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The passing of a banking legend

GENERATIONS of Malaysians literally grew up carrying his name in their pockets.

He will always be remembered and recalled with the same respect and dignity which marked his distinguished service to the nation and the banking world.

Tun Ismail Mohamed Ali, who passed away yesterday, was synonymous with Bank Negara. He was the governor of the central bank for 18 years, beginning in 1962. He was the first Malaysian to take over its reins and his signature marked every Malaysian currency note issued during his tenure.

He was recalled home from the US by Tunku Abdul Rahman - Malaysia's first Prime Minister - who wanted him to head Bank Negara. At the time, he had been an executive director with the World Bank and its affiliates.

He served for two years as the deputy governor of the central bank before being appointed as governor. His stewardship of Bank Negara, came at a time when the nation's financial system was dominated by foreign banks interested only in financing international trade.

He changed the face of the nation's financial system, which had been confined to the business sector and the better off in urban areas, to domestic banks.

Under his supervision, the domestic banks took up their positions in the local financial system and dominated the scene with branches all over the country, including in the rural areas.

The use of banks was no longer the exclusive privilege of the well-to-do.

In Tun Ismail's own words, "the role of Bank Negara is to ensure that the less privileged, the farmers, the small traders, small enterprises, small businesses and individuals, have ready access to bank credit on reasonable terms".

Tun Ismail was looked upon with awe and respect for his achievements. Many have also quaked in their shoes in the presence of this strict disciplinarian who brooked no nonsense. He was a man preceded by an overwhelming reputation for integrity, a sharp acumen, simplicity and frankness.

The character of Tun Ismail can be gleaned from rare interviews with the man himself and those who worked for him.

A business magazine writer recalled how he shrank in a face-to-face interview with Tun Ismail who sternly refused to pose for a cover shot. Despite the cajoling, Tun Ismail retorted: "Come on, I'm a busy man."

That was in 1992 when he was chairman of Permodalan Nasional Bhd (PNB), one of the several corporate positions he held after succeeding Tun Tan Siew Sin as chairman of Sime Darby Bhd.

His long-time secretary May Wong disagrees with the stern public image of her boss. "Outwardly Tun may be stern. But he is a kind man at heart."

In another interview in 1986 when the country was in the throes of a recession, Tun Ismail said that if only the country had consumed less and saved more during its times of prosperity, "we would be in a better position to fight a recession today."

In the same interview, he stressed the importance of a sense of responsibility and accountability, particularly from those trusted with public funds.

"One can easily be obsessed with the trappings of power and entrust the responsibilities of power and authority to someone else, usually their underlings who take the blame when the business goes wrong," he said.

He also confessed his only regret - that he could get neither of his two children, both sons, to join the government service although he himself had served the nation for 40 years.

He was often described as being fanatically honest. He never used the privileges of office for his own benefit. He would not even use his official unless it involved the performance of his official duties.

Once Tun Ismail heard that the architectural firm involved in designing the present Bank Negara headquarters had hired one of his brothers. He told the firm that it would not get any more work from the bank.

Another story tells of how, as Bank Negara governor, he refused to replace a battered fridge in his official residence because it still worked.

Former Finance Minister Tengku Razaleigh Hamzah described Tun Ismail as an outstanding person who could not be replaced.

"Malaysians will miss him as he has done a lot for the banking sector and strived to bring in investments. He possessed a wealth of knowledge and was a man of integrity who was also highly respected whenever he walked into international conferences," said Razaleigh.

Razaleigh said Ismail seemed "distant" to many people because he was a man who accepted nothing but perfection and this was reflected in the nation's monetary policies.

"I am fortunate because I had the opportunity of working with and gaining experience from him, as a banker first and later as Finance Minister when Tun Hussein Onn was the Prime Minister," he said.

Former Kuala Lumpur Stock Exchange executive chairman Datuk Nik Mohamed Din Nik Yusoff said that Tun Ismail had been a nice man who was hardworking and very dedicated in carrying out his job.

