

PM: We'll not tolerate abuses in banking

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KUALA LUMPUR, Mon. — Datuk Seri Dr Mahathir Mohamad today stressed the need for "complete trustworthiness" in the banking industry and warned that the Government would not compromise in the crackdown on abuses of ethical standards.

This, he said, was an area where prudent regulation had, in fact, increased rather than decreased.

"The Government is basically saying this to the banking community: You will be freer to venture into many new areas of business but you will not be allowed to breach the boundaries of banking prudence and integrity.

"In other words, we have widened the field of banking business and encouraged competition by more players but we have also demarcated the boundaries more clearly.

The Prime Minister, who was addressing the Institutions of Finance, Malaysia, at their annual dinner here, reminded them that bankers are the guardians of the wealth of the nation.

"While they should not obstruct genuine mergers and acquisitions where the intention is to do business, they should be very careful that they are not innocent accomplices in what could be termed gray operations."

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Dr Mahathir said he would like to think that bankers appreciated the dangers posed by both the "get rich quick mentality" and the manipulations involved in "certain corporate games" businessmen played and reminded them of their duty to discern the genuine from the false.

"Your decisions as bankers will determine

whether our society grows and prospers or deteriorate economically and, ultimately, politically as well ..."

"As the Fourth Malaysia Plan draws to a close, we all stand at the threshold of an uncertain era. That uncertainty has been manifested in many forms, both political and financial.

"I believe that Malaysian pessimists are truly like the proverbial *katak bawah tempurung* or 'frog under the coconut shell'. They sing loudest when they think the sky is getting dark but they forget that Malaysia remains a light in the darkness of the world recession.

"Despite a slowdown in world, economic growth, Malaysia has been able to maintain its pace of growth at five per cent annually. Our inflation has declined to negative levels.

"Thanks to the austerity drive of the Government, the fiscal and

balance of payments deficits have been reduced and even reversed, and external reserves of Bank Negara rose by nearly \$1 billion ringgit since the beginning of this year."

Dr Mahathir said the Government had done as much as it could on the policy front to chart a steady course for the economy to make the Malaysia Incorporated concept a reality.

"We have reduced taxation, including income tax, cut electricity and communication rates, increased tariffs to assist key domestic production and improved the foreign equity participation terms in our industries.

"In addition, we have succeeded in cutting back wasteful expenditure, lowered interest rates, and reduced red tape and deregulated all round."

The Prime Minister said though the Government had lately injected \$1 billion into the capital market to enable lower interest funds to be made available for key sectors of the economy, the moans and groans were still going on.

He said there was no question the slowdown in the industrial countries, which had reduced commodity prices significantly in the last 12 months, had dampened business confidence all round.

Dr Mahathir also took to task Malaysian business concerns that devoted their energies to seeking more subsidies and tariff protection instead of improving efficiency and productivity to remain competitive and vigorous.