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A MARKET INNOVATION: RHB'S NEW VEHICLE FINANCING-i (VARIABLE RATE) FLEXI REDRAW

Kuala Lumpur - In an automotive market that continues to evolve, driven by shifting consumer needs and economic realities, financial products supporting vehicle acquisition are becoming just as crucial as the vehicles themselves. Malaysians are navigating fluctuating living costs and dynamic interest/profit rate environments, making the demand for greater financial adaptability in long-term commitments, such as motor vehicle loans/financing, increasingly evident.

It is against this backdrop that RHB Banking Group has introduced its new Vehicle Financing-i (Variable Rate) Flexi Redraw. This offering, currently presented as a first-of-its-kind in Malaysia, represents an interesting development in the local financing landscape, aiming to provide a more responsive alternative to conventional hire purchase arrangements.

Understanding the Flexi Redraw Mechanism

Traditional vehicle financing, by its nature, often locks consumers into rigid monthly payment schedules, offering limited avenues for early cost reduction or accessing liquidity. The RHB Vehicle Financing-i (Variable Rate) Flexi Redraw seeks to address these limitations through a two-pronged approach.

At its core, the product allows hirers to make additional payments beyond their scheduled instalments. Crucially, these overpayments are designed to directly reduce the underlying profit charges on the outstanding financing amount. This mechanism presents a tangible opportunity for hirers to reduce their total financing cost over the tenure, a notable departure from standard fixed-payment structures.

The "Flexi Redraw" element introduces a significant layer of financial agility. Unlike typical financing where extra payments are permanently absorbed, this facility permits customers to withdraw these accumulated excess funds when unforeseen circumstances arise. This feature effectively integrates a liquidity buffer directly into the financing arrangement, potentially alleviating the need for alternative, often more costly, short-term borrowing/financing solutions during financial exigencies.

Jeffrey Ng Eow Oo, Managing Director of Group Community Banking, RHB Banking Group, highlighted the rationale behind the product, "Consumers are increasingly seeking financial solutions that offer both savings and flexibility. Our latest financing enhancement is designed to help our customers take control of their financial future by reducing overall costs while ensuring they have access to additional funds when needed."

Strategic Partnership with Volvo Car Malaysia

In close partnership with Volvo Car Malaysia, RHB Vehicle Financing-i (Variable Rate) Flexi Redraw will now also be available as an option on Volvo Car Financial Services – Volvo’s premium financing solutions to help customers get in the seat of their new Volvo car.

“We are grateful to have RHB Banking Group as our long-standing financing partner for Volvo Car Financial Services whose products have given our customers the flexibility of variable rates. The new Flexi Redraw option is an excellent value-add for customers seeking the safety, luxury, comfort and performance of our latest electrified cars without compromising their financial security,” said Chris Tan, Sales Director of Volvo Car Malaysia.

Implications for the Malaysian Motorist

For prospective motor vehicle owners in Malaysia, the RHB Vehicle Financing-i (Variable Rate) Flexi Redraw introduces several key advantages:

- **Cost Efficiency Potential:** The ability to reduce profit charges through proactive overpayments offers a pathway to lower overall financing expenditure.
- **Integrated Financial Buffer:** The redraw feature provides an accessible liquidity option directly linked to one’s vehicle financing.
- **Enhanced Control:** The product design aims to empower hirers to better manage their long-term financial commitments.

The product is available for individuals (18-65 years old) and various business entities, covering new, new unregistered reconditioned, and used vehicles, with a minimum financing amount of RM80,000. It is important to note that the profit charges discount on excess payments is capped at 50% of the total original financing amount, and withdrawals are subject to minimal fee, with a minimum withdrawal of RM2,000 and in multiples of RM1,000.

Ultimately, RHB’s Flexi Redraw represents a move towards more dynamic and consumer-centric vehicle financing. Its introduction could signal a trend towards more adaptable financial products in the Malaysian automotive sector, aligning with evolving consumer expectations for both savings and financial security.

For more information on how consumers can optimise their vehicle financing strategy, visit <https://www.rhbgroup.com/autofinanceproducts/index.html>. Terms and conditions apply.
