

Banking industry needs to reduce non-performing loan level, says Zahid
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The banking industry has to reduce its non-performing loan (NPL) ratio of 1.2% if Malaysia wants to become a developed country, Deputy Prime Minister Datuk Seri Ahmad Zahid Hamidi said.

Speaking at the launching of Bank Simpanan Nasional (BSN) Virtual Teller in Kuala Lumpur yesterday, he said the industry's NPL ratio is considered high.

He said that BSN's NPL of between 2.1% and 2.3% is higher compared with the banking industry's ratio of 1.2%.

"As borrowers feel that since BSN belongs to the government, their loans can be written off, BSN has to correct this misconception to avoid the bank from collapsing due to high NPL ratio," he said.

Zahid said in the march towards a developed country by 2020, the people should get into the habit of saving money in order for the country to reach the national saving rate of 38% for a developed Asian country.

"BSN, which provides retail banking services, should find ways to increase savings rate in order to attain a high percentage of total national savings among the people.

"With high percentage of total national savings, foreign borrowings can be reduced," he said.

He said currently, forced savings through the Employees' Provident Fund, Lembaga Tabung Haji and cooperatives were considered high, but the number of people who saved voluntarily should increase.

"Some people said they can't afford to save as they were burdened by high cost of living, goods and services tax, but if they had developed the savings habit since they were in their tender age, it would eventually become a habit," he said.

He called on financial institutions to educate their customers on the need to cultivate the habit of saving in the face of challenging economic environment.
– Bernama, December 16, 2015.