

SPEECH BY THE PRIME MINISTER AT THE OFFICIAL LAUNCHING OF BUMIPUTRA MERCHANT BANKERS AT THE HARLEQUIN, HOTEL MERLIN, KUALA LUMPUR ON 2ND DECEMBER, 1972

Y.M. Tengku Razaleigh,<sup>1</sup> Mr. Evelyn Rothschild,<sup>2</sup> Ladies and Gentlemen,

I am happy to be with you this evening on this auspicious occasion of the launching of Bumiputra Merchant Bankers Berhad. Although as Tengku Razaleigh said just now this will be the third Merchant Bank in Kuala Lumpur, it is the first to be established by a Malaysian Bank i.e. Bank Bumiputra. It is indeed a significant step forward on the part of Bank Bumiputra which has only been in operation for six years to venture into the sophisticated area of merchant banking.

As we all know, the concept of Merchant Banking is quite new to Malaysia. The term Merchant Bank is even somewhat baffling since to most laymen like me bankers are also merchants. Someone described it by analogy as the "commandos of banking" since its task is to reconnoitre and pioneer new terrain, free from the heavy apparatus of the major clearing or commercial banks. But in the light of industrial development potentials in the near future, I think its entry into the Malaysian stage is very timely. Bank Bumiputra is indeed fortunate in this instance, to be in association with the most famous name in international merchant banking—Rothschild.

As I see it, Merchant Banks in Malaysia should be able to make a substantial contribution to the development of our financial system by complementing and supplementing the services already provided by the existing financial institutions. They should function primarily as a financial intermediary in the short-term money and capital market in order to provide financial expertise and technical know-how in various aspects of financial investment and management. In this way, merchant banks would play a very

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important role in assisting the development of a strong and healthy money and capital market to service the needs of corporate companies and individuals engaged in commercial and industrial ventures.

Up to now, our financial institutions which include commercial banks, borrowing companies, Post Office Savings Bank, insurance companies and other have been very successful in mobilising funds. What is more urgent is the optimum utilisation of the funds available in the whole financial system to accelerate the growth of economic activities in line with the New Economic Policy they would bring optimum benefit to the country in terms of returns on capital invested, greater employment opportunities and fairer distribution of income among our people.

I have no doubt that the growth of merchant banking in this country would be extremely beneficial to us since their basic function is to fulfil and where possible anticipate the needs of industry over the whole spectrum of financial services. This is a new and exciting field and as more and more of our young people are entering the banking profession, I would expect quite a few of them will prefer this sector dealing with mobilization and management of money and its strategic deployment based on specialist knowledge of national and international financial markets. This is more challenging than the traditional banking practice by merely acting as lender of money or custodian of deposit.

Ladies and Gentlemen,

Once again, on behalf of the Government, I wish to thank N. M. Rothschild and Sons Ltd for their firm confidence in us by their presence and association in this venture.

I now have great pleasure in officially launching the Bumiputra Merchant Bankers Berhad and wish you every success.