

Banks bullish of 7.5% GDP growth this year
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The Malaysian banking industry is bullish of the country's growth and expects the gross domestic product (GDP) to grow 7.5 per cent this year.

Associations of Banks in Malaysia chairperson Abdul Wahid Omar said today this optimism was on the back of recovery in certain sectors like manufacturing as well as the improvement in services.

"The momentum of growth in the first quarter would be enough to carry through (growth) for the rest of the year, and the banking sector will also continue to lend, meaning economic activities will continue," he told reporters after the launch of the Oxford Business Group's 'The Report Malaysia 2010' in Kuala Lumpur.

Wahid, who is also Malayan Banking Bhd (Maybank) president and chief executive officer, however said that next year would be more challenging as a cut is expected in the government's expenditure in order to reduce the budget deficit.

"With that, there is a need for private sector to step in and we reckon that growth for 2011 will be lower at around six per cent," he said.

But he added that the country could still achieve the growth target of six per cent per annum in the long run to reach the high income economy status by 2020.

On the banks' role, Wahid said they would play their part in terms of funding and seeding growth towards meeting the goals of the 10th Malaysia Plan and the New Economic Model.

"Banks in Malaysia has been contributing towards generating the economy and that has been translated into the strong rebound that we experienced in the first quarter and in the expected growth for full year this year," he said.

At the launch, Oxford Business Group regional editor Paulius Kuncinas said Malaysia needed to focus on its core strength such as in Islamic finance, halal food sector, downstream oil palm and alternative fuel like biofuel.

"Many countries are competing in the same areas. It is important to differentiate and not compete in the lower skills sector," he said.

Besides that, Kuncinas said, the catalyst going forward for Malaysia will be research and innovation and setting up the linkage between universities, private firms and funding institutions.

However, he said that research and innovation needed to be addressed at the primary, secondary and tertiary education level as Malaysia should focus more on technical skills creation.