

Consumer debt among Malays a concern: AMP

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Malay households in Singapore may be earning more money now, but they are also spending more.

As a result, their debt situation, while not alarming, is a cause for concern, said Mr Azmoon Ahmad, chairman of the Association of Muslim Professionals (AMP) yesterday.

While household balance sheets remain generally healthy, he added, figures from a survey the AMP conducted last year showed "increased expenditure, which may or may not be supported by real income gains".

Speaking at the association's annual Community In Review seminar, which focused on debt this year, Mr Azmoon pointed out that the median income for Malays had risen from \$2,709 in 2000 to \$3,844 in 2010.

This "creates the impression that they are doing well financially", but does not account for how their liabilities have changed, he said.

Citing the AMP survey, he said increased spending has become "entrenched", and "even in times of financial difficulties, households may not revert to initial levels of consumption".

For example, 83 per cent said they would not unsubscribe from their cable television services in bad times.

Other panellists at the forum said overspending due to lifestyle preferences is the most common cause of debt. Mr Azmoon said: "Higher expenditure could be supported by purchases made on credit, thus increasing the liabilities."

He also warned that the problem was not restricted to low-income families. PMETs (professionals, managers, executives and technicians) are a "risk group", he said, as they have easy access to credit and thus may borrow above their means.

National University of Singapore economist Sumit Agarwal, also a panellist, cited a graph showing that Malays have the highest credit card debt although they have the smallest credit card spending compared with other races.

Moneylenders, both licensed and unlicensed, also contribute to the problem because they do not offer stringent safeguards like those of banks, the panellists said. They suggested that more financial literacy camps be conducted.

Mufti Mohamed Fatris Bakaram, Singapore's top Muslim religious leader, urged prudence when the panel sought his comments. "It is an ethical issue of behaviour, attitude and self-responsibility of trying your best to limit borrowing only for necessities - not for lavish purposes - and the commitment of paying it back."

Senior Minister of State for Home Affairs and Foreign Affairs Masagos Zulkifli, who also spoke at the forum, said: "Even though our debt problem is not endemic, it is something we need to constantly pay attention to."

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