



TOWARDS SECURING A COMFORTABLE RETIREMENT

Financial Literacy Programme at Workplace

18 September 2013
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AKPK's Roles & Services

Credit & Debit

Financial Counselling

Debt Management Programme (DMP)

Better debt management

DMP Matrices

DMP benefits to credit providers

DMP application process flow

Self Help Guide: Debt Relief Plan

Wise Use of Credit Card

Financial Education Initiatives

POWER! Managing Your Debts Effectively

Set up in 2006 by Bank Negara Malaysia (BNM)
Part of financial consumer protection framework

More resilient household sector

Sound & robust banking system

Avenue for existing & potential individual borrowers to enhance financial discipline:

- Education
- Credit counseling
- Debt management

Facilitates debt repayment efforts

Minimizes incidence of loan default arising from poor debt management

- Money Sense Book/module
- POWER! Book/module
- Use simple & plain language
- Collaborate with smart partners

Financial Education

Financial Counselling

Debt Mgt Programme

- One-to-one:
- Advise on credit & related issues
 - Assist in analysing fin. situation & identifying options to address credit issues

- Personalised programme
- Review fin. condition & tailor solutions
- Ongoing counselling & education

SERVICES ARE FREE OF CHARGE

Credit - Facility to borrow with agreement to repay credit provider as per terms and conditions in contract.

Debt - When one borrows, one takes on credit & when one uses a credit facility, one takes on debt.

Example:

One is given a credit card with a limit of RM3,000.

If one spent RM1,000 using credit card, that RM1,000 of utilised credit now becomes a debt -

Before: RM3,000 credit available

After: RM2,000 credit still available

Debt: RM1,000

Who is eligible? **Retail consumer**

Pre-condition? **Attend public briefing session**

Counselling process

Review financial /credit issues

Devise personal budget plan

Cash flow management

Post-counselling decision

Debt management advice



Assistance

Help resolving financial problems with banks/card issuers

Tailor made solutions for credit problems

Negotiate with lenders on borrowers' behalf - no legal power

Qualifying Criteria for DMP

Not a bankrupt

Positive net disposable income

Not under advanced legal action

Loan exposure of < RM2 million



Combination of -

- housing loan
- hire-purchase loan
- credit cards
- personal loans
- Student loans
- share margin financing
- guarantor's liability

