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Ensuring viable firms get funding (HL)

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KUALA LUMPUR, Sun. - Second Finance Minister Datuk Mustapa Mohamed will meet representatives of banks, and various business chambers and organisations tomorrow to look into specific complaints on difficulties in securing funding.

Mustapa said the problems persisted despite the setting up of a loan monitoring unit at Bank Negara early this year to handle complaints on borrowings from the banking system.

"We have tried our best to help them ... the worry is over genuine entrepreneurs with viable projects not having access to funding," he told reporters today.

He said tomorrow's meeting would discuss how best to resolve the issue.

Mustapa, representing Prime Minister Datuk Seri Dr Mahathir Mohamad, had earlier delivered the keynote address at a conference on national economic recovery through life insurance savings at the Mines exhibition centre, here.

The loan monitoring unit dealt with more than 400 complaints in the past eight to nine months, one-third of which were successfully resolved.

The current level of credit growth was at 4.5 per cent against eight per cent targeted for the whole year.

Mustapa was asked to comment on the call by the Prime Minister at the annual dinner of the Association of Merchant Banks last night, for bank managements to adopt a more positive attitude to loans for businessmen.

Said Dr Mahathir, who is also First Finance Minister: "There have been stories of branch managers often saying that they had not received lending instructions in black and white (from their headquarters).

"As a result, they become extremely cautious in providing credit. I hope these are mere stories."

Mustapa, who is also Entrepreneur Development Minister, had on Tuesday said he would meet officials of Bank Negara and other related parties in the next two weeks to discuss the funding issue.

He said then that feedback from the Bumiputera and Chinese Chambers of Commerce and Industry, showed that members were facing problems securing finance from banks and the 30-odd existing funds, created by the various ministries and agencies.

On the rise in foreign reserves, Mustapa said they had risen by more than US\$3 billion (RM11.4 billion) since August representing two components - real growth and revaluation.

The revaluation followed gains made in reserves in foreign currencies following the appreciation of currencies like the yen vis-a-vis the US dollar.

On economic recovery, Mustapa said there had been signs of the economy "turning around".

Earlier, Mustapa commended the National Association of Malaysian Life Insurance Agents (Namlia), for organising the big gathering, and traced the events and economic policies formulated since the problems began.

On insurance savings, he said it would be better to tap local sources of funding than seek foreign aid.

Organised by Namlia, the conference was attended by more than 5,000 members. Organising committee chairman S. Selvaratnam said the conference was planned in 35 days and Namlia would throw its "might and weight" behind the Prime Minister in steering the country out of the economic

doldrums.

"This is not about politics but national pride and priorities," he said.

Namlia president Ooi Tong Hoon urged the 85,000 life insurance agents to redouble their efforts in getting more Malaysians to be insured.

He said if each could sell 10 more policies, this would harness an extra saving of RM500 million.

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