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SPEECH BY Y.A.B. DATUK HUSSEIN ONN,
SPMJ, SPDK, DEPUTY PRIME MINISTER
AND MINISTER OF FINANCE ON THE OCCASION
OF THE 15TH ANNIVERSARY OF THE
KUALA LUMPUR OFFICE OF THE BANK OF TOKYO
AT NIRWANA BALLROOM, HILTON HOTEL,
KUALA LUMPUR, ON OCTOBER 29, 1974

AT 8.30 P.M.

Mr. Y. Kashiwagi,

Naib Presiden, The Bank of Tokyo,
Tuan-Tuan Yang Terutama,
Tuan-Tuan dan Puan-Puan sekalian.

Baru sebentar tadi, saya telah menerima sekeping cek berharga \$250,000 dari Bank of Tokyo sebagai sumbangannya kepada Universiti Kebangsaan mengambil sepona hari ulangtahun Bank ini yang ke lima belas. Mengambil kesempatan ini, inginlah saya mengucapkan terima kasih bagi pihak Universiti atas sumbangan yang besar ini, yang saya percayai akan digunakan untuk satu program yang akan memberi manfaat kepada Universiti dan juga negara.

2. Demikian juga, saya ingin mengambil kesempatan disini untuk mengucapkan terima kasih atas undangan yang diberikan kepada kami berdua untuk hadir dalam majlis ini. Saya percaya majlis ini merupakan satu tanda dimana Bank ini menyatakan dengan tegas tentang keyakinan dan kepercayaannya diatas kemantapan dan kesetabilan ekonomi negara dimasa ini dan juga dimasa depan.

Ladies and Gentlemen,

3. I am very pleased to be with you here tonight to mark the occasion of the 15th Anniversary of the Kuala Lumpur Office of the Bank of Tokyo.

4. I am aware that the Bank of Tokyo has played an important role in contributing to the rapid development in the economic and trade relations between Malaysia and Japan, during the last fifteen years. I am happy to note that in line with the rapid growth of the banking industry, the deposits of the Bank of Tokyo have grown 26 times and loans and advances have grown 379 times since the bank commenced business in Malaysia, in 1959. Such progress should be a source of considerable satisfaction, especially in view of the substantial allocation of loans and advances to the manufacturing sector and commerce. However, I feel the Bank of Tokyo could do such more in two specific areas :-

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Firstly, lending to small borrowers under the Credit Guarantee Scheme; and
Secondly, to the Bumiputra community, generally.

5. I would add that my comments apply equally to the banking system as a whole as I am not fully satisfied with the performance of the banking industry in this direction so far. It cannot be over emphasized that the provision of adequate credit facilities to the small Malaysian borrowers and especially to the Bumiputras is a vital prerequisite for the success of the New Economic Policy. Although the commercial banks have established special units to provide small borrowers and Bumiputras with loans and advisory services, I would certainly like to see far greater

and more meaningful and positive contribution by the commercial banks in achieving the objectives of the New Economic Policy.

6. Another subject which I am seriously concerned with is the slow rate of mobilisation of savings. I note that the commercial banks have increased its deposits by only \$625 million during the first nine months of this year compared with the increase of \$683 million during the corresponding period in 1973. The economy has been doing very well and I shall cover this aspect of banking in detail when I introduce my Budget Speech and Economic Report to Parliament next month. The point is that incomes rose substantially during the past 20 months, and I would have thought

that this rapid increase in incomes would be reflected in a larger volume of saving within the banking system. Despite this trend, it is apparent that the commercial banks have not been exerting their efforts sufficiently to promote savings habit among the public. I would, therefore, urge the commercial banks to undertake a more effective and intensive drive to encourage savings, particularly during these times of inflation.

7. On our part, the Government recognising the need to step up savings, has decided to establish the National Savings Bank on the first of December this year. The new Bank I hope will endeavour to reach all sections of the public. Its full operational potential may take some time to be realised

and so it is even more important for commercial banks to give top priority to their savings campaign. I would, therefore, like to see evidence of the efforts of commercial banks and results soon. Even when the National Savings Bank gets fully operational, there will always be room for commercial banks to expand their savings campaign programmes. These programmes should not only be launched urgently but should be undertaken on a long term basis.

Ladies and Gentlemen,

8. Another area in which the banking system could show more evidence of supporting Government's policies is on the need to have greater racial balance in the staffing of commercial banks. I am sure there are adequate numbers of suitably qualified young boys and girls who could be readily employed in banks. Where there is a need for the more skilled personnel then the commercial banks could provide more training facilities and scholarships to increase the supply of trained personnel. Surely, this is not too difficult for all banks to accomplish and at the same time not too much to ask the banks to do.

9. Finally, coming back to our host, I am confident that the Bank of Tokyo with its vast experience and expertise would continue to be an effective vehicle in channelling investment, technical know-how and expertise in Malaysia. I am sure also that having operated for 15 years in Malaysia, the Bank of Tokyo would continue to show by its operations that it is sympathetic to our national aspirations and expectations, and at the same time would fulfill the role that commercial banks, especially foreign banks, are expected to play in this country.

10. Again Ladies and Gentlemen, I would like to take the opportunity to express our appreciation to the Directors of the Bank for the generous gift of \$250,000 to Universiti Kebangsaan. I am told this gift would be utilised by the University to establish a research fellowship in development studies. I view this gesture as a sign of goodwill and partnership between the people of Japan and Malaysia.

11. To you and through you, Mr. Kashiwagi, and on behalf of your guests and friends here tonight, I wish the Bank of Tokyo every success in its future operations.

Thank you.





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