Managing debt level -

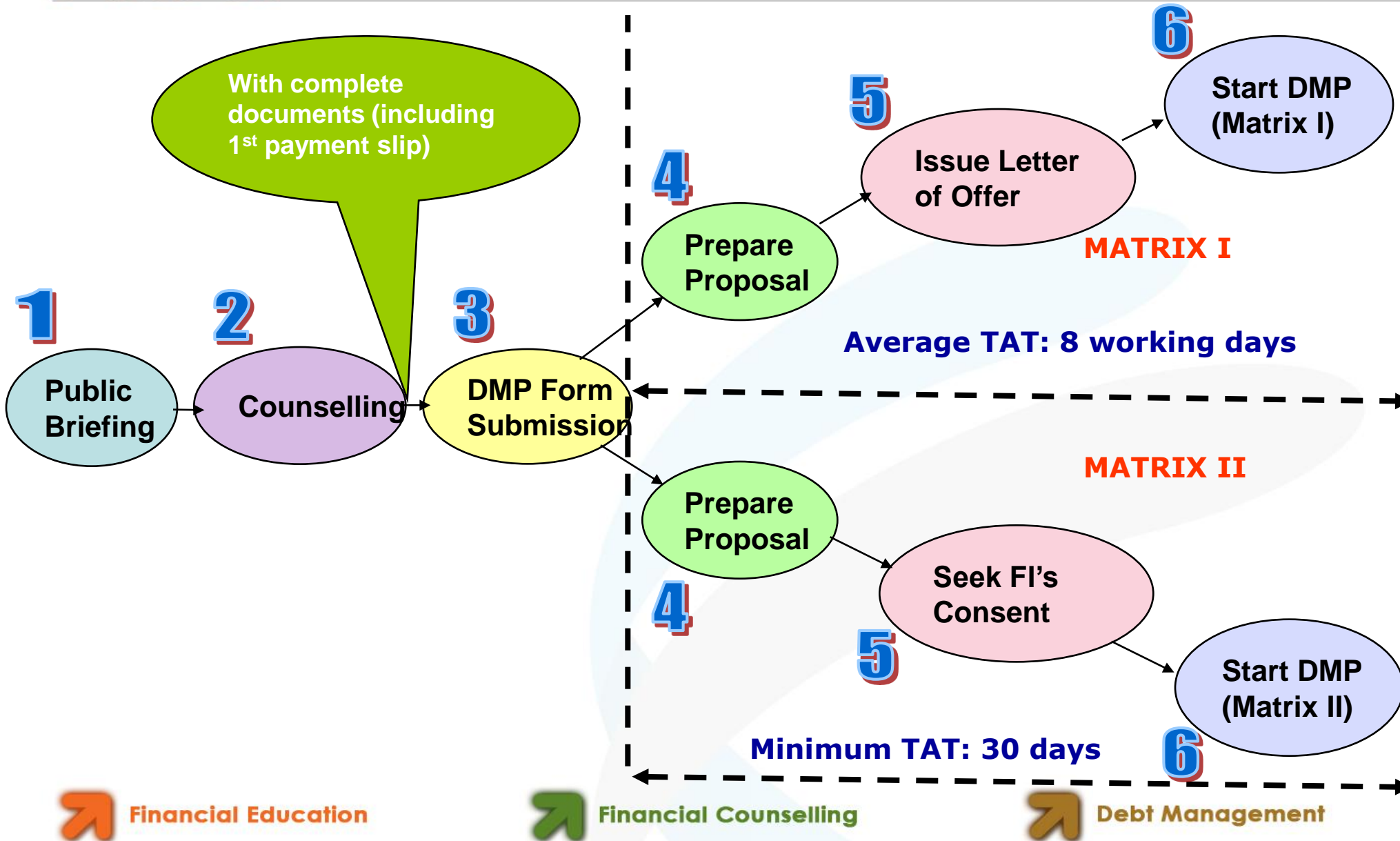
- Prioritise debt payments
- Consolidate & refinance
- Guarantor obligations
- Dangers of borrowing to repay debts

