

Guide to Consumer on Reference Rate



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Before
2 Jan 2015

BLR

Base Lending Rate

Loans extended prior to 2 January 2015 will continue to be referenced against the **Base Lending Rate (BLR)** or **Base Financing Rate (BFR)** until their maturities.

Effective
2 January 2015

From
2 Jan 2015

BR

Base Rate

Effective 2 January 2015, a new reference rate known as the **Base Rate (BR)** will be used for new floating rate loans / financing facilities, such as housing loans.

BR

Base Rate

The move to BR does not affect Effective Lending Rates

Applicable to floating rate loans / financing facilities offered to individuals.



30 Years Tenure

RM350,000.00

No Lock-In Period

Reference Rate

Interest Rate

Effective Lending Rate

Monthly Instalment

For illustration purposes:

	BLR	BR
	Before 2 Jan 2015	From 2 Jan 2015
	BLR = 6.85%	BR = 3.80%
	BLR -2%	BR +1.05%
	4.85%	4.85%
	RM1,846.92	RM1,846.92

What should you do as a borrower?

- 1 Compare** the effective lending rates quoted by different financial institutions before taking out a new loan.
- 2 Ask** for a Product Disclosure Sheet (PDS) providing you with the effective lending rate and total repayments amounts for the loan/financing facilities you plan to take out.
- 3 Ask** your financial institution to explain the factors which may lead to a change in the Base Rate.
- 4** Your monthly repayment amount will increase or decrease when there is a change in the Base Rate.
- 5** You should also assess whether you can continue to afford the loan repayments if the effective lending rate increases in future.

Note: Financial institutions are required to publish the effective lending rate for a standard 30-year housing loan of RM350,000.