

RHB mega-merger: 'Najib must be accountable'
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DAP has asked Prime Minister Najib Razak to explain why Bank Negara is pushing hard for the RHB merger with one of Malaysia's two largest banks when the move would lead to foreign exchange outflow and an unhealthy monopoly.

"Najib (left) should present ministerial statement in Parliament tomorrow on the rationale and status of Bank Negara's (approved) merger between RHB Capital with (either) Maybank or CIMB Group to create Southeast Asia's biggest bank," said DAP veteran Lim Kit Siang in a statement today.

"Basic principles and questions about Bank Negara's push for the country's largest corporate merger need to be asked and clarified," he said.

The Ipoh Timor MP was referring to yesterday's comment piece in The Sun that described Bank Negara's nod of approval to the RHB merger as an endorsement of the move that could potentially have adverse effects on the country's economy.

Lim said it was worrying that the merger would result in a handsome payout to RHB's foreign stakeholder Abu Dhabi Commercial Bank (ADCB), which is selling its 25 percent share in RHB Capital, and lead to a foreign exchange outflow from the country that only benefitted ADCB at our expense.

"The competition between the two bidders only helps to push the market share of RHB Capital higher, to a 14-year record high of RM10.40 per share on June 1, as compared to its book value of RM4.79 per share.

"Who actually benefits from the process? What good would that do to the people of Malaysia?" he asked.

'Bigger not better'

The Sun's article titled 'Let's all be wise and sensible' commented that the merger would not add any value to the market, as it was a purely local exercise involving domestic players that serve a similar clientele.

Lim (right) said that the merger would lead to a bigger monopoly in the financial sector that recent crises involving US's Lehman Brothers.

"Historical lessons should be drawn from the recent financial crisis, in which big does not equate better. Big corporation has found to have more difficulty sustaining in time of crisis, as can be seen in the case of the Lehman Brothers, Citigroup and the American Insurance Group to name a few.

"Whose money will be used to save these 'too big to fail' corporations at the end of the day? We all know that it'll be none other than the taxpayers," he said.

The DAP stalwart added that as all the main players in the merger wrangle have public interests, such as the Employee Provident Fund (EPF), the finance ministry had a duty to be held accountable for what he called "the country's biggest merger".

"EPF is set to earn a good profit by releasing a portion of its share in RHB capital which has benefitted from the wide speculation.

"As the trustee of the hard-earned money of the working class, Malaysians want EPF to be held accountable for the management of the (profit from the merger). Would they invest elsewhere? Or would they translate it into a bigger interest return to the employees?" asked Lim.

A merger with Maybank is speculated to overtake Singapore's DBS Group in terms of combined market capitalisation of US\$28.8 billion, making it one of the largest banks in Southeast Asia.

While a CIMB-RHB merger on the other hand, would see a combined market capitalisation of US\$27.3 billion, just marginally below DBS but overtaking both Singapore's OCBC and UOB.

In terms of asset size, DBS, OCBC and UOB stand at US\$238bil, US\$198.4 billion and US\$178.8 billion respectively.

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