

# Government mulls proposal to set up housing loan bank

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KUALA LUMPUR, Nov 26 -- The government is considering a proposal to set up a special bank to ease the process of loans application for affordable and low-cost housing, the Dewan Rakyat was told today.

However, Finance Minister Lim Guan Eng said the proposal would have to be in line with Bank Negara Malaysia's (BNM) requirement that such banks should have sufficient funds or capital to meet the loan demands.

"The proposal would be taken into consideration if BNM felt the need to enable more housing-related loans to be financed. But if we look at the trends adopted by BNM it is imperative that the bank can play its role. It is not just about having the funds or the capital, it must able to meet the challenges of the market especially in the digital age," he said.

Lim said this in response to a supplementary question by Hassan Abdul Karim (PH-Pasir Gudang) who wanted to know if the government planned to set up a bank specifically to finance housing loans for low-income households (B40) to own homes.

However, Lim said before such a bank could be set up, BNM needed to ensure that existing banks in the country were prepared to face various challenges from abroad to ensure continuity of their functions and roles as lenders.

On Hassan's question on the extent of BNM's achievement in helping low-income people in the country have a home, Lim said the Affordable Housing Fund with an allocation of RM1 billion had a positive impact since its launching in January.

He said as of Oct 31, more than 3,100 applications worth RM596 million had been approved.

"Through this fund, first-time home buyers, especially young people, will receive financing from financial institutions through concession financing rates lower than the current market for 40 years," he said.

Lim said every first-time home buyer needs to have financial knowledge to ensure that they will not be burdened with future financing costs.

Therefore, he wants potential buyers to refer to the online education module on My Home portal provided by the Credit Counseling and Debt Management Agency (AKPK) to help them understand their financial commitments.