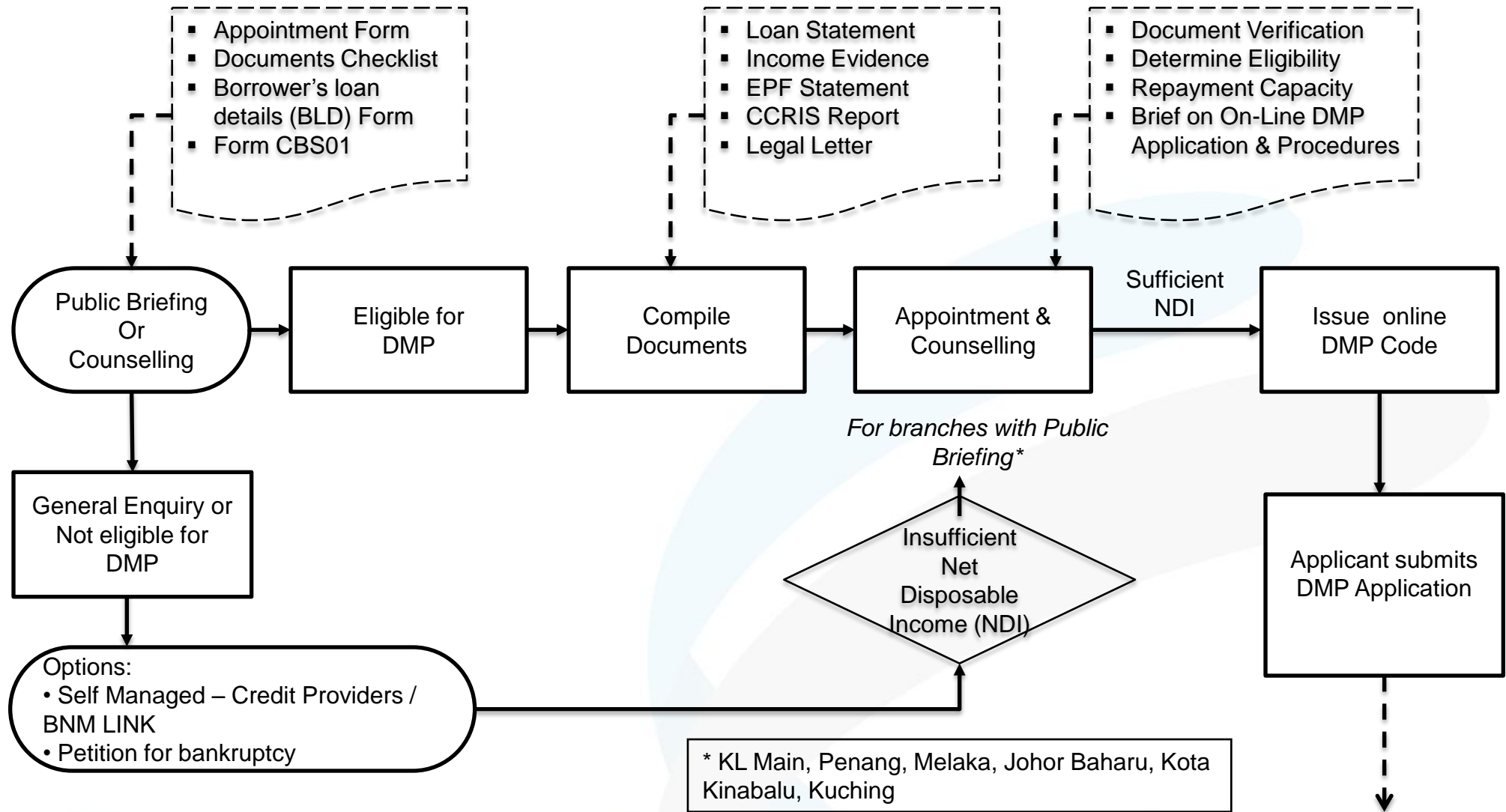
Dealing with debt problems -

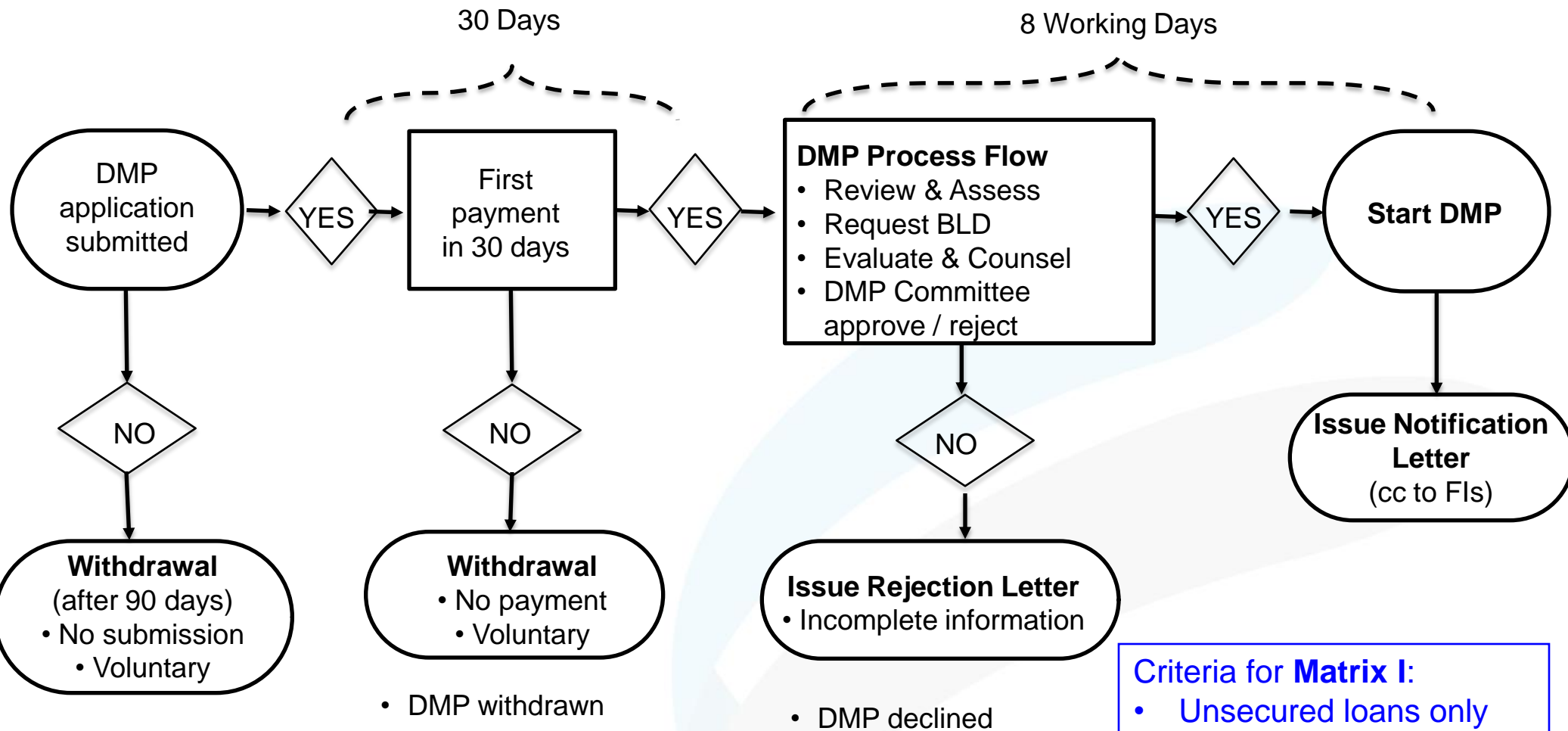
- Late payment notices / debt collectors
- Filing for bankruptcy / exiting bankruptcy
- Avenues for assistance

