

CDRC to resolve remaining NPL cases by end-July

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THE Corporate Debt Restructuring Committee (CDRC) expects to resolve the remaining 31 outstanding non-performing loan (NPL) cases by the end of next month.

Prime Minister Datuk Seri Dr Mahathir Mohamad said with the resolution of these outstanding cases, the NPLs of the banking system could be expected to decline further.

More importantly, he added, the operational restructuring that was undertaken together with the debt restructuring would ensure that these large corporate entities continued to remain viable in the longer term. "The positive results yielded from the efforts undertaken to manage the crisis had provided the opportunity to push through and accelerate structural reforms to address fragmentation in the domestic banking sector.

"Given the mounting pressures of globalisation and liberalisation, it is

necessary to develop financially strong institutions that have sufficiently large capital size to undertake business expansion and which will contribute to the overall resilience of the banking sector," he told the Luxembourg business community at a luncheon hosted on his behalf in conjunction with his two-day official visit to the country yesterday.

The Prime Minister, accompanied by Datin Seri Dr Siti Hasmah Mohd Ali, several Cabinet Ministers and a group of businessmen, arrived here last night.

Dr Mahathir, who is also Finance Minister, said the consolidation was required to lay a crucial foundation for the development of a more resilient, efficient and competitive banking system.

He said to date, all domestic banking groups in Malaysia had completed their operational integration, which involved the rationalisation of overlapping branches, mapping of different job grades and pay struc-

tures and the harmonisation of computer systems.

He also reaffirmed Malaysia's commitment towards liberalising the financial sector for the benefit of the national economy as a whole.

Among the steps that had been taken towards that end, he said, were the increase in the foreign equity limit in insurance companies from 49% to 51%, the issuance of six new licences for life reinsurance and seven new licences for general insurance and permitting 100% foreign equity in fund management companies.

He said the foreign equity limit on stockbroking and financial leasing companies had also been increased from 30% to 49% while liberalisation measures had also been taken for the offshore investment banking, offshore insurance and offshore financial leasing sectors.

The Prime Minister said as a result of these liberalisation measures, foreign players had assumed a very significant role in the domestic economy.