

PM: Banks have enough money to raise lending ^{3/}

MALAYSIAN banks have enough money to accelerate lending to the desired 8% growth level by the end of the year, said Datuk Seri Dr Mahathir Mohamad.

"There is sufficient money in the banking system for the banks to lend," the Prime Minister said when asked to comment on the loans growth target set by Bank Negara for all banks this year.

Dr Mahathir added: "At the beginning of the year, the central bank said their credit growth must be 15%. Banks reacted badly to that. They did not lend any money, so much so that their credit growth was only 3% and

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they would have a tough time to achieve 15%.

"We are now telling them that if they do not attain at least 8% growth, then they are not doing their duty as bankers."

Bank Negara had said on Wednesday that all banks were required to have a minimum loans growth of 8% by the end of the year, failing which they would have to provide an acceptable reason to the central bank.

Association of Banks in Malaysia (ABM) chairman Amirsham A. Aziz said in a statement yesterday that the organisation fully supported the move by Bank Ne-

gara to expand lending.

"The association is aware of the important role banks play in the economic development of the country and thus banks should continue to provide credit, especially to the productive sectors, to help in efforts to revive the country's economy," Amirsham said.

He expressed confidence that with the further reduction in the statutory reserve requirement for banking institutions and improving business sentiment, the loans growth target of 8% would be exceeded by ABM members this year.