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MAHATHIR-BANK
BM

KUALA LUMPUR ,NOV20 (BERNAMA) . . DATUK SERI DR MAHATHIR MOHAMAD .
TODAY URGED FINANCIAL INSTITUTIONS TO PLAY A MORE IMPORTANT ROLE IN
STEPPING UP PRIVATE SECTOR PARTICIPATION IN ECONOMIC ACTIVITIES.
ENHANCEMENT OF THE ROLE OF THE PRIVATE SECTOR WAS NECESSARY
BECAUSE IT FORMED ONE OF THE FOUNDATIONS OF ECONOMIC DEVELOPMENT,
THE PRIME MINISTER SAID.

OPENING THE 26-STORY ARAB MALAYSIAN BUILDING HERE, HE STRESSED
THE IMPORTANCE FOR FINANCIAL INSTITUTIONS TO COOPERATE TO ENABLE THE
PRIVATE SECTOR TO UPGRADE THEIR ROLES.

HE ALSO SAID COMMERCIAL BANKS, FINANCIAL INSTITUTIONS AND
MERCHANT BANKS IN THE COUNTRY WERE CONTINUING TO ENJOY SATISFACTORY
DEVELOPMENT DESPITE THE CURRENT ECONOMIC RECESSION.

+I HOPE THE MERCHANT BANKS WILL CONTINUE TO PLAY AN ACTIVE ROLE,
IN HELPING BUSINESSMEN TO INCREASE THEIR TRADE, INDUSTRIAL AND
COMMERCIAL ACTIVITIES,+ HE ADDED. -- MORE
2024MST 20 11 87

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THE PRIME MINISTER ALSO URGED THE MERCHANT BANKS TO PLAY AN
ACTIVE ROLE IN DEVELOPING THE NEW SECONDARY MORTGAGE MARKET RUN BY
CAGAMAS BHD.

THE SECONDARY MORTGAGE MARKET WAS AIMED AT FREEING THE FINANCIAL
INSTITUTIONS FROM HAVING TO CONTINUE HOLDING ON TO HOUSING LOANS BY
SELLING THE MORTGAGES TO CAGAMAS, HE SAID.

HE COMMENDED THE ARAB-MALAYSIAN MERCHANT BANKERS FOR ITS MOVE IN
BECOMING THE FIRST MERCHANT BANK TO HOLD EQUITY IN A SHARE BROKERAGE
FIRM AND HOPED OTHER MERCHANT BANKS WOULD FOLLOW SUIT.

DATUK SERI DR MAHATHIR REMINDED THE FINANCIAL INSTITUTIONS THAT
THEY WERE NOT ACTUALLY TRADING IN MONEY. THE COMMODITY THEY TRADED
IN WAS +TRUST+, HE ADDED.

THEIR CUSTOMERS, WHETHER BORROWERS, DEPOSITORS OR THOSE WHO USED
OTHER FACILITIES LIKE CHEQUES, CREDIT GUARANTEE LETTERS AND
NEGOTIABLE CERTIFICATES, DEALT WITH THEM BECAUSE OF THE TRUST IN
THEM, HE SAID. -- MORE
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IF NOT FOR THEIR BELIEF IN THE TRUSTWORTHINESS OF THE BANKS, THE
CLIENTS WOULD NOT HAVE USED THE BANKS' SERVICES BECAUSE WHAT THEY
GOT IN RETURN FOR THEIR BELIEF WERE LETTERS OR PAPERS WHICH HAD NO
VALUE ON THEIR OWN, HE ADDED.

HE SAID WHAT GAVE VALUE TO THESE PAPERS WAS THE BELIEF THAT THE
BANKS WOULD FULFIL THE PROMISES CONTAINED IN THEM.

+BECAUSE THE MOST IMPORTANT COMMODITY TRADED BY THE BANKS AND
OTHER FINANCIAL INSTITUTIONS IS TRUST, THEY MUST ENSURE THAT
WHATEVER PROMISES MADE ARE HONOURED 100 PERCENT.+

HE SAID MALAYSIA ALSO COULD NOT ALLOW BANKS TO HAVE DISHONEST
MANAGEMENT BECAUSE THE BUSINESS COMMUNITY WOULD NOT HAVE TIES WITH
ANY COUNTRY KNOWN TO HAVE UNTRUSTWORTHY BANKERS. -- BERNAMA
2053MST 20 11 87