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MAHATHIR-BNM

NO CONFLICT BETWEEN GOVT AND BNM OVER BANK MERGER

KUALA LUMPUR, Oct 14 (Bernama) -- Prime Minister Datuk Seri Dr Mahathir Mohamad today dismisses allegations that there is a conflict between the government and Bank Negara Malaysia (BNM) over the domestic bank merger programme.

"No conflict. The central bank usually follows the government's policy," he told newsmen when asked whether there are differences between the two following the government's decision to relax BNM's accelerated merger programme.

Speaking after launching the Islamic Specialist Doctors Association of Malaysia (ISDAM) here, Dr Mahathir said he did not know why BNM was silent after the government decided not to push too hard for the bank amalgamation.

"I suppose they have nothing to announce. That's why they are silent. I don't think you should read too much into these things," he added.

Dr Mahathir also stressed that the government would be flexible on the deadline for banks to reach a final agreement on their merger exercise.

This is so even if the banks failed to meet the April 1, 2000 deadline to commence business as merged entities.

"If they cannot do it, we will be very considerate," said Dr Mahathir.

He also said that the initial plan to consolidate the banking industry into six lead banks and later to permit more anchor banks was decided jointly by himself and First Finance Minister Tun Daim Zainuddin.

Dr Mahathir added that the third quarter gross domestic product (GDP) growth "is better than the second quarter growth."

Malaysia recorded a 4.1 percent growth in GDP in the second quarter of this year, against a 1.3 percent contraction in the first quarter. --

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