

CONSIDER CLIENTS' PLIGHT, BANKS TOLD

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KUALA LUMPUR, Mon. — Prime Minister Datuk Seri Dr Mahathir Mohamad urged bankers to be judicious when recalling loans from borrowers so as not to annihilate the few good entrepreneurs in the country.

This is because some of the borrowers were in a bad way through no fault of their own, he said.

"Banks cannot function in a vacuum. Even a bad economy is better than no economy at all. So the banks should give careful consideration to measures to help the survival of their clients," he said.

Dr Mahathir did, however, acknowledge that banks had to sometimes make their clients pay up even if it resulted in bankruptcies because "they had a duty to safeguard their

depositors' money."

Failing which, he said, the banks would lose their credibility and can no longer enjoy the custom of their depositors.

Dr Mahathir was speaking at the annual dinner of bankers and financiers.

"The Government expects banks in Malaysia to help the economy recover (and) rumour-mongering and (lack) of banking ethics are additional irritants which this country has to tackle," he said.

He said the collapse in commodity prices caused widespread unemployment, less money in circulation and little investment. To banks, it meant that debts could not be serviced.

However, he said: "Malaysia is not teeming with entrepreneurs and good

managers. We cannot annihilate the few that we have. We have to give them a chance ... those who show initiative and who honestly try to repay when they can — they should be helped.

"They should not have the carpet pulled from under their feet.

"It is not they that we really want to save. These people contribute to economic growth, employment and the coffers of government.

"It is the latter that we are truly concerned with. Indeed, even the banking industry is dependent on these people. If they go under, we are all going to go under, sooner or later," he said.

The Government, on its part, would provide a formula to save ailing busin-

esses threatened by debts, Dr Mahathir said. "It is in the national interest to do so," he added.

An amendment to the Companies Act to that effect has been drafted based on similar legal provisions in the United States.

Dr Mahathir urged bankers not to reject the amendment but to study it and give suggestions before it goes before Parliament. The Bill was scheduled to be tabled in July but the general election caused it to be repealed.

Hence, there was still time for further amendments.

The Prime Minister also took a swipe at those excited by the possibility of becoming millionaires overnight through playing the stock market, buying and

selling shares at prices determined by rumours and imaginary happenings.

"The country could lose billions of dollars for no good reason. It could also make billions of imaginary dollars for the same no good reason," he said.

On co-operatives which took deposits when unauthorised to do so, Dr Mahathir said as usual, the Government was being asked to absorb the losses.

"But the usual champions of public moral have not let out a whimper about the people who have committed obvious fraud.

"What is the reason for this new attitude, one wonders," Dr Mahathir said.

He said rumour-mongers were not the only ones who tried to subvert the economy.

During the Raya holidays when the banks were closed, he said, a large foreign-owned bank tried "to undermine the ringgit."

"Predicting without any basis that the ringgit would be devalued by 18 per cent, they sold forward some \$100 million.

"It is shocking that banks try to make a fast buck at the expense of a country struggling to recover from an economic blight," he said, adding that this trick was used against Bank Bumiputra.