- Revive default accounts
- Reclassification to performing status
- Yearly reviews (if any)
- Collections by AKPK
 - Borrowers pay into AKPK's account
 - AKPK distributes to various FIs
 - DMP terminated upon non-payment
 - Waivers do not apply upon termination
- Subsequent defaults – minimal

Subject	Matrix I	Matrix II
	Credit Provider's Blanket Approval Obtained	Require Credit Provider's Approval
Type of Facility & Tenure	Restructuring / rescheduling of unsecured loans where repayment, inclusive of proposed interest, is within 10 years	Restructuring / rescheduling of secured loans (HL and HP) & unsecured loans that do not fall under Matrix I
Restructure / Reschedule Monthly Payments	Instalments to cover at least proposed interest & can be stepped up during repayment tenure - minimum of 1% of total unsecured loan exposure or RM30, whichever is lower, per credit provider	Instalments to cover interest at least Other criteria – <ul style="list-style-type: none"> • amount & months in arrears • value of property • cost & date of auction
Waiver Consideration	Waivers on interest-in-suspense (IIS) & penalty interest (PI)/Late Charges (LP), where applicable No waiver on loan principal and other charges.	Waivers on IIS, PI/LP & other charges / principal (for deserving cases) HL waiver subject to: <ul style="list-style-type: none"> • value of property charged to credit provider • applicant's net worth
Payment Mode	Instalments paid via AKPK or direct to credit providers	Instalments paid via AKPK or direct to credit providers

