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## Banks join drive to boost savings (HL)

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BANKS and financial institutions in the country, responding to the Government's call to encourage savings, are introducing various savings schemes and products targeted at different groups.

The campaigns being launched are in line with the move to reduce the country's dependence on foreign investment in spearheading economic growth and to cap spending and thus check inflation.

Currently the national savings rate in Malaysia is estimated at 38.6 per cent of Gross Domestic Product (GDP), among the highest in the world. It is higher than in South Korea, where it is 36.3 per cent, and in Japan, 31.4 per cent.

According to Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim, Malaysia's national savings rate is expected to reach 41.2 per cent of GDP this year.

Despite the high savings rate in the country, there is still an investment-savings gap.

Prime Minister Datuk Seri Dr Mahathir Mohamad, when launching the national savings campaign recently, said he hoped that the savings rate will eventually equal the investment rate, which stood at 45.1 per cent.

To encourage increased savings, banks and financial institutions have started raising the interest paid on various deposits. Effective today, for example, Public Bank is not only launching its 'Wisdom in Saving Early' or WISE Savings Account for children 18 years and below but is also offering higher interest rates on these accounts.

Bank Bumiputra Malaysia Bhd revised its interest on savings accounts, including the Education Savings Plan and Premium Savers Accounts, on Saturday.

Several banks contacted by Business Times said their products are tailor-made in keeping with saving themes identified by Bank Negara. The central bank - in its guidelines issued to all banks and financial institutions in the country earlier this year - spelt out different themes for the savings campaign throughout the year.

In January the target was schoolchildren, their parents and guardians. Other themes are targeted at the working population (in March), activities related to non-financial savings in terms of conservation and economisation (April), retirement (in May), saving for "rainy days" (July) and how surplus can be generated through budgeting and planning (September).

Bank of Commerce (M) Bhd consumer banking senior vice-president Bhupat Rai said the bank has lined up a few savings products, to be launched this year, according to these themes.

"We are coming out with a product for parents or guardians to save for future education. We have it submitted to Bank Negara and we hope to launch it later," he said, adding that the product has insurance features.

The savings campaign by banks is expected to be launched this month with the promotion of savings among schoolchildren. Bank of Commerce has identified the schools - between one and two schools per branch nationwide.

The bank will promote its Junior Savings Account to schools. This account has a 6 per cent annual interest rate which, Rai said, is the best rate in the market.

Apart from the Junior Savings Account and the normal savings accounts

with a standard 3.5 per cent interest rate, Bank Of Commerce also offers the Golden Savers scheme for senior citizens aged over 50 and a fixed deposit scheme with monthly interest.

"Bank of Commerce's fixed deposit scheme with monthly interest is a type of savings because instead of receiving interest by the end of the year, depositors will get the interest monthly," Rai said. The Golden Savers Account, offers a good 6 per cent rate. The bank, he added, is looking at introducing savings vouchers.

Hongkong Bank (M) Bhd has a new range of savings and investment products planned over the next two years. It will continue to emphasise the virtues of being thrifty and the importance of establishing a saving habit.

"These twin objectives are included in the design of existing and new savings and investment products to be launched later this year," Hongkong Bank manager (personal banking) Charles Ng said.

Hongkong Bank offers TopRate Savings (a passbook savings account), Hexagold (card-operated statement savings account), Time Deposit (a cash investment account), and PowerVantage and Partner, (both cash management accounts).

Mayban Finance Bhd is another financial institution which does not want to be left out in promoting savings among the public. On January 15, it launched the "Oh Wow! Back To School" campaign. The scheme will run for six months till June 30.

During the campaign, attractive gifts are given to savers. In addition, with every RM25 saved, a 50 sen cash coupon is given, which is to be redeemed after the campaign ends. This is one way to help schools raise funds for their projects.

Mayban Finance also offers special tiered rates which range from 5.25 per cent to 7 per cent, and free 24-hour personal accident insurance coverage up to seven times the savings balance for account holders and trustees.

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