

## AUTO LOANS

# Banks hold rates steady as rivalry tightens

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Strong competition will see commercial banks maintain auto-loan rates despite the central bank's recent rate cut.

As well, large banks are pinning their hopes on a post-flood recovery in the car industry by setting ambitious goals for consumer finance.

Narong Srichukrin, an executive vice-president of Siam Commercial Bank, said SCB expects to hold rates for auto hire-purchase debt at 2.3% to 2.4% in terms of new-car flat rates during the first half of this year.

The steady rates result from the heated rivalry in the business segment and higher financial costs amid greater deposit competition between commer-

cial and state-owned banks.

The Bank of Thailand last week cut the policy rate by a quarter point to 3%.

Only Krung Thai Bank has followed suit in cutting its savings rate, minimum lending rate and minimum overdraft rate, effective today.

SCB, the country's fourth-largest bank by assets, plans to expand auto hire-purchase loans by 80-100 billion baht this year.

It will also increase its consumer debt portfolio to 150 billion from 110 billion baht.

The aggressive target is in line with expected new-car sales of 950,000 to one million units in 2012, supported by healthy demand and business recov-

ery after last year's massive floods.

"The steady trend in interest rates and the government's first-car scheme will encourage loan demand as well," said Mr Narong, adding that SCB plans to expand typical loans to commuter vans, a high-potential growth segment.

Separately, Isara Wongrung, the chief executive of Kasikorn Leasing, said his company will keep its auto-loan rate steady at 2.3% to 2.5% for new cars with a modest cut possible if competition really heats up.

The Kasikornbank subsidiary plans to increase car loans by 59.9 billion baht and raise its debt outstanding to 82.2 billion baht by year-end.

Mr Isara added that eco-cars are the company's focus this year.