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PETALING JAYA, Aug 13. (Bernama) -- Applications by the scandal-ridden Bank of Credit and Commerce International (BCCI) group to establish operations in Malaysia over the last several years were rejected by Bank Negara, Prime Minister Datuk Seri Dr Mahathir said today.

Bank Negara had doubts about the management of the Luxembourg-based group, he told reporters after launching the country's new identity card, which has additional security features, at the National Registration Department headquarters here.

+From the start, Bank Negara felt that the BCCI management was not so good, + he said.

Bank Negara manager for bank regulations, Encik Abdul Murad Khalid, has said that between 1976 and 1990, the central bank received three applications from a subsidiary of BCCI seeking approval to establish a commercial bank branch in Malaysia. -- more

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The applications were rejected partly because of the official policy stance that no new licence would be issued for the establishment of a bank in Malaysia.

The BCCI group now caught up in an international controversy following the liquidation of its assets in a number of countries in the wake of allegations of irregularities in the bank's activities.

Datuk Seri Dr Mahathir was also asked about the decision by Bank Bumiputra Malaysia Bhd and Malayan Banking Bhd to raise their base lending rate (BLR) to eight per cent.

He said it might be one way to reduce loans and at the same time slow down consumption.

+Otherwi se, many people will be spending on goods and result in an outflow of **funds which would lead to inflation and such like, + he added.** -- Bernama

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