

PM: Rating agency to start this year

By AHIRUDIN ATTAN

RATING Agency Malaysia, the country's first credit rating agency, will start operations this year. Prime Minister Datuk Seri Dr Mahathir Mohamad said the rating agency will boost investors' confidence in the Malaysian bond market and provide the necessary inputs to the corporate sector to raise long-term funds directly from the market.

He told a gathering of local and regional bankers yesterday that the rating agency "should start operations this year". It was incorporated in November last year.

The Government is also encouraging the development of a financial futures market to allow for more efficient management and distribution of risks.

Opening a programme on project appraisal and risk analysis management for bankers in Bangi, the Prime Minister said the development of the rating agency and the futures market are in line with the Government's aspiration to see the capital market deepen and broaden further to enhance the efficiency and risk-bearing capacity of the country's financial system.

The availability of a wide range of

FINANCE Minister Datuk Paduka Daim Zainuddin had wanted to resign from politics just before the October general election, "but I told him to stand for the election," Prime Minister Datuk Seri Dr Mahathir Mohamad disclosed yesterday.

Responding to talk that Datuk Paduka Daim is definite about quitting politics, Datuk Seri Dr Mahathir told reporters after opening a seminar in Bangi: "He has always been talking about quitting politics and had indicated this wish to me from time to time. If one day he resolves to quit, I can't stop him. It's his right."

Datuk Seri Dr Mahathir added that he will ask Datuk Paduka Daim if there is any truth to the talk of him resigning. "If it's possible, I would like him to stay."

Datuk Paduka Daim has been the Finance Minister since 1984. He is also the party treasurer of Umno, the largest component of the ruling Barisan Nasional coalition. According to the Prime Minister, Datuk Paduka Daim first expressed his desire to be out of politics in 1986 and had since indicated this desire to him from time to time.

hedging instruments can be expected to enhance the risk-bearing capacity of a market-oriented economy. "This will help increase capital formation, raise savings and promote economic growth."

Datuk Seri Dr Mahathir noted that the need for expertise in risk management and project appraisal will undoubtedly become more urgent in the coming years as the choice of financing and hedging instruments widens with the increasing sophistication of the capital market.

But lest it be thought that a sure recipe

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for success depends solely on professional skills and technical competence, he emphasised that these are but necessary ingredients and that on their own, they are not sufficient.

"We need honesty and integrity in our bankers. Indeed, I will go so far as to say that the fruits of our labour in sustaining economic growth in the past three decades will come to naught if there is a widespread absence of these fine human qualities in our bankers, businessmen and the people as a whole.

"The managers of our financial institutions, in particular as mobilisers and custodians of public savings and the channel to provide the oil for the wheels of our economy, are expected to display the

highest integrity and sense of honesty in their endeavours," he added.

Earlier, the Prime Minister urged bankers to be "more adventurous" and to provide venture capital with the aim of promoting new industries, particularly those with innovative and new ideas.

He said bankers in the country tend to be wary and unsupportive of new things. "They are conservative people although they usually describe their attitude as prudent. Consequently, if they enter their way, nothing new will enter the business scene and the economy will stagnate and even regress."

He told bankers that success in business cannot always be at-

tained simply by repeating what has been done successfully. "Economies of nations will stagnate if there are no new ideas or approaches to business and products."

While the banking industry has played its role well in financing Malaysia's growth process so far, the Prime Minister said, the bankers' role in funding the country's next phase of growth towards a broad-based industrialised economy is more critical, especially in view of the tighter credit situation.

He urged banks to equip themselves with the skills of proper investment appraisal and risk analysis techniques so that they can play this role and be able to take reasonable risks.

"I believe that bankers should always be prepared to go the extra mile to achieve amiable and mutually beneficial solutions to projects placed before them."

On its part, the Government has set aside \$250 million under the New Entrepreneurs Fund to provide low-cost financing opportunities to the new breed of indigenous entrepreneurs. But as at the end of November last year, only \$27 million had been approved under the scheme to finance 127 new projects.

"What we need are bankers with the foresight and vision, as well as the skills, to take the risks and nurture budding entrepreneurs from the cradle," the Prime Minister said.

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