Born in Port Klang in 1918, Tun Ismail came from a prominent family of seven brothers and three sisters who include Datin Seri Dr Siti Hasmah, wife of Prime Minister Datuk Seri Dr Mahathir Mohamad, Tan Sri Ahmad Razali, former Selangor menteri besar, and Jen (R) Tan Sri Hashim, former Defence Forces chief.

After his early education at the Batu Road Boys's School and Victoria Institution in Kuala Lumpur, he completed his tertiary education in the United Kingdom with an economics degree from the University of Cambridge in 1941.

He was also called to the English Bar in 1943 and was admitted as a member of the Middle Temple, Inns of Court, London.

Upon his return in 1946, Tun Ismail was recruited into the Malayan Civil Service as an assistant collector of land revenue at the Kuala Lumpur district office. Then followed stints at state and federal levels before he was appointed as a minister at the Federation of Malaya Embassy in Washington in 1957. After that, he held a post with the World Bank.

Our Reporter adds:

Having never ventured further from home than Penang, Port Klang-born Tun Ismail sailed for London to read law at Cambridge University in August 1938. He was 19.

As the "academic star" among the "Ali brood", Tun Ismail and his six brothers and three sisters had the importance of education drummed into them by their father Mohamed Ali Taib, an Official Assignee in the courts, and their mother Khadijah Ahmad.

He not only obtained his economics degree in 1941, but also graduated from the Inns of Court in London and was called to the English Bar two years later.

As his return to Malaya was delayed by World War II, Tun Ismail remained for another nine years in England, growing even more impressed with the British sense of integrity, fairness, thrift and hard work.

These impressions were to have a long lasting and profound effect on the young Tun Ismail. It was reported that Tun Ismail admired Winston Churchill for his leadership in mobilising his people to fight the Germans.

Upon returning in 1946, Tun Ismail joined the civil service as an assistant collector of land revenue in Kuala Lumpur. In 1958, he was appointed to the prestigious position of executive director at the World Bank before he was recalled to head Bank Negara in 1960, a position he held for 18 solid years, setting the record as the longest-serving Central Bank Governor in Asia.

For his service, he was conferred the distinguished title of "Tun" in 1980 upon receiving the Seri Setia Mahkota, the nation's highest civilian award.

In recalling his years at the central bank, he said that his priority was to instill integrity among the staff. He was also strongly motivated to transform Bank Negara into a premier financial institution staffed by professionals.

While Tun Ismail was said to have driven his staff to work hard, he did the same to himself, and never failed to set high standards for himself as well as those working under him.

Yet, he appreciated employees who put in hard work, rewarding them even if they had lesser academic qualifications. At Bank Negara, he was said to have promoted staff who performed well but who lacked academic credentials.

Described as an intimidating and very stern man, there was a joke that circulated when he was at the central bank. It went like this: the ringgit is so scared of him that it never falls.

But for all his sternness, the dedicated Tun Ismail can be credited with laying the foundations for Malaysia's stable and sound financial and banking industry. His many achievements have been recognised even by those in the West.

The Swedish Central Bank Governor, for example, once delivered a lecture in honour of Tun Ismail's sound monetary and financial policies at the annual Tun Ismail Ali lectures.

He was also conferred the Honoris Causa, the equivalent to an honorary doctorate from the De La Salle University in the Philippines.

He was also an advisor to the Malaysia-British Society and a member of the board of governors of the Asian Institute of Management in Manila.

During his term at Bank Negara, he was asked by Dr Mahathir to design a plan for the bumiputeras to participate in the ownership of the corporate sector in line with the objectives of the New Economic Policy.

Thus, the Amanah Saham Nasional (ASN) scheme managed by PNB was born. Today, millions of bumiputeras have invested billions of ringgit and benefited from the scheme.

Among Tun Ismail's pastimes were listening to classical music, golf and swimming. He was also an avid collector of books. Leather-bound and autographed first editions adorned his study at home and his office at PNB where he served as an adviser until his death.

Tun Ismail would have turned 80 on September 16 this year.

He was admitted to the Ampang Puteri Specialist Hospital here with a flu on June 22 and died of a aneurysm due to complications.

The banking legend is gone.

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