

14/02/1998

Deadline for merger proposals stays: Anwar

Fadzil Ghazali

THE Government will maintain the March 31 deadline for local banks and finance companies to come up with merger proposals, Deputy Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim said yesterday.

"We will stick to the planned dateline for mergers," he told reporters after touring Ericsson Mobile Communications' new plant in Shah Alam.

Last month, Bank Negara gave local banks and finance companies until March 31 to come up with merger proposals.

The move is aimed at encouraging financial institutions to take advantage of economies of scale.

Anwar said it is paramount that the local banks and finance companies remain solid, strong and formidable, adding that they should not be dictated by petty issues like bribery.

"The country's macroeconomic policy considerations are determined partly by strong financial institutions.

"We will continue with effective monitoring and surveillance of the local banks. Our strategy on credit planning and the moderation of credit growth will be observed," he added.

Anwar said all matters on access to loans and credit for companies must be subjected to the Government's overall policies on credit facilities.

"We have announced that loans for manufacturing companies for the purposes of exports and also study should be given due consideration. But it must done prudently by the banks.

"I am not going to dictate or influence their decisions. They are fully accountable for their decisions. But they cannot compromise on the credit plans that have been outlined by the Government," he added.

To a question on the Agriculture Ministry's Food Fund, Anwar said the Government has decided that the minimum amount to be disbursed from the fund is RM10,000.

"We want to encourage small farmers to opt for this scheme. We have decided that the minimum amount is RM10,000. We want them to benefit from the fund," he added.

On the currency board system, Anwar said Malaysia will not establish one to manage the exchange rate of the ringgit. It will instead keep to the present practice of using Bank Negara to achieve the objective.

He said the Government has taken all the adequate measures on currency matters and as such, it does not warrant considering such a system.

"For Malaysia, there has not been any call (to set up this system). There is no need to consider it. The ringgit has been strengthening in the last few weeks," he said.

He was asked whether the Government would consider a currency board system as part of measures to place the ringgit on a stronger footing.

Under a currency board system, a country's currency is pegged to two major items, its foreign reserves and an internationally stable currency.

Anwar said as far as policy is concerned, the Government has made it clear and the Prime Minister Datuk Seri Dr Mahathir Mohamad has stated that Malaysia is not considering a currency board.

"It (the present condition) does not warrant a new system. But of course, these are issues that the central bank and the Treasury can look into," he added.

He also said that the Cabinet has entrusted the Treasury with the responsibility of accepting public donations which are aimed at assisting

the Government to build up further the national reserves.

The Treasury will accept all such donations that are in the form of jewellery, property and valuable items.

"We will ensure that the donations are effectively and responsibly managed," he said.

Anwar said the Government has also sought the assistance of the Inland Revenue Board (IRB) to manage the fund based on these donations.

"We have asked the IRB to gather and issue the proper receipts for all the accepted donations. If it (the donation) is in the form of jewellery, we want proper certification to ensure that the fund's paperwork is in order," he added.

To a question on whether he foresees difficulties in managing such a fund, Anwar said there should not be any, considering that the IRB has vast experience in managing assets worth billions of ringgit.

"If the collections reach more than RM20 billion, maybe we can decide on the next course of action. For now, we are leaving it to the IRB because we know it can handle the task," he added.

Anwar said the Treasury has also discussed with Bank Simpanan Nasional (BSN) the possibility of using the bank's facilities and branches as centres for accepting the public donations.

"We want the bank to make available some counters at its nationwide branches for this," he added.

Asked whether the Government would extend special incentives or tax exemptions to the donors, Anwar said since it is a voluntary gesture from the public, the Government feels there is no need for such a special treatment.

The suggestion that public donations can assist the Government during the present economic downturn emerged following a local network's interview with Dr Mahathir last month.

Dr Mahathir was asked whether Malaysians could emulate the South Koreans who donated jewellery and valuable items to assist the South Korean Government overcome the republic's economic woes.

(END)