

PM: EPF savings as bank collateral

Contributors can take up loans instead of withdrawing from fund

PUTRAJAYA will introduce a new policy where those who are in dire financial straits will be able to use their Employees Provident Fund (EPF) savings as collateral, says Prime Minister Datuk Seri Anwar Ibrahim.

“I will ensure that the EPF allows contributors who are in dire straits to take up loans from bank with a collateral from the EPF, this is the best (I can do),” said Anwar while delivering his winding-up speech as the Finance Minister in Parliament yesterday.

Anwar pointed out that Australia, Peru and Chile had similar policies during the height of the Covid-19 pandemic, where they allowed those who were financially strapped to withdraw from their retirement funds.

“But these countries have stopped (the policy),” said Anwar, who disagreed with another round of EPF withdrawals, even as he noted the concerns raised by MPs throughout the two weeks of debates on Budget 2023 at the policy stage.

Datuk Seri Dr Wee Ka Siong (BN-Ayer Hitam) subsequently interjected and said he agreed with Anwar.

“The houses of some Malaysians are even nearly auctioned.

“This is the group that requires assistance.

“You are spot on, this is the most important issue,” added Dr Wee, who nonetheless was concerned about plans by Putrajaya to credit RM500 into the account of contributors with less than RM10,000.

Dr Wee gave an analogy of a

woman who doesn’t make regular EPF contributions but was financially stable as she was a businesswoman.

“Maybe we can ask the EPF to fine-tune this policy and give it (RM500) to those who really need it,” he added.

In response, Anwar said that is why he proposed EPF-guaranteed bank loans to those who are financially strapped.

“We introduced the collateral policy so that Malaysians don’t withdraw from their EPF,” said

Anwar briefly.

On Feb 24, Anwar announced that two million EPF members aged between 40 and 54 with less than RM10,000 in their Account 1 will receive a RM500 contribution into the account.

After Anwar delivered his winding up speech, Budget 2023 was then passed via a simple voice vote in the House.

Debates on Budget 2023 will continue at the committee stage for three weeks beginning next Monday