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Number of core institutions depends on the banks: PM

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PRIME Minister Datuk Seri Dr Mahathir Mohamad says the number of core financial institutions in the country on completion of the industry's merger programme will ultimately depend on the banks themselves.

"It is not necessary to have six core banks... the number was arbitrarily chosen. There was no logical reason for it. After we announced that, there seemed to be some difficulties in bringing the banks together and also in determining which should be the lead banks.

"The Government is not going to force this down people's throat. We want them to sign a memorandum to undertake to merge. After that, it is up to them to determine the terms," he said at the Sultan Abdul Aziz Shah Airport in Subang yesterday upon his return from Zimbabwe.

Dr Mahathir had been quoted as saying in London last weekend that "it is not necessary that there be six (core banks)".

Asked to comment, the Prime Minister said: "If they find it impossible to achieve with six, then they will have to make a clear case...what we don't want to see are tiny little banks... (which) get into trouble all the time."

Bank Negara Malaysia had in July directed the existing 58 financial institutions to merge into six big groups.

Subsequently, Malayan Banking Bhd, Multi-Purpose Bank Bhd, Bumiputra-Commerce Bank Bhd, Perwira-Affin Bank Bhd, Southern Bank Bhd and Public Bank Bhd emerged as the anchor banks to spearhead the merger programme. All financial institutions have since met the September 30 deadline to sign merger memorandums of understanding.

Asked about the Budget 2000 which will be presented at the end of the month, Dr Mahathir described it as a "recovery budget".

"I can assure you that everything will be done in order to get the economy back on a firm footing but how many taxes we will cancel or reduce, I cannot tell you.

"We are tracking the figures month by month, in fact every day. They look good. I should imagine we can achieve 1 per cent growth for the year," he said.

On whether share investors are right in expecting the general elections to be held soon, Dr Mahathir said the stock market goes up and down on all kinds of rumours.

"Maybe news of elections is good for them so the stock market index goes up. I don't know when I will call for elections, I have not made up my mind."

When suggested that the present wet spell might not be suitable for the holding of elections, the Prime Minister said support for Barisan Nasional is currently very strong.

"Obviously, people want to see Barisan returned with a strong majority because they know that it will ensure stability in the country and that economic growth will take place.

"Barisan has proven that we can manage the economy of this country even in a crisis... which most countries found difficult to handle and had to rely on outside help," he said.

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