

# 30% limit on foreign stake in banks stays

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PRIME Minister Datuk Seri Dr Mahathir Mohamad said there would not be any relaxation on the current 30% limit on foreign equity in local banks. However, he hinted that the cap may be lifted, should the need arise.

"We do not see the need yet ... unless we are pressed for funds," Dr Mahathir said, after witnessing the completion of the agreement between Binariang Bhd and British Telecom in Kuala Lumpur yesterday.

"But sometimes banks have some problems and need fresh injection of funds," he said, adding that this was currently taken care of by Danamodal Nasional Bhd and Pengurusan Danaharta Nasional Bhd.

Danamodal has been set up specifically to recapitalise the banks

while Danaharta will buy over non-performing loans (NPLs) of the banking sector.

He, however, added that there were some foreign investors who were keen to acquire stakes in local banks, but nothing had materialised as yet.

"There were already some talks ... but we don't know whether they would materialise or not," he said.

"I am not aware if there are any applications to this end but we would certainly welcome foreign investments in the banking sector," he added.

Dr Mahathir said the Binar-iang/BT deal marked an expression of confidence on Malaysia.

"We always welcome foreign direct investment ... new ideas and technology. All in all, the BT deal is very good and the government encourages such deals," he added.

BT managing director (Asia Pa-

cific) Richard Slogrove said: "BT's commitment to Malaysia has not wavered even though over the past months we have often been asked about our investments in Malaysia and the region due to the financial crisis.

"In the past three months alone, we have invested US\$1bil in Asia, and almost half of this flows into Malaysia — our biggest single investment in the region," he said.

With the implementation of exchange controls, BT had sought clarification from Bank Negara on how the controls would affect the company, and this had triggered talk that BT was wanting out.

Slogrove clarified that it was normal for BT as an investor to seek clarification on the rules that apply in each country before committing to such a huge investment and BT was in no way then thinking of aborting the deal.