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Abdullah: No hidden motive behind mergers

DEPUTY Prime Minister Datuk Seri Abdullah Ahmad Badawi said yesterday there was no hidden motive behind the move to merge banks in the country.

He said the sole aim was to strengthen the banking sector to ensure it remained competitive, especially to compete with foreign banks.

"I call on the people to support the move as it will make our banks stronger and more capable," he said after participating in a Selangor Barisan Nasional Golf Tournament at the Kota Permai Golf and Country resort in Shah Alam.

Abdullah was responding to criticisms and fears that the mergers, which would see the creation of six large banking groups in the country were, among others, anti-Chinese.

On Friday, Prime Minister Datuk Seri Dr Mahathir Mohamad had said the merger of banks would make them bigger and stronger, thus allowing them to be on a better footing to compete with foreign banks which would "eventually come in".

"Unless the local banks strengthen themselves and give better service, the people will not want to use them," he said.

Bank Negara has given the green light to six banks to start merger negotiations with their respective service industry partners.

Malayan Banking Bhd, Bank of Commerce/Bank Bumiputra Malaysian Bhd, Public Bank Bhd, Southern Bank Bhd, Perwira Affin Bank and Multi-Purpose Bank Bhd will spearhead the consolidation of the industry.

Besides commercial banks, the six banks will also have to conduct merger negotiations with finance companies and merchant banks.

Abdullah said a stronger banking sector would help ensure a speedier economic recovery.

He expressed confidence that the proposed merger would be a success and vindicate the Government.

"I still remember the heavy criticisms and opposition especially against Dr Mahathir following the various approaches taken by the Government in reviving the economy," he said.

However, Abdullah said, due to the commitment of the Government in implementing the measures, they had now yielded results which had helped restore the economy.

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