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PM: We can't force banks to lend

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KUALA LUMPUR, Tues. - The Government cannot force banks to give loans to businesses which need financial assistance if the borrowers continue to default on their payments, Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

He said those who took loans from banks must service them promptly if they wished to secure more borrowings in future.

"The Government has set up plenty of funds to help businesses, small- and medium-scale industries and many others following the economic slowdown to make it easier for them to get bank loans.

"But we cannot force the banks to continue giving loans if the borrowers continue to default on servicing their loans," he said.

Dr Mahathir said this during a dialogue after opening the 34th annual general meeting of the Malaysian Malay Chamber of Commerce. Also present was its president Tan Sri Tajudin Ramli.

Dr Mahathir said before Malaysia was hit by the economic downturn, banks gave loans to those who applied for the facility without much hesitation.

"Now that they (banks) have been hit, they no longer give loans to all and sundry..., not only the Bumiputeras but the non-Bumiputeras are also facing problems when applying for loans," he said.

Dr Mahathir said when it was discovered that some banks had failed to disburse government-sponsored funds meant for these businesses, it had even gone to the extent of reprimanding the financial institutions.

"Then, we had even hinted to the banks that we may get rid of their chief executive officers if they fail to disburse the funds," he said in jest.

Dr Mahathir said borrowers must be able to convince banks that they are good paymasters so that they would get the loans without much hassle.

"That is why there are those who can secure bank loans easily while some find it extremely difficult.

"We should not be angry with the banks. We have to look at ourselves and see whether we have been good clients. The Government cannot help those who refuse to help themselves," he said.

During the dialogue, Dr Mahathir was also asked to explain the Government's stand on e-commerce.

He said e-commerce would not work without a framework of rules to protect online customers even though it "was very profitable and promised to revolutionise the world of business".

However, he said as the companies trading on the Internet need not have operating licence, its share holders would face plenty of problems if the establishment was wound up.

"I have suggested to the authorities here that an agreement be made with the international community on ways to monitor e-commerce.

"But when we mention such things, they (the service providers) object to it right away ... they say they want to deregulate everything. But just look at the currency traders and see how they have cheated us," he said.

He said the Government was still looking for a solution to the matter.

The Prime Minister also elaborated on attempts by foreigners to destroy the Malaysian economy by devaluing the ringgit which had adversely affected the local bourse.

He said the foreigners were frustrated as they no longer had a big share of the economic cake.

Citing an example, he said Government's policy to give priority to the Bumiputera community in its privatisation exercise had angered the foreigners who then attempted other ways to derail the Malaysian economy.

Earlier in his speech, Dr Mahathir advised Bumiputera businessmen to sharpen their management skills to remain successful.

He said the Bumiputera community were as capable as any other but sometimes they lacked discipline.

"We can get loans amounting to RM100 million, RM200 million or even RM1 billion. But if we don't know how to manage our business properly, we will still fail.

"Although I'm a politician and not a businessman, I would like to call on all Bumiputera businessmen to be good managers as this will ensure them success," he said.

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