

Car Buying Guide

Calculate Your Total Cost of Ownership!

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Degree? Done! First job? Secured! Naturally, the next thing to think about is... getting your own car! At least, that's what most of us would do. But here's the question: Can you actually afford it?

We at SaveMoney applaud you for saving up for those sleek wheels, but there are more costs to consider other than just paying the down payment. Just how much will these additional costs be? Get your calculator ready, because we are going to highlight each of these hidden costs just for you.

We hope this guide will help you manage your car finances in the future, so you can avoid stressful, hair-tugging moments!

Getting a Car: Cost of Ownership

Thinking of purchasing a brand new car? Take the following into account when you're calculating your car budget:

- Loan Financing
- Road Tax
- Motor Insurance
- Fuel Economy (Petrol Costs)
- Servicing Cost
- Resale Value & Depreciation Cost

Loan Financing

The most important factor you must consider when purchasing a car is the price! Unless you have the means to pay off the car in one lump sum, most people take up car loans to finance their chosen wheels.

If this is your first car purchase, you should find out all about your financing options. If you just started a job and have virtually no credit record, get someone (usually a parent) to act as your loan guarantor to help enhance your credit standing and enable you to obtain cheaper financing for your car.



Ways to Get a Car Loan

Basically, there are two ways for you to get a car loan, either from a bank or from the car dealership.

Loan from the Dealership

Each car manufacturer has its own authorised car dealers and usually its own panel of finance to make things easier for car buyers. If you're satisfied with the interest rate given, then go for it. However, the best move before saying 'I do' to any of the suggested panel banks is to do your own research and call them up to ensure that you are eligible for the advertised interest rate. If taking up a car loan directly from a bank (minus the dealer's association) gives you a lower rate, then apply for a car loan separately.

Example: Perodua's Panel of Finance Institutions includes Affin Bank, Alliance Bank, AMBank, Bank Islam, Bank Rakyat, Bank Muamalat, CIMB Bank, Hong Leong, Public Bank, RHB Bank, Maybank Auto Finance, and Toyota Capital Malaysia Sdn. Bhd.



Pre-approved Car Loan from a Bank

Depending on your credit score, different banks will assess your finances in different ways. Some may give you a higher interest rate, while others may give you a lower one. The best way is to go to at least three different banks and try to get a pre-approved car loan from each. You can then compare them and see which suits you best.

The best thing about scouting for your own car loan without the dealer's association is that it gives you the added benefit of knowing exactly how much you can afford - or if you can even afford the car that you want at all. Although dealers are mindful of your financial situation, their main focus is selling their cars, so they could push you into making purchases that you can't afford.

Example: You're looking to buy a Proton. The flat interest rate from a Proton dealer in association with Maybank ranges from 2.80% - 3.55% p.a., but a car loan from Maybank alone offers rates between 2.92% - 3.20% p.a.

Some people prefer one loan financing method to the other, but we encourage you to research both banks and dealerships so you can negotiate the best interest rate before sealing the deal!



Road Tax

Aside from the monthly car instalments, as a new car owner you'll also need to dig into your pockets to pay for annual road tax. The cost of your road tax depends on several factors:

- Type of Vehicle Ownership
- Type of Vehicle
- Engine Capacity
- Geographical Location (Peninsular, Sabah, or Sarawak)

Tip:

You can use The SaveMoney.my Malaysian Road Tax Calculator (online) to see your estimated annual road tax.

