion is not an insignificant amount.

Source: <http://www.mmail.com.my/content/credit-card-debt-and-you-under30s-under-siege>

◆◆◆