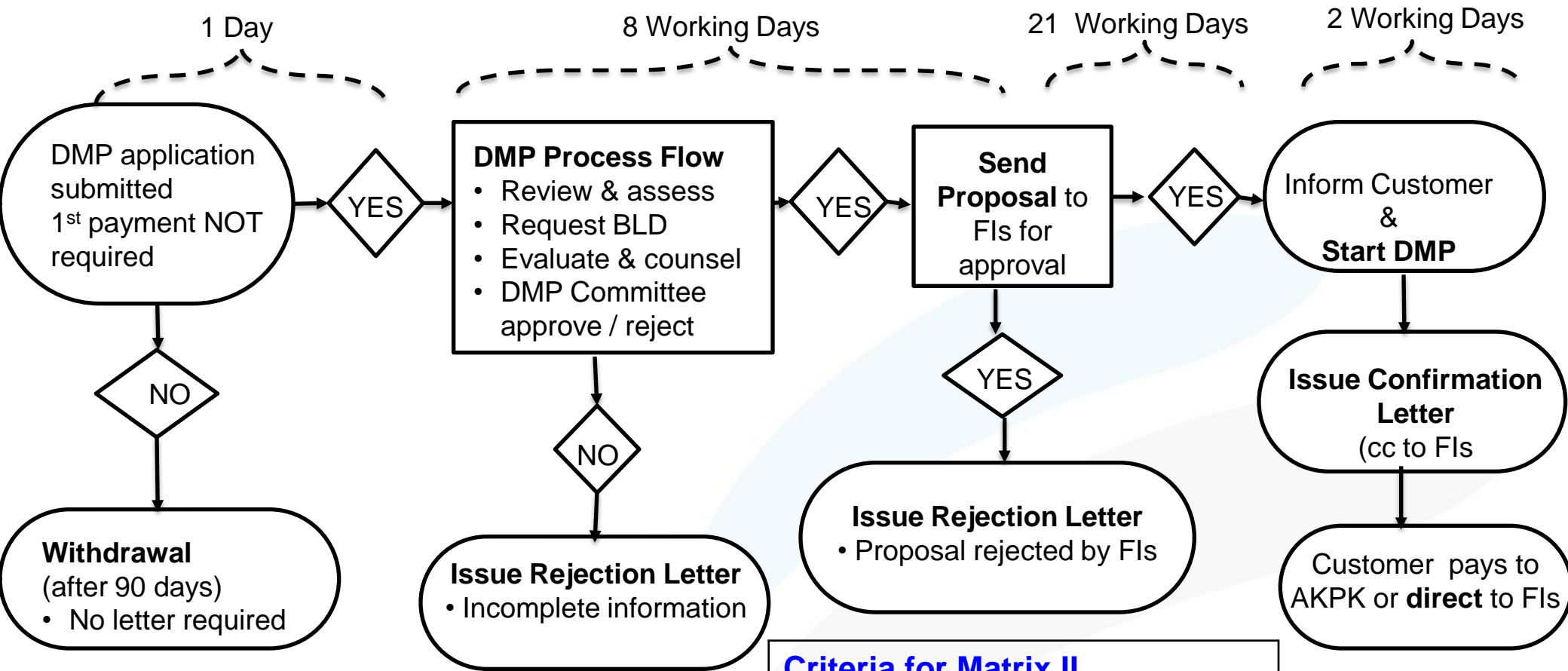






Criteria for Matrix I:

- Unsecured loans only
- No principal waiver
- Tenure up to 10 years



- Criteria for Matrix II**
- Secured / Unsecured loans
 - Principal waiver
 - Advance litigation: BN / CP
 - Tenure > 10 years

Step by step guide for borrowers to negotiate restructuring /rescheduling of their loan(s)

Preparing the monthly budget

Debt repayment proposal

Formula for pro-rata payment

Sample debt repayment proposal letters: single lender, multiple lenders /full & final settlement

Debt relief flowchart

Empowers borrowers to take control of debts

Enhances borrower's financial:

- Knowledge
- Behaviour
- Attitude

Tips on wise use of credit card

Recommend 2 cards only

Make full payment

Pay before maturity period

Avoid cash withdrawal



Debit Card

Quite similar to ATM card

Immediately deducted from your bank account

Can control spending

Effective 18/3/2011

Eligible age ≥ 21 years old & **Income \geq RM24,000 p.a.**

Below RM36,000 p.a.

Credit cards from a maximum of 2 issuers

Max credit limit: $\leq 2 \times$ monthly income per issuer

No increase in credit limit without consent

No credit advance via cheque payable to cardholders

Convenient & efficient mode of cashless payment

Statements assist in tracking expenses for budgeting purposes

Some credit cards provide free personal accident & travel insurance coverages

Zero-interest installment plan, flexi-payment scheme & balance transfer

Loyalty points to redeem goods & services



Product Disclosure Sheet

NOTICE ON PAYING ONLY MINIMUM MONTHLY REPAYMENT

If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance.

Please refer to the back page for more information. Alternatively, you may also refer to the credit card calculator available on our website or *bankinginfo.com.my* website.

