

**Jenis Akhbar** : NST Online

**Tarikh** : 25/03/2025

**Edisi / Muka Surat** : <https://www.nst.com.my/>

**Tajuk** : Civil servants' loans spike by 10 per cent ahead of Raya

## Civil servants' loans spike by 10 per cent ahead of Raya



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PETALING JAYA: The number of civil servants applying for personal loans has increased by 10 per cent, or 70,000 people, ahead of this year's Hari Raya Aidilfitri. In non-festive months, about 50,000 civil servants take out personal loans.

National Cooperative Movement of Malaysia Berhad (Angkasa) president Datuk Seri Abdul Fattah Abdullah said this rise happens every year, as loan applications tend to increase during festive seasons and for other financial needs.

"The desire to celebrate Aidilfitri grandly drives some individuals to spend beyond their means.

"The costs of preparing for Aidilfitri, such as buying new clothes, preparing special dishes, giving out 'duit raya', and travelling back to their hometowns, become an added financial burden, particularly for those with families," he said.

He said that many civil servants, especially those with lower and middle incomes, lacked emergency savings and were forced to take loans as a short-term solution.

Chief Secretary to the Government Tan Sri Shamsul Azri Abu Bakar reminded civil servants to spend wisely and avoid excessive debt.

He said it was an offence and could lead to disciplinary action if a civil servant was found to be in debt up to 10 times their monthly salary under Sub-Regulation 13(7) of the Public Officers (Conduct and Discipline) Regulations 1993.

"Some civil servants fall into debt due to excessive lifestyles and a lack of financial literacy," he added. Datuk Seri Abdul Fattah said Angkasa advises civil servants to manage their money wisely and not borrow more than 60 per cent of their monthly income.

"This measure ensures that they can prevent long-term financial problems."

He also advised against borrowing just to buy furniture, curtains, or cars for the festive season, as it could cause future financial problems.

"Angkasa manages over 800,000 civil servants in Malaysia who have taken loans through the salary deduction system, with total salary deductions reaching between RM1.2 billion and RM1.5 billion per month," he said in a statement to 'Utusan Malaysia'.

He also said that Angkasa encouraged cooperatives and financial institutions to utilise the Angkasa Credit Reporting System (SPeKAR) before approving loans for civil servants.

"With this system in place, borrowers can be assessed more thoroughly, preventing them from taking on debt beyond their financial capability.

"Cooperatives and financial institutions can also avoid granting overlapping loans, which could result in civil servants becoming trapped in uncontrollable debt," he said.