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MAHATHIR-ANCHOR

BANK UTAMA MUST FULFIL ANCHOR BANK CRITERIA, SAYS DR MAHATHIR

KUALA LUMPUR, Feb 26 (Bernama) -- The Utama Banking Group must first meet the criteria of becoming an anchor bank, before it can become a core-banking group under the official programme to merge the country's financial institutions into larger and stronger entities. "We have set the criteria for anchor banks. Unless the bank fulfils the criteria, I don't see how we can accept it as the (additional) 11th anchor bank," Prime Minister Datuk Seri Dr Mahathir Mohamad said today.

During a press conference after he had opened the International Conference on Globalisation here, Dr Mahathir was asked on the possibility of Bank Utama (Malaysia) Bhd, the flagship bank of the Utama Banking Group to be the eleventh anchor bank.

It was said that the Sarawak-based Utama Banking Group has been lobbying to be a Sarawak-based anchor bank.

Under the Bank Negara-initiated banks consolidation programme, the then-existing 54 local institutions were required to be merged into 10 core banking groups.

The Utama Banking Group, which was not one of the designated anchor banks had gone through two failed merger talks, first with the Arab-Malaysian Banking Group and then with EON Bank Bhd.

To a question on whether he saw the possibility of a merger between two anchor banks namely RHB Bank and Malayan Banking, Dr Mahathir said: "It is something that we would welcome. If they want to form a real big bank, why not? We are not against it."

Dr Mahathir also said that the merging of domestic financial institutions was to prepare them to face competition from the mightier foreign banks when the financial sector in Malaysia gets fully liberalised.

He added that the worldwide merger of foreign banks have made the new entities so huge that if Malaysia continued to have a large number of small banks, the local banks would have no chance to compete with the newcomers in a free and open market. -- BERNAMA

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