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Mahathir-Banks

GOVT MAY REVISE SIX ANCHOR BANKS RULING, SAYS PM

KUALA LUMPUR, Oct 6 (Bernama) -- The government has not ruled out the possibility of revising the number of anchor banking groups, now standing at six, if the banks concerned can make a clear case that they are having problems with their proposed mergers, said Prime Minister Datuk Seri Dr Mahathir Mohamad today.

The number of anchor banks set at six was an arbitrary one and there was no logical reason for that, he told an airport Press conference in Subang near here on returning from Zimbabwe.

It was just that the government felt that the number should be six, he said.

The prime minister had attended the 3rd Southern Africa International Dialogue in Victoria Falls, Zimbabwe and earlier addressed the United Nations General Assembly in New York.

Dr Mahathir said there have been a number of complaints on banks having difficulties with their merger process.

Asked what would be the next step, he said: "It will all depend on the banks. If they find it impossible to achieve six, they would have to make a clear case. But what we don't want to see is to have so many small banks with a few branches for the country."

The merger, proposed by Bank Negara Malaysia (BNM), will see the local banking industry comprising 58 financial institutions consolidating into six anchor groups led by Malayan Banking, Multi-Purpose Bank, Bumiputra Commerce Bank, Perwira Affin Bank, Public Bank and Southern Bank.

However, there has been speculation that Arab-Malaysian Bank and Hong Leong wanted to break away from their arrangement in the proposed mergers into six anchor banking groups.

The merger process covers 21 commercial banks, 25 finance companies and 12 merchant banks.

All financial institutions had met the Sept 30 deadline for the signing of memoranda of understanding (MoUs) with anchor banks for the merger.

Next they must complete the due diligence exercise by Nov 15 following which they should sign the sale and purchase agreements by Dec 31 as stipulated by the central bank.

By Feb 28 next year, they should have obtained approvals from the relevant authorities as well as shareholders following which they should begin operations as merged entities on April 1.

-- BERNAMA

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