

# Anchor bank status for Bank Utama only if criteria are met: PM

By EIRMALASARE BANI

SARAWAK-BASED Bank Utama Bhd may be given anchor bank status if it can fulfil the criteria set by Bank Negara, said Prime Minister Datuk Seri Dr Mahathir Mohamad.

"We have set up the criteria for an anchor bank, and unless (Bank Utama) fulfils the criteria I do not see how we can accept them as the 11th bank," he told reporters after officiating the International Conference on Globalisation in Kuala Lumpur yesterday.

One of the criteria set by Bank Negara for banks to acquire anchor status is a minimum capital funds requirement of RM2 billion, increased from RM25 million previously.

Utama is 51.8 per cent owned by Cahya Mata Sarawak Bhd, an investment arm of the Sarawak Economic Development Corp. It has assets worth about RM7 billion and 35 branches throughout the country.

The bank's initial proposal was to merge with the Arab Malaysian Banking Group but the deal fell through. Its recent talks with EON Bank also stalled, believed to be over shareholding control.

Dr Mahathir said the number of banks has to be reduced because the industry needs to compete with foreign banks once the World Trade Organisation's liberalisation and deregulation rules are implemented.

"(The foreign banks) are so huge that if the tiny banks we have now are still around, they would not be able to compete at all.

"We hope that these 10 banks can compete a little, but they are very reluctant to merge and form even lesser number of banks to be able to be big enough to compete with the foreign banks," he said.

Bank Negara's deadline for the downsizing of the banking industry from 54 financial institutions to only 10 players was officially over on December 31 2000 but the banks were given more time to finalise their mergers.

At present, six banking groups have met the central bank's deadline to consolidate their businesses while three others are still in the final stages of completing their mergers.

The six anchor banks — Bumiputra-Commerce Bank Bhd, RHB Bank Bhd, Hong Leong Bank Bhd, Multi-Purpose Bank Bhd, Southern Bank Bhd and EON Bank Bhd — are in the process of obtaining vesting orders to complete their legal merger process.