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Mahathir-Banks

FOREIGN EQUITY IN LOCAL BANKS WILL NOT EXCEED 50 PER CENT, SAYS PM

KUALA LUMPUR, March 22 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad said today that foreign equity in local banks will not be allowed to exceed 50 per cent at this time.

He said that if participation of foreign investors was allowed to exceed 50 per cent in the banking sector, local banks would turn into foreign banks.

"(But) we allow for certain amount of foreign participation in local banks," he told reporters on his return from a three-day working visit to Germany to promote the Multimedia Super Corridor.

He was asked whether participation of foreign investors in local banks would be allowed to exceed 50 per cent following interest shown by Taiwanese investors in the banking sector in the country.

Taiwan's largest investment company, China Development Corporation (CDC) is considering investing in Malaysia's banking sector.

The matter was raised in a meeting between a GDC delegation led by its chairman, Dr Liu Tai-Ying, and Deputy Prime Minister Datuk Seri Anwar Ibrahim here today.

Currently, foreign ownership in Malaysian banks is restricted to 30 per cent.

Dr Mahathir said that if foreign investment in local banks was from Taiwan, then there should be no problem.

"It is alright, if (the investment) comes from Taiwan or anywhere else," he said.

Asked whether 49 per cent of foreign equity in local banks would be allowed, he said that the Treasury would study its implications.

Liu said that he had discussed with Mahathir the issue of liberalising foreign equity in the Malaysian banking sector.

"He promised that it will be looked into on a case-to-case basis," said Liu who wraps up a three-day visit here today.

The GDC delegation is on an investment mission to the region. The GDC is reportedly keen in investing US\$300 million in Thailand, Indonesia, Malaysia and the Philippines. -- BERNAMA

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