

Auto funding not getting any cheaper

Auto financing companies are unlikely to cut their interest rates this year, despite the trend in the policy rate. The interest rate charged by auto hire-purchase businesses is currently in a range of 2.3 to 2.5 per cent, which is expected to be



Isara Wongrung says it is not easy to reduce rates.

maintained throughout the year, Isara Wongrung, chief executive officer of Kasikorn Leasing, said.

The policy rate has now been lowered twice by the Bank of Thailand, but leasing companies did not reduce their interest rates on either occasion.

With lenders' costs high and their yields narrow, it is not that easy for them to reduce rates, said Isara.

The overall trend of lower interest rates does, however, ease some of the pressure over the cost of hire-purchase, he said, adding that rates could be lowered if competition among auto financing firms became intense.

Narong Srichukrin, first executive vice president and head of the Auto Finance Business Division at Siam Commercial Bank, said SCB believes the current auto loan rate will be maintained during the first half of the year.

The bank offers auto financing at 2.3-2.4 per cent.

Apart from the present focus on used cars, SCB this year will start offering loans for vans to cash in on higher demand, especially for vans for goods transport.

SCB this year targets new loans of Bt80 billion to Bt100 billion, with outstanding lending at year-end in the range of Bt110 billion to Bt150 billion. KLeasing, meanwhile, projects new lending of Bt59.9 billion to boost its outstanding loans to Bt82.21 billion by the end of the year.

Managing director Akaranant Thitasirivit said the company would propose an extension of loan conditions in the eco-car segment to cover people not receiving a monthly salary.