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RCE Capital prioritises quality in loan disbursements

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KUALA LUMPUR: General loan financing services provider RCE Capital Bhd said it "does not compete for market share" and prioritises quality over quantity in terms of loan disbursements.

Speaking to reporters after its annual general meeting yesterday, its chief executive officer Loh Kam Chuin acknowledged that in the Malaysian personal financing segment worth about RM160 billion, based on Bank Negara Malaysia's (BNM) figures, RCE Capital has only about 1% market share.

For the civil servant financing market, RCE Capital — which provides financing mainly to government employees — has about 2% to 3% market share, based on its loan book value of between RM1.5 billion and RM1.6 billion as at end-June 2017.

As at Feb 1, 2017, there were 1.6 million government employees, of which RCE Capital is managing less than 100,000 accounts, according to Loh. "We don't compete for market share. We are on the niche side, serving markets unserved by bigger players," he said.

"We are not [a] deposit-taking [setup], so in terms of rates, we don't have the advantage over bigger players. We focus on delivery — how fast we can get the loans to customers."

Loh said education, home renovation and medical needs are among the top reasons cited by civil servants when applying to the group for loans.

On the group's outlook, Loh said "it is very difficult to say [how things will be]. Do we want [to provide] quality loans or [seek] growth in loans just for the sake of growing? Then again, we just issued our first quarterly results for [the group's] FY18 (financial year 2018), so you can draw some comparisons from there".

RCE Capital's net profit climbed 19.4% to RM20.93 million in the first quarter ended June 30, 2017 (1QFY18) from RM17.53 million a year ago, on higher net interest income as well as relatively stable loan impairment. Revenue rose 9.9% to RM57.1 million from RM51.94 million. Its consumer financing segment's loan base grew 9.6% year-on-year.

“It (the sustainability of loan base growth, moving forward) ultimately depends on how we choose to grow. We [would] prefer to look at [offering] quality [loans]; we are not chasing for loan approvals just for the sake of growing,” Loh said.

“Moving forward, our growth is also very much dependent on what’s in store for us in the upcoming Budget 2018, as there could be changes to things such as salary adjustments for civil servants. However, what we can tell you is, demand for loans will always be there, so [it is] business as usual [for the group].”