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`Bank's downfall caused by own failure'

UMNO Youth leader Datuk Ahmad Zahid Hamidi said yesterday the recent downfall of a local bank was the result of its own failure to practise prudent banking, adding that there was no flaw in the financial and banking sector.

Speaking to reporters at the end of the Youth Assembly, Zahid said he had evidence to show that the bank had even issued loans by the millions of ringgit without collateral.

"I questioned the bank's prudence in extending credit facilities. The financial and banking system of the country is very transparent," he said.

Zahid was asked whether his reference to the bank's downfall in his keynote address yesterday morning reflected the lack of transparency and weaknesses in the financial sector.

Zahid had said there were talk that some borrowers had failed to pay back loans they took for RM50 million, RM100 million, RM300 million and more. "There were also those who obtained loans without following the banking guidelines, including not providing adequate collateral."

On the other hand, he added, small entrepreneurs were forced to struggle to fulfil conditions imposed by banks just to apply for loans of RM50,000.

At the Press conference later Zahid said:

"I am a banker. I know that the bank did not take into consideration the single customer limit.

"The collaterals placed for the loans were not reflective of the amount of loans received and in some cases, there was no collateral at all."

When pressed further on whether he should produce his evidence now, Zahid said he would consult his lawyers before making such statements.

Asked why he needed legal advice if he was confident of his claims, Zahid said: "This is to protect myself ... don't provoke me. When the time comes, I will produce the evidence."

On what he meant by saying that Umno Youth treasurer Mokhzani Mahathir was his bridge to the leadership, Zahid said Mokhzani could convey decisions made at Youth Exco meetings to the leadership.

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