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LIKE it or not, the global economic crisis has reached Malaysia, with hundreds of lay-offs reported in the press, and more to come.

In such difficult times, I appeal to Bank Negara to persuade commercial banks to be a little fairer to the small man in the street, the consumer.

In good times, Bank Negara has allowed commercial banks a lot of leeway, e.g. by allowing a cheque encashment fee of RM2 per transaction in a current account.

It is a numbers game: if a bank has one million current account holders and on the average each account holder cashes just one cheque a month, then the bank's revenue increases by RM2 million a month.

It still takes two to three working days to clear a local cheque. Why, with all the high-speed computers and electronic gadgetry, does it still take so long to clear a local cheque?

The banks were to implement the cheque truncation and conversion system whereby a cheque is cleared within one day. This has been postponed or cancelled by Bank Negara and this definitely favours the banks as billions of ringgit are floating in the current accounts system daily.

Now the banks are all into issuing credit cards, with interest of 1.5 per cent per month plus a very punitive one per cent per month late-payment penalty fee on the entire sum outstanding for the late remittance (even by one day) of the minimum payment.

Logically, the late-payment penalty fee should be calculated on the minimum amount due but not paid, not on the entire amount outstanding (which is the case now), which is already attracting an interest rate of 18 per cent per annum at the most.

This is a very high rate, considering that fixed deposits interest rates paid by banks now range between two and 2.5 per cent per annum.

The banks must have been very influential to "persuade" Bank Negara to allow this illogical basis of calculating the late-payment penalty interest.

It has been reported that there are about 10 million credit/charge cards in circulation and only 30 per cent of card holders are able to pay their outstanding amounts in full every month. This means the majority do not or cannot pay their credit card charges in full.

Even if half of these, (ie 3.5 million cardholders) are unable to pay the minimum repayment amount on time, the banks rake in an extra RM87.5 million per month from these late-payment charges. Again, it's a numbers game.

Is it any wonder that banks are aggressively promoting their credit cards at every major shopping complex in every town and city?

In such difficult times, I appeal to Bank Negara to persuade banks to reduce the very punitive late-payment charges to a more reasonable amount, because even at RM25 per month, the banks rake in an additional RM87.5 million per month!

Owing to the difficulties in obtaining bank loans, some small businessmen and women may have used their credit cards to help part-finance their businesses, and due to delays in receiving payments from their clients or customers, they are forced to delay payments on their credit cards.

Moreover, these people have other commitments like rent, mortgage fees, children's college fees, etc, to pay.

Owing to Bank Negara's prudent policies and guidelines, our banks had it good all this while

and were not exposed to the risky financial products of Lehman Brothers or the ponzi scheme of Bernard Madoff, which caused massive losses to banks overseas.

In fact, Bank Negara has given banks the leeway to mint huge profits during good times. It is hoped that during bad times like this, Bank Negara will do something for the small man as well.

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