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Sabah bankers are more demanding

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I REFER to your report "Banks come under fire"(NST, Aug 30). As a small-time businessman in Sabah, I have been waiting for a long time for some of our leaders to address this problem openly.

Our Prime Minister Datuk Seri Dr Mahathir Mohamad is now saying exactly how we have been suffering in silence for several years without seeing much light at the end of the tunnel.

If my peninsula brethren have been suffering from the bankers' attitude in spite of the "five quarters of consecutive growth" of eight to 10 per cent and the visible revival of economic activities in Kuala Lumpur, you should visit Sabah to experience the true meaning of economic stagnation.

Am I exaggerating? Let me elaborate.

The Prime Minister refers to "this culture of taking the umbrella away when it rains". In our State, they even pull the carpet under your feet if you happen to be standing on one.

We have bankers here who ask for a substantial fixed deposit to back up an overdraft facility.

We even have bankers refusing to lend for low-cost housing because they are not sure whether the Lembaga Pembangunan Perumahan dan Bandar (LPPB or Urban and Housing Development Board) has the money to pay the developer upon completion of the project.

Besides, most of our bank branch managers do not have the power to approve anything without referring to headquarters in Kuala Lumpur.

This impersonal approach does not take into account the borrower's character, track record and entrepreneurship. The bankers are right to say that we Sabahan businessmen are coming to them with broken arms and legs.

But as long as we still have the spirit to struggle on as productive people in Malaysia, we deserve at least a walking stick to get over this bad period.

Most of us are small and medium enterprises with financial problems of less than RM5 million, hence not qualified for Danaharta's rescue.

Do they want to wipe out this generation of entrepreneurs? Bank Negara should pay special attention to our unique situation instead of applying the same formula throughout Malaysia.

There is now a herd instinct among bankers - no one looks at bridging loans, no matter how innovative the product may be.

We receive plenty of brochures from bankers competing with each other on retail banking like buying shophouses, houses or cars.

When there is no economic activity, there is no cash flow in the market. When there is no cash flow, how do they buy shophouses?

The Prime Minister is absolutely right to say that banks are "not playing their role in leading development". Maybe it is an over-reaction to 1997.

Another issue about Sabah needs to be addressed. Because financial management of most industries is centralised in Kuala Lumpur, Sabah has become an expensive place to do business.

You have to fly to Kuala Lumpur, wait in hotel rooms to lobby for projects, see your bankers, obtain permits or generally network.

Even the palm oil industry sited in Sabah is centrally managed by West Malaysian companies, leaving only petty cash in Sabah to maintain the branch.

On top of this, the gambling industry is also draining cash to West

Malaysia.

These are some of the reasons why Sabah has become almost the poorest State in Malaysia.

While our West Malaysian bureaucracy is getting more and more efficient because the Prime Minister is constantly breathing down their necks with "Malaysia Incorporated" pep talks, our delivery system in Sabah tends to be lacking in many aspects.

Perhaps more effort should be made in this area to attract more investors into the State.