

D151

U E644 AAE
MAHATHIR-BANKS

EMBARGOED FOR RELEASE AT 10.30 TONIGHT, AUG 19

85

(P)
KUALA LUMPUR, AUG 19 (BERNAMA) -- PRIME MINISTER DATUK SERI DR MAHATHIR MOHAMAD WANTS THE BANKING COMMUNITY TO INCULCATE +AMANAH+ OR TRUSTWORTHINESS AMONG ITS MEMBERS.

FOR THE BANKING COMMUNITY. NO OTHER VALUE IS MORE IMPORTANT THAN TRUSTWORTHINESS. WITHOUT TRUST, BANKS SIMPLY CANNOT FUNCTION, DATUK SERI DR MAHATHIR ADDED WHEN ADDRESSING THE ANNUAL DINNER OF THE FINANCIAL INSTITUTIONS OF MALAYSIA HERE TONIGHT.

SENIOR BANKERS MUST BE BEYOND REPROACH -- LIKE CAESAR'S WIFE, HE SAID. +YOU MUST TAKE YOUR WORK SERIOUSLY. YOU MUST BE RESPONSIBLE. YOU MUST BE COMPLETELY TRUSTWORTHY.+

IF SOME OF THEM FELT THAT THEY NEED NOT BE TOLD ABOUT IT BECAUSE THEY ALREADY KNEW ABOUT IT, DATUK SERI DR MAHATHIR SAID: +WE ALSO KNOW THAT THERE ARE MORE THAN JUST A FEW IN THE BANKING BUSINESS, PARTICULARLY AT THE LESS EXALTED LEVELS, WHO HAVE NOT BEEN ANYWHERE NEAR AS TRUSTWORTHY AS WE WOULD LIKE THEM TO BE.

+WE DO NOT EXPECT YOU TO COMMIT HARA KIRI OR SEPPUKU WHEN YOUR SUBORDINATES FAIL, BUT YOU MUST NOT NEGLECT THE SUPERVISION THAT IS REQUIRED OF YOU AND CERTAINLY YOU MUST INCULCATE THE RIGHT VALUES AMONG YOUR STAFF.+

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2148MST 19 08 85

MAHATHIR-BANKS 2 KUALA LUMPUR (EMBARGO)

HE ALSO REGRETTED THE PRESENCE OF WHAT HE CALLED THE +GET RICH QUICK+ MENTALITY, SAYING THAT EVEN THE PENNILESS NOW THINK THEY COULD BECOME MILLIONAIRES OVERNIGHT WITHOUT ANY EFFORT.

HE SAID THIS WAS NOT ONLY AN UNHEALTHY FRAME OF MIND BUT COULD LEAD TO FRAUDULENT PRACTICES.

DATUK SERI DR MAHATHIR WARNED THAT A PROSPERITY BUILT ON FRAUD WAS NOT DURABLE.

+WE HAVE PEOPLE WHO ACQUIRE WHAT THEY CALL A LISTED VEHICLE AND THEN INJECT ASSETS, REVALUING AND MERGING WITH OTHER COMPANIES TO FORM A BUSINESS EMPIRE.+

THE FACT WAS THAT NO REAL BUSINESS WAS DONE AND NO INCREASE IN PRODUCTIVITY OR MANUFACTURING OR SALES OR EXPORTS AND THE PUBLIC WERE OFTEN TAKEN FOR A RIDE BY THE INFLATED VALUE OF THE SHARES, HE SAID.

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2150MST 19 08 85

MAHATHIR-BANKS 3 KUALA LUMPUR (EMBARGO)

DATUK SERI DR MAHATHIR SAID BANKERS WERE THE +GUARDIANS OF WEALTH+ AND ADDED THAT WHILE THEY SHOULD NOT OBSTRUCT GENUINE MERGERS AND ACQUISITIONS, THEY SHOULD BE VERY CAREFUL THAT THEY DID NOT BECOME INNOCENT ACCOMPLICES IN WHAT COULD BE TERMED AS +GREY OPERATIONS.+

+IT IS YOUR DUTY TO DISCERN THE GENUINE FROM THE FALSE. YOUR DECISIONS AS BANKERS WILL DETERMINE WHETHER OUR SOCIETY GROWS AND PROSPER OR WE DETERIORATE ECONOMICALLY AND, ULTIMATELY, POLITICALLY AS WELL.+

ON THE MALAYSIAN ECONOMY, HE SAID AS THE FOURTH MALAYSIA PLAN DREW TO A CLOSE +WE ALL STAND AT THE THRESHOLD OF AN UNCERTAIN ERA.+

THE PESSIMISTS, LIKE THE PROVERBIAL +KATAK BAWAH TEMPURUNG+ OR +FROG UNDER THE COCONUT SHELL+ WOULD SING LOUDEST WHEN THEY THOUGHT THE SKY WAS GETTING DARK, BUT THEY FORGET THAT MALAYSIA REMAINED A LIGHT IN THE DARKNESS OF THE WORLD RECESSION, HE SAID.

