

Cagamas mulls shared equity housing scheme

KUALA LUMPUR: National mortgage corporation Cagamas Bhd (Cagamas) is working towards introducing a shared equity programme for housing.

According to Cagamas president and chief executive officer (CEO) Datuk Chung Chee Leong, the firm is currently looking at how to replicate similar programmes being introduced in the UK and Australia to fit the Malaysian housing scenario.

"We hope we can get the blueprint ready by the end of this year," he said.

This comes as Cagamas and Korea Housing Finance Corporation (KHFC) yesterday sealed a memorandum of understanding (MoU) to jointly explore housing financing methods to promote homeownership in their respective countries.

The MoU was inked by Chung and his Korean counterpart, KHFC chairman and CEO Lee Junghwan.

Malaysia's Minister of Housing and Local Government, Zuraida Kamaruddin witnessed the signing ceremony.

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Datuk Chung Chee Leong, Cagamas president and CEO

"The MOU marks an important milestone in the collaboration between Cagamas and KHFC," Chung said.

"Cagamas welcomes this initiative which aims to enhance the strategic cooperation between Malaysia and Korea, including amongst others, research and knowledge sharing related to housing finance.

"This initiative is in line with both institutions' mandate to develop the secondary mortgage finance market."

The MoU enables the wealth of domestic experience in housing finance, mortgage and financial instruments to be mutually exchanged between Malaysia and Korea. This is expected to enhance the stability of housing and mortgage markets, mortgage backed securities (MBS) as well



Zuraida (third right) witnessing the MoU exchange between Chung (third left) and Lee. They are flanked by (from left), Cagamas chairman Dato' Bakarudin Ishak, Bank Negara Malaysia Deputy Governor Abdul Rasheed Gtaffour and Nik Hasyudeen Yusoff of Cagamas Holdings.

as other funding instruments to leverage private capital to the housing market. A central feature includes identifying and attracting private and public capital investment.

Cagamas is the second largest issuer of debt instruments after the Government of Malaysia and the largest issuer of AAA corporate bonds and sukuk in the market. Since incorporation in

1986, Cagamas has cumulatively issued circa RM319.1 billion (US\$96 billion) worth of corporate bonds and sukuk

"By signing the MOU, both institutions pledged to promote

bilateral cooperation in a wide range of areas including exchange of know-how on housing finance policies, holding joint conferences, sharing expertise on housing finance and secondary mortgage market, in addition to exploring joint business opportunities," Lee said.

Established in 2004, KHFC has accumulatively issued MBS and covered bond amounting to US\$252 billion (252 trillion Korean won, as of 2018) which have contributed to the stability of long-term fixed-rate loan finance and the revitalization of long-term bond market.

KHFC is a state-run enterprise that facilitates the long-term, stable supply of housing funds, thereby promoting national welfare and developing the national economy by supporting the Korean Government's housing welfare policy.

The MoU was inked at the sidelines of the Cagamas and World Bank Group's "Constructing & Financing Affordable Housing across Asia" conference, April 2 to 3, 2019 in Kuala Lumpur.