Sample warning in last statement of year - wef Dec' 2011

- Total Credit
- Total Interest
- Total Finance Charges
- Table on Minimum Payment Warning

Outstanding balance	RM 3,000.00
Minimum payment due (5% of outstanding balance)	RM 150.00
Payment due date	15 Apr 2011

Minimum Payment Warning: If you make only the minimum payment each period, you will pay more in interest and it will take you longer to pay off your balance. For example:

If you make no additional charges using this card and each month you pay...	You will pay off the balance shown on this statement in about...	And you will end up paying an estimated total of interest of ...
Only the minimum payment	4 years and 8 months	RM 1,055
RM 200	1 year and 6 months	RM 424 (Savings RM631)

Source: BNM

Credit Card Charges – Example

Balance due : RM5,452.40	Remaining balance: RM0.40
Amount paid : RM5,452.00	Total charges: RM92.30

Partial payment resulted in loss of interest free period

Interest charged on transaction posting date to due date immediately following statement date in which transaction was posted

Dining → $RM121.45 \times 27/365 \text{ days} \times 15\%$	RM1.35
Purchase of Goods → $RM2,569.00 \times 25/365 \text{ days} \times 15\%$	RM26.39
Others	<u>RM19.75</u>
Interest	RM47.49
Finance charges 28/1 to 16/2 → $RM5,452.40 \times 20/365 \text{ days} \times 15\%$	<u>RM44.81</u>
Total charges	<u>RM92.30</u>

1. Publication of financial articles in newspapers, magazines, etc.
2. Docu-drama based on real life cases – 13 episodes
3. Website (information and educational) - Online reference/response
4. Publication of monthly E-Newsletters *ReadSens*
5. Financial education at work place - briefings/talks at private & public entities
6. Nationwide road shows, workshops, seminars & financial exhibitions
7. Training of Trainers with smart-partners providing trainers & participants
8. Distribution of informational booklets on banking & insurance
9. Micro blogging on finance & credit issues at www.moneypower.my
10. *Personal Financial Management* being offered as an elective/co-curriculum subject in 44 universities & 30 polytechnics
11. University & polytechnic students attend POWER! Programme before graduation

Launched on 19 January 2011

Designed to equip young adults & potential borrowers on how to manage their debts effectively & make informed financial decisions

Targeted education programme for young adults (18-30 years old), first-time borrowers & potential borrowers, including hearing impaired

Certificate of completion



Module	Key Contents
Cash Flow Management	<ul style="list-style-type: none">• Smart living: identify needs and wants• Develop personal budget & cash flow/net worth statement• Knowing financial position & net worth
Borrowing Basics	<ul style="list-style-type: none">• Common sources of personal credit & key features of credit facilities• Key lending criteria• Cost of borrowing & setting own debt limit• Rights & responsibilities of a borrower
Wise Usage of Credit Card	<ul style="list-style-type: none">• Different types of cards - debit, credit & charge card• Understanding terms & conditions of credit cards• Using credit cards wisely• Responsibility to protect credit cards

Module**Key Contents**

Buying a Car

- Factors to consider when buying a car - affordability, maintenance expenses
- Terms & conditions of hire purchase agreement - term charges, early settlement & repossession

Buying a House

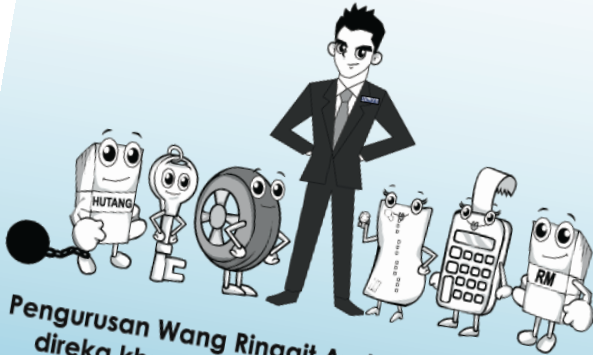
- Affordability and types of house ownership
- Understanding terms & conditions of house financing
- Understanding rights & responsibilities of a borrower
- Consequences of loan default

Managing your Debts

- Contributions to over- indebtedness & consequences
- Importance of building & maintaining good credit history
- Available advisory & redress services

POWER!

