

EPF's collateral for bank loans won't affect investment pool, dividend payout - PM

By Nuradzimmah Daim, Luqman Hakim - March 21, 2023 @ 10:45am

KUALA LUMPUR: The special collateral agreement to assist Employees Provident Fund (EPF) contributors in applying for bank loans will not affect the investment pool and dividend payout, the Dewan Rakyat heard today.

Prime Minister Datuk Seri Anwar Ibrahim said the matter was discussed with EPF beforehand and the move did not violate Section 51 the EPF Act.

"For instance, if (EPF member applying for bank loan) puts RM50,000 as the collateral, they will still receive the dividend as per the overall amount in their savings.

"In the event borrowers unable to repay the loan, it would only involve a small group, hence, will not affect the pool in terms of dividend payout," said in reply to a question from Datuk Muslimin Yahaya (PN-Sungai Besar).

Meanwhile, account 2 (of EPF) can still be used for different types of withdrawals including education and housing, Anwar said.

Earlier this month, Anwar, who is finance minister, announced that the government will allow a special collateral agreement to assist Employees Provident Fund (EPF) contributors in applying for bank loans.

He said the collateral agreement was more suited to assist contributors who were in "desperate" need without having to withdraw their savings.