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SEE WAH: NATIONAL SAVINGS TO INCREASE THIS YEAR

KUALA LUMPUR, Jan 6 (Bernama) -- National savings will increase to 41.2 percent of Malaysia's Gross National Product (GNP) this year compared with 38.8 percent of GNP in 1996, deputy finance minister Datuk Wong See Wah said today.

He said although Malaysia's savings rate was high in 1996, the level of investment was higher at 45.1 percent of GNP.

"Therefore, there is a need to further promote a higher level of national savings in order to minimise the recourse to foreign savings, especially external borrowings to finance national investment," he said before the launch of Pacific Mutual Fund's second unit trust, Pacific Pearl Fund, here.

This was to reduce the nation's long term external liabilities as well as the outflow of investment income, including interest payments, he said.

Wong said by the year 2020, the government expected that unit trust funds to account for about 40 percent of the Kuala Lumpur Stock Exchange's market capitalisation and to register a 30 percent growth.

Currently, the unit trust industry, including the funds managed by the Permodalan Nasional Bhd (PNB), accounted for only 7.5 percent of the KLSE market capitalisation compared with 30 percent and above in the developed markets, he said.

He added that excluding PNB, the share of the private sector-managed unit trust funds accounted for only 1.4 percent of stock market capitalisation.

He said further development of the unit trust industry would help realise a higher level of national savings rate.

The formation of a Cabinet committee and the recent launch of the promotion of savings campaign by the Prime Minister Datuk Seri Dr Mahathir Mohamad would also further boost national savings, he said.

Among other measures to promote the unit trust industry include the Employees Provident Fund (EPF) liberalisation of its withdrawal schemes by allowing members to invest in approved unit trust funds through the EPF Members' Saving Investment Scheme.

A major measure was the promulgation of the Securities Commission (Unit Trust Scheme) Regulation 1996 to ensure that the industries develop in a more effective and efficient manner.

In term of industry size, Wong said the number of approved unit trust funds had increased from 39 in 1992 to 74 by September last year, with total net asset value of the funds rising from RM16 billion to RM53 billion.

The development of the domestic fund management industry had been given priority in the Seventh Malaysia Plan, partly to develop Malaysia into a regional fund management centre, he said.

He added there was still plenty of room for further growth, in terms of market players and infrastructure as the unit trust industry was among the fastest growing service industry in the country. -- BERNAMA

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