Online Learning Portal
power.akpk.org.my



Pengurusan Wang Ringgit Anda atau **POWER!** direka khas untuk melengkapkan anda, golongan dewasa muda dengan kemahiran penting dalam pengurusan kewangan dan memberikan anda kepercayaan diri serta kemampuan untuk membuat keputusan kewangan dengan lebih bertanggung jawab.

www.akpk.org.my | 1-800-88-2575



Facebook AGENSI KAUNSELING DAN PENGURUSAN KREDIT

YouTube AKPKTVC

Twitter @AKPK_POWER

Useful for IT savvy young adults

Easy & convenient to learn money mgt

Learn at own pace & time

Lively, interactive & amusing animation

IQ games to make learning interesting

Virtual certificate of completion

As at 30/09/12 – 122,794 participants

Make Prudent Financial Management a Way of Life

1 800 88 2575

www.akpk.org.my



The screenshot shows the AKPK website homepage with the following content:

- Header:** AKPK logo, navigation links (HOME, SERVICES, HAPPENINGS, LEARNING, TOOLS, ABOUT US, CONTACT US), and contact information (TOLL FREE NUMBER 1800-88-AKPK).
- Main Banner:** "POWER! Online Learning Portal" with a cartoon character and a "ENTER" button.
- AKPK Services:**
 - Financial Education:** "The answer to financial problems. AKPK provides financial education materials on the proper use of credit and basic money management as well as tips on how to use credit responsibly." Includes a "POWER! Programme" link and an "Explore" button.
 - Financial Counselling:** "Managing your finances wisely. AKPK offers counselling and advice on managing your finances wisely - from budgeting, money management and credit related issues." Includes a "Counselling Schedule" link and an "Explore" button.
 - Debt Management:** "Regain control of your life and debts. Our counsellors will work with you to develop a personalised debt repayment plan in consultation with your financial service providers." Includes an "Online DMP" link and an "Explore" button.
- In the News:** "Learn financial management from AKPK instead of borrowing from Ah Longs (Mandarin)", "Jabatan Insolvensi Bincang Dengan AKPK Tentang Pengurusan Kewangan", and "NS trainees to learn financial management".
- Success Stories:** "A dire financial predicament can happen to anyone. Even if one has struck it big as a millionaire, unexpected circumstances can cause a turn for the worse. As a partner of a well-established firm and an owner of a swanky Mercedes Benz, 'Ben's' approach..." Includes a "Continue Reading" link.
- Useful Tools:**
 - Financial Calculators:** "Find out just how much that asset is going to cost you each month."
 - Budgeting Tools:** "Start managing your finances by using these budgeting apps now."
 - Evaluate Yourself:** "Try these tests to gauge your financial knowledge."
- Subscribe to Our Newsletter!** Form with fields for name and email address, and a "Submit" button.
- Access to AKPK Programmes:**
 - App/DMP Online
 - POWER!
 - Online Learning Portal (OLP)
 - AKPK Certified Speakers
- POWER! is now available in Mandarin!** "AKPK is pleased to announce POWER! sessions are now in Mandarin on 8th of April 2012 at AKPK Head Office, Kuala Lumpur. [Click here for more info.](#)"
- Footer:** "Make Prudent Financial Management A Way Of Life", navigation menu (Service, Happenings, Learning, Tools, Stay Connected), and copyright information (© 2011 - Agensi Kaunseling Dan Pengurusan Kredit (AKPK)).

Finance charge for retail transaction

- 1.125% pm /13.5% pa if promptly settled min. payment due for 12 consecutive months
- 1.333% pm /16.0% pa if promptly settled min. payment due for at least 10 mths in a 12 month cycle
- 1.458% pm /17.5% pa if payment record is not within either above
- 1.5% / 18% pa for cash transaction

Cash advance fee

5% of amount drawn, subject to min. of RM15.00, whichever is higher

Late payment charge

1% of total o/s amount, subject to min. of RM5.00 & max. of RM50.00

Replacement card

RM10.00 for 1st time & RM50.00 for every subsequent replacement

Request for card statement	<ul style="list-style-type: none">• RM5.00 per monthly statement
Request for sales draft	<ul style="list-style-type: none">• RM15.00 per copy
PLUS/ CIRRUS ATM withdrawal	<ul style="list-style-type: none">• RM10.00 for each cash withdrawal
PLUS/CIRRUS enquiry	<ul style="list-style-type: none">• RM2.00 for each transaction
Conversion for overseas transactions	<ul style="list-style-type: none">• Rate determined by Visa /MasterCard /JCB
Government service tax	<ul style="list-style-type: none">• Bank imposes 1% administration fee• RM50 for each principal card• RM25 for each supplementary card