

Mahathir raps the 'bad hats' in banking

Corruption in financial community

KUALA LUMPUR, Wed. — Datuk Seri Dr. Mahathir Mohamad today hit out at the "bad hats" in the financial community, saying that they were the reason why major amendments to the Banking Act, 1973, were necessary.

He said: "While the major amendments are already well known, let me reiterate that these amendments have become necessary because corruption, which many people associate only with government, is very much present also in the financial community."

The Prime Minister was speaking at the annual joint dinner of the Association of Banks and the Financial Institutions Malaysia here last night.

He said "the existence

of such bad hats in any community damages the community as a whole.

"You will not be able to fulfil your role as agents of change and trust, unless the system weeds out within itself, the seeds of corruption that erodes this very trust."

He said delays in approving and processing loans and under-the-counter payments for credit are "corrosive elements" that must be stopped.

Retail hours

"We in the Government have urged repeatedly for the public service to be trustworthy, clean and efficient. In this sense, you too are a part of that service."

Datuk Seri Dr. Mahathir stressed the need for the community to support the economy

through "these challenging times".

He said banks are charged with the responsibility of mobilising public funds in the "best way you know how."

"It is precisely at such a time, especially when the international financial community is suffering from the jitters of a number of cases of large loan losses, that you should exercise your sense and prudence and sound judgment."

He also stressed the need for prompt, and modern professional banking services.

"If banks are to offer effective retail banking services, I suggest that they service their customers like true retailers, including the keeping of retail hours."

He said at a time when resources are scarce, he would expect the com-

munity to discharge its responsibility of channelling funds to the most effective uses, to increase productivity and economic activity.

"You should repay the faith of the small businessmen, farmers, planters and industrialists who have placed their confidence, and savings, with you..."

"Your sound financial advice and encouragement could make the difference in maintaining the resilience of our emerging enterprises."

"I say this because excessive pessimism and unwarranted recall of credit at this critical time can be as damaging to our economy and to the faith of the business community in the banking system, as undue euphoria in an economic boom," he added.

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