

Government to vet all applications carefully

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LABUAN, Sun. — Malaysia will carefully vet all applications to establish offshore banks and other financial institutions at the international offshore financial centre (IOFC) in Labuan, Prime Minister Datuk Seri Dr. Mahathir Mohamad said today.

He said the Government had to be strict in vetting applications because there would be little supervision by Bank Negara for institutions at the IOFC.

He was speaking before opening an offshore bank, Public Bank (L) Ltd, and PB Trust Company Sdn Bhd in Labuan here.

He said the IOFC concept meant reduced supervision and regulation by the central bank.

"So Bank Negara will not oversee or regulate too much in Labuan IOFC.

"But there might be 'naughty' people who will do wrong things. That's why we are very careful at the point of entry," he said.

The Government would not allow any institution without a good track record or one which was of dubious character to set up office in the Labuan IOFC.

"We have to vet them because once we allow them here, there is a lot of

leeway to do wrong things."

On the IOFC, he said it was a strategy that would work but like all innovative ideas, it would take time to be accepted.

The offshore bank and the trust company opened today are wholly-owned subsidiaries of Public Bank Bhd. This is the second banking group, after Bank Bumiputra Malaysia Bhd, to be granted offshore banking licence in Labuan.

Public Bank (L) Ltd has an authorised capital of US\$50 million (\$135 million) and an issued and paid-up capital of US\$4 million.