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Happy ending seen likely

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A "HAPPY ending" appears to be likely in the dispute over the removal of car hire-purchase loan commission for car dealers, following talks yesterday with Bank Negara officials.

An announcement is expected on how the central bank will vary its decision on the commission once its governor, Datuk Dr Zeti Akhtar Aziz, returns this week from overseas.

A Bank Negara source said the almost 2 1/2-hour meeting between car dealers from various associations and Bank Negara officials yesterday "went on well".

This was the second meeting between both parties. The first was last week after which the car dealers had submitted a memorandum detailing their cause.

"There was progress ... It seems that an amicable solution has been reached with the central bank holding back an announcement pending the return of its governor," another source said.

Zeti was in Cairo as part of the Malaysian delegation accompanying Prime Minister Datuk Seri Dr Mahathir Mohamad to the 10th Group of 15 Summit.

The dealers' associations of Edaran Otomobil Nasional Bhd, Perusahaan Otomobil Kedua Sdn Bhd, Usahasama Proton-DRB Sdn Bhd and other car companies had submitted a memorandum to Bank Negara asking for a four per cent commission for the work involved in helping both customers and finance company officials in applying for and processing loan applications.

The four per cent was arrived at on the basis of the high overheads many dealers have, especially those with big operations.

Meanwhile, Association of USPD Dealers president Col (R) Abdullah Dolmat, who was at the meeting, refused to say what transpired at the meeting.

"We are not allowed to reveal the details. Wait for Bank Negara's statement," he said, adding that the association was satisfied with the meeting's outcome.

It is learnt that EON managing director Datuk Adzmi Abdul Wahab was also at the meeting.

EON, which has been rather supportive of the dealers' plight, had submitted a letter to Bank Negara last month, appealing to it and the National Economic Action Council not to remove the one per cent commission.

The national car distributor has been experiencing a 30 per cent drop in bookings since June 1.

In addition, finance companies are also believed to have submitted their own recommendations.

Car dealers had raised a hue and cry when Bank Negara banned the commission from June 1.

Until Bank Negara scrapped the commission, dealers were getting a minimum one per cent of the total loan amount for every year of the payback period.

Previously, when a buyer took, for instance, a RM40,000 loan over five years, the dealer got a one-time payment of RM2,000 as commission at the rate of RM400 a year.

The commission was much bigger if the loan value was higher and the payback period longer. Finance companies used to cap the repayment period

at five years but in recent years this has been extended to seven years.
The dealers claimed the move had resulted in a 60 per cent drop in
income.

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