

PM gives Utama till June to find partner

Bt 2 2 JAN 2002

PRIME Minister Datuk Seri Dr Mahathir Mohamad said yesterday he would give Utama Banking Group Bhd until the end of June to find a merger partner amid speculation the group's talks with the RHB Group had collapsed.

Last week, Dr Mahathir had said he hoped the two groups would reach an agreement by the end of the week.

"Well, we have to deal with the situation because Utama has not qualified to become an anchor bank.

"It doesn't have sufficient capital," he told reporters.

"Besides, we allow only 10 anchor banks and Utama has not joined up with anyone.

"So, we have given time... for about six months. Within that time they must find a partner," he added.

The deadline for Utama to find a partner was December 31 last year and the extension was from that date, he told reporters after launching the community centre sponsored by the Puteri Umno Malaysia movement at the Taman Seri Manja flats in Petaling Jaya.

Sources said talks between RHB, the country's third largest banking group, and Utama, which began in April last year have been deadlocked over pricing and issues of control.

Utama, a small retail-based chain based in Sarawak, is the

only bank that has yet to find a partner following an industry wide consolidation in 2000 that saw the country's 54 financial institutions combining into 10 groups.

Financial market talk has linked Utama with Alliance Bank, part of Malaysian Plantations.

Some analysts said Utama may also appeal to the Government to be made an 11th core group to be spared from having to merge.

But Dr Mahathir said the Government still wants to limit the number of banking groups to 10.

"It will be 10 banks, no more," he said. Reuters