

21/10/1998

Deposits up by RM11b after three weeks

EXTERNAL account deposits rose from RM1.9 billion at the end of August to RM12.6 billion on Sept 22 - three weeks after measures to control capital flows and stabilise the value of the ringgit were introduced.

Second Finance Minister Datuk Mustapa Mohamed told the Dewan Rakyat yesterday that the latest figure would be announced by Prime Minister Datuk Seri Dr Mahathir Mohamad when tabling the Budget on Friday.

Mustapa, replying to an oral question from Dr Ramli Taib (BN-Kemaman) and a subsequent supplementary question from Dr Tan Seng Giaw (DAP-Kepong), said the figure on ringgit brought back to the country represented only those which flowed into the banking system.

Dr Tan had asked whether the figure was not too small, claiming that there were still more monies which were parked in Singapore, Thailand and Hong Kong.

Mustapa said: "I must reiterate that the RM12.6 billion was at Sept 22. It is now Oct 20." He said the Government estimated offshore ringgit to be at RM32 billion before the currency controls were imposed.

He added that Malaysians were now depositing money in the banking system again with RM1.5 billion deposited in September.

To another supplementary question by Lim Kit Siang (DAP-Tanjung) on the duration for currency controls, Mustapa said it was true that they would remain as long as there was no transparency and the international financial system was not changed.

"So far, there have not been clear signs which can convince us that measures to reform the international financial system will be taken. And since there is no commitment from the international community, we cannot yet disclose when the measures (capital controls) will be withdrawn," Mustapa said.

To another supplementary question by Dr Ramli on reports that some credit cards issued by Malaysian banks were no longer accepted abroad, Mustapa said the authorities too had received such reports which arose out of the initial confusion to the measures introduced by the Government.

However, he added that the reports had since reduced and the Government would look into the problems.

On credit card spending abroad, he said the Government was still considering imposing a limit and that some technical matters need to be looked into.

He said so far there was no limit on credit card spending and although maximum transaction for one credit card was RM10,000, in theory those with a few credit cards could take out more.

"The present limit of RM10,000 applies to money, travellers cheque and foreign currency," Mustapa said.

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