DESPITE A SLOWDOWN OF WORLD ECONOMIC GROWTH, HE SAID, MALAYSIA HAD BEEN ABLE TO MAINTAIN ITS PACE OF GROWTH ABOVE FIVE PER CENT ANNUALLY AND INFLATION HAD DECLINED TO NEGATIVE LEVELS. -- MORE

2158MST 19 08 85

D161

U E649 AAE

MAHATHIR-BANKS 4 KUALA LUMPUR (EMBARGO)

DATUK SERI DR MAHATHIR SAID THE GOVERNMENT'S AUSTERITY DRIVE HAD RESULTED IN THE FISCAL AND BALANCE OF PAYMENTS DEFICITS BEING REDUCED AND EVEN REVERSED, AND THE EXTERNAL RESERVES OF BANK NEGARA RISING BY NEARLY \$1 BILLION SINCE THE BEGINNING OF THIS YEAR.

ON THOSE WHO DEVOTED THEIR ENERGIES TO SEEKING MORE SUBSIDIES AND TARIFF PROTECTION FROM THE GOVERNMENT, HE SAID PROTECTION WOULD BE GIVEN ONLY WHERE IT WAS DUE.

+THE GOVERNMENT HAS NO INTENTION OF CONTINUING TO SUPPORT INEFFICIENT INDUSTRIES, AND WE WOULD LIKE TO SEE REAL EFFORTS MADE TO INCREASE PRODUCTIVITY AND TO IMPROVE THE QUALITY AND EFFICIENCY OF MALAYSIAN MANAGEMENT.+

ON THE BANKING INDUSTRY, HE SAID IT HAD CONTINUED TO GROW DESPITE THE SLUGGISH ENVIRONMENT FOR OTHER INDUSTRIES.

TOTAL EMPLOYMENT IN BANKING ROSE ON AVERAGE NINE PER CENT ANNUALLY IN THE 1980S, AND THE BRANCH NETWORK BY SIX PER CENT. VALUE ADDED IN THE FINANCIAL SECTOR GREW BY 7.5 PER CENT FROM 1980 TO 1984 AND WAS EXPECTED TO BE MAINTAINED AT 6.5 PER CENT FOR THIS AND NEXT YEAR. -- MORE

2209MST 19 08 85

MAHATHIR-BANKS 5 KUALA LUMPUR (EMBARGO)

THE NET PROFITS AFTER TAX OF THE DOMESTIC BANKS LAST YEAR, EXCLUDING THE SPECIAL CIRCUMSTANCES OF BANK BUMIPUTRA, INCREASED BY FIVE PER CENT WHILE THAT OF LOCAL BANKS GREW BY 9.4 PER CENT.

ON DEREGULATION, DATUK SERI DR MAHATHIR SAID MALAYSIA INTENDED TO ALLOW MORE FLEXIBILITY TO INSTITUTIONS AND HOPED THAT THIS WOULD ALLOW BANKS TO BREAK INTO NEW GROUND OF PROFITABILITY.

HE HOPED THAT DEREGULATION WOULD PRODUCE A MORE EFFICIENT AND RESPONSIBLE STANDARD OF BEHAVIOR BY THE BANKING COMMUNITY.

THE GOVERNMENT WAS BASICALLY SAYING TO THE BANKING COMMUNITY THAT IT WOULD BE FREER TO VENTURE IN MANY NEW AREAS OF BUSINESS, BUT IT WOULD NOT BE ALLOWED TO BREACH THE BOUNDARIES OF BANKING PRUDENCE AND INTEGRITY, HE SAID.

+OUR FINANCIAL INSTITUTIONS FACE SOME VERY EXCITING OPPORTUNITIES WHICH, IF THEY CAN BE EFFECTIVELY GRASPED, WILL GREATLY BENEFIT BOTH THE BANKS AND THE NATION AT LARGE,+ HE ADDED. -- BERNAMA

2212MST 19 08 85