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Mahathir-Margin

BANKS WILL SUFFER IF THEY ARE SELFISH, SAYS MAHATHIR

KUALA LUMPUR, Nov 30 (Bernama) -- Datuk Seri Dr Mahathir Mohamad today reminded banks that they will suffer if they continued to think of their own interests in the wake of the country's economic slowdown.

The prime minister said although banks in Malaysia were in a stronger position than in other countries, they also would face problems if they failed to adhere to government directives.

Commenting on the tendency by some banks to make too many margin calls despite been told to keep it to a minimum, he said: " We have instructed them not to make margin calls but they (are doing it) apparently to protect their banks.

" But, if the country's economy suffers, banks will also suffer. Hence, they must give priority to the country's economy and not their own interests," he told reporters after opening the family day of the Prime Minister's Department at Taman Tasik Titiwangsa here.

Margin calls are demands for payment of the difference between the loan and the price of shares pledged as collaterals.

Dr Mahathir said last week that banks would not be prevented totally from making margin calls as the move would adversely affect the banking sector.

Following the fall of the stock market due to manipulative attacks on the shares, investors faced problems to meet the margin calls as the value of their shares, placed as collaterals for loans, had dropped sharply.

Dr Mahathir also lashed out at the selfish attitude of some Malaysians who took advantage of the current economic slowdown to sell the ringgit in exchange for foreign currencies and deposit them in foreign financial institutions.

" We know some people have lose confidence in the ringgit for fear it will drop further. So, they change it to foreign currency and keep it, sometimes in foreign countries,

" This action itself will bring down the ringgit value. Now, its no longer foreigners but our people instead," he said.

Asked whether corporate figures in the country were involved in ringgit- selling activities, he said, " I don't know. You ask them."

-- BERNAMA

RAZ/AH TS