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PM: Up to banks to act (HL)

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ALOR STAR, Fri. - Banks should be partly responsible for their employees who leak confidential details of individual and government financial transactions, Prime Minister Datuk Seri Dr Mahathir Mohamad said today. "Banks must take care of their performance and image. If they don't care... even if the management is not involved, they have to be responsible," he said.

To protect their own credibility and business, banks had to uphold the principles of secrecy when dealing with their clients.

"There are laws stating that transactions with banks cannot be revealed without the consent of all parties," he told reporters at the Sultan Abdul Halim airport in Kepala Batas before leaving for Kuala Lumpur after a three-day visit to Kedah.

Dr Mahathir was commenting on a call by the National Union of Bank Employees (NUBE) for the Malacca Government to reconsider its decision to withdraw its fixed deposits from two commercial banks.

Malacca Chief Minister Datuk Wira Mohd Ali Mohd Rustam earlier today named Bank Islam Malaysia and Bumiputra-Commerce as the two banks whose employees openly showed support for the opposition.

Dr Mahathir said the discovery of financial details, such as cheques posted on the Internet, showed that the leaks had an internal source.

"It is an offence...(for) those working with Bank Islam would have committed two offences, one legal and another is that they have betrayed the teachings of Islam."

Asked how the Government planned to deal with such banks, Dr Mahathir said: "How can we trust them if they are so keen to show they oppose the Government openly?"

"We surely cannot trust people who have no loyalty to the Government, who cannot keep to their promises, are not professional or neutral... surely we cannot hand over our secrets to people like these."

Asked if there was a need for the central bank to intervene, Dr Mahathir said it would be impossible for Bank Negara to oversee the thousands of bank branches and employees in the country.

"It is up to the people who work in the banks to understand banking laws and banking practices and morals.

If they don't understand that, then of course they don't deserve to work in the banks or the banks cannot be treated as banks by their clients."

Yesterday, Dr Mahathir revealed that some pro-Opposition bank employees were leaking information regarding individual and government financial transactions over the Internet and through the circulation of copies and print-outs.

He said such leaks had been detected in several places, including Malacca and the capital.

Under Section 97 of the Secrecy Provision of the Banking & Financial Institution Act, no officer of any licenced financial institution shall review or publish to any person, any information or document whatsoever relating to the affairs or accounts of a customer.

Those found guilty of contravening this provision will face a maximum penalty of three years' jail or a fine of RM3 million, or both.

Mohd Ali said today the State Government and the Malacca Water Corporation would press ahead with plans to withdraw fixed deposits totalling RM45 million in stages from Bumiputra-Commerce Bank Berhad and

Bank Islam Berhad beginning next month.

"It is only right and fair for the State Government to support friendlier banks which will contribute immensely to its growth."

About RM10 million of the corporation's RM28 million in fixed deposits would be withdrawn from Bumiputra-Commerce Bank next month.

The State Government's fixed deposits in the bank totalled RM6 million.

Another RM2 million of the State Government's RM6 million fixed deposits in Bank Islam would also be withdrawn next month. The corporation's fixed deposits in the bank total RM5 million.

Mohd Ali said the State Government and its agencies had funds totalling RM186 million in six other local banks.

"We will act as and when the need arises. Right now, we are still monitoring the situation," he said, adding that he had not acted under the advice of the Prime Minister.

"I decided on this on my own. I did not even consult Dr Mahathir as I strongly feel this is a State matter and should not involve him."

Both banks, when contacted, said they would issue statements later.

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