

15/10/1999

Dr M: No conflict with Daim over merger exercise

PRIME Minister Datuk Seri Dr Mahathir Mohamad said the decision to allow the banks themselves to determine the number of banking groups in the proposed merger exercise "was made by all".

He said there was no conflict between him and Bank Negara on the number of banking groups, nor was there one between him and First Finance Minister Tun Daim Zainuddin on the matter.

"There is no conflict. The central bank usually follows the Government's policy...I do not even understand why this question is being asked," he said after launching the Islamic Specialist Doctors Association of Malaysia (ISDAM) in Kuala Lumpur yesterday.

Also present was his wife Datuk Seri Dr Siti Hasmah Mohd Ali, and ISDAM president Dr Sidek Nontak. Dr Siti Hasmah is the patron of ISDAM.

Asked why Bank Negara had kept quiet about the issue recently, Dr Mahathir said: "I don't know why they are silent. May be they don't have anything to announce, that's why they are silent."

Bank Negara had announced on July 30 that the country's existing 21 commercial banks, 25 financial companies and 12 merchant banks would have to sign merger memorandums of understanding by the end of September to form six large financial institutions each.

On Tuesday, the National Economic Action Council decided to review the merger exercise. He said the Government was in no hurry to push banks to merge, and the number of banking groups and their leaders would be determined by the industry.

The six core banks under Bank Negara's proposal are Malayan Banking Bhd, Multi-Purpose Bhd, Bumiputra-Commerce Bank Bhd, Perwira Affin Bank, Public Bank and Southern Bank Bhd.

Three banks which have been rumoured to have asked to break away are Arab-Malaysian Bank Bhd, Hong Leong Bank Bhd and RHB Bank Bhd.

Asked whether the merged entities would have to start operations by April 1 as required by Bank Negara, the Prime Minister said if they (the banks) could not do it, "the Government will be considerate".

(END)