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PM CALLS FOR HONESTY AND INTEGRITY TO COMBAT CRIME

Mahathir-fraud (embargo: for release after 10 p.m. Aug 26)

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KUALA LUMPUR, Aug 26 (Bernama) -- Datuk Seri Dr Mahathir Mohamad said today the only real and effective protection against crime is the moral and ethical value-system of the society -- the law can only do so much.

He said a society which cared little for honesty and integrity would always be assailed with a lot of crimes, including those by the casual criminals.

\*In these days of the educated criminal, a really determined crook can defraud banks, institutions or individuals, + he said.

Speaking at length on modern day fraud in his address at the Annual Dinner of: Financial Institutions at 'Shangri-la Hotel here; the Prime Minister said there had been calls for harsher penalties on white collar criminals.

The government was studying this but the law by itself could not be the sole means of countering society's ills, he said.

Last year, banking institutions reported 193 cases of fraud involving \$600 million compared to 778 cases involving less than \$30 million in 1990.

This did not include credit card fraud which in 1991 alone registered 14,006 cases involving \$17 million. -- more

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Fortunately the banking industry was able to detect many cases and recovered much of the losses with the actual loss totalling about \$25 million or less than five per cent of the \$600 million..

The Prime Minister said the MIDF cheque scam highlighted the vulnerability of banks to dishonest people.

Technology had been a boon to modernising and enhancing productivity and the quality of life but it had also given rise to new avenues for defrauding.

Dr Mahathir said banks must be alert to the potential of fraud and any laxity would only entice the criminally inclined to test the controls of an institution.

He said public confidence could be affected if the people began to question whether all their transactions through the banking system could be conducted safely. -- more

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The Prime Minister also urged bankers to be more supportive of innovators and entrepreneurs who had the vision and the dynamism to create but with little or no collateral.

He said Malaysian bankers in this era must also venture far-beyond the traditional collateral-based financing into the more adventurous domain of project and venture capital financing.

He said he was not suggesting that bankers should be reckless.

+What I am saying- is that bankers should take calculated risks in the less well-trodden paths and not rely on the comfort of following in the footsteps of others, + he said.

+Calculated risks must, be taken or your business is not banking.+

Dr Mahathir said banking involved the management of risks -- all risks, not just credit risk.

+It is time bankers do the jobs for which they are well paid, + he said.  
-- Bernama