

16 OCT 1997

CAP-Currency

CAP SUPPORTS DR MAHATHIR'S CALL FOR REGULATION OF CURRENCY MARKET

KUALA LUMPUR, Oct 16 (Bernama) -- Consumers Association of Penang (CAP) today expressed strong support for Prime Minister Datuk Seri Dr Mahathir Mohamad's proposal for the setting up of a mechanism to regulate currency trading

CAP President S.M. Mohammed Idris said international agencies should consider the matter as of urgent priority and Malaysia should campaign to get worldwide support for the proposal.

"Leaders of rich nations and international agencies should pay heed to the needs of the developing world and join in the reform of the world monetary system to correct its weakness," he said in a statement here.

Idris said Dr Mahathir had rightly pointed out that the international market for foreign currency was unregulated, unlike the other financial sectors such as banking and stock markets.

He said due to the growth of electronic trade and the absence of regulation, the money market had grown at an explosive speed.

The flow of money traded in the world, Idris said reached an incredible level of RM975 trillion (US325 trillion) in 1995 or close to RM3 billion (US1 billion a day).

"The sum involved is so large that individual governments be it the United Kingdom, Thailand or Malaysia are unable to match it when their currencies come under attack," he added.

The suggestion that the market for currencies be subject to monitoring and regulation was just like in the case of markets for commodities, goods and services.

It was a simple application of logic, he added.

Without a mechanism to prevent abuse and manipulations, he said no country would be spared the great risk of financial instability and great financial losses that eventually would make economic development impossible. --BERNAMA

MT AAM