

**Najib Should Present Ministerial Statement In Parliament On Bank Negara's Proposed Merger Between RHB Capital With Maybank Or CIMB**  
**Malaysianmirror.com**  
**June 13, 2011**

As Finance Minister, Najib Tun Razak should present a ministerial statement in Parliament today on the rationale and status of Bank Negara's proposed merger between RHB Capital with Maybank or CIMB Group to create Southeast Asia's biggest bank.

The top regional banks in Asean include three Singapore banks DBS Group Holdings Ltd, Oversea-Chinese Banking Corp Ltd (OCBC) and United Overseas Bank Ltd (UOB) with market capitalisation of US\$27.7bil, US\$25.7bil and US\$24.5bil respectively.

While in terms of asset size, the Singapore banks remain at the top, a Maybank-RHB Cap merger could overtake DBS Group in terms of combined market capitalisation with US\$28.8bil.

The potential merger of CIMB-RHB, on the other hand, would see a combined market capitalisation of US\$27.3bil, just marginally below DBS but would overtake both OCBC and UOB. In terms of asset size, DBS, OCBC and UOB stand at US\$238bil, US\$198.4bil and US\$178.8bil respectively.

However, basic principles and questions about Bank Negara's push for the country's largest corporate merger need to be asked and clarified.

In the present exercise, all parties concerned must be mindful of the most important principle: The people are the real owner of the three banks concerned and the Government must uphold the people's interest in the merger proposal of RHB Capital.

This is why the proposal that one of the two largest banks, Maybank and CIMB, merge with RHB Capital has been under close watch of the market players.

Bank Negara Malaysia is behind the proposed bank merger, as part of its effort to consolidate the domestic financial sector. Both Bank Negara and the Finance Ministry have to address the many questions raised.

For instance the comment on The Sun on Friday (11th June 2011) 'Let's all be wise and sensible', which criticised the merger for not having any incremental value to the domestic market as the three parties involved are domestic players that serve a similar clientele.

No regional expansions are involved in the exercise but merely a consolidation of what that has already exist. On the one hand, Abu Dhabi Commercial Bank (ADCB), which is selling its 25% share in RHB Capital, will come out as the biggest winner by making a huge profit, and when a foreign bank like ADCB exits the country, the cash will be an outflow to another country and a loss of foreign exchange.

The competition between the two bidders only help 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 benefit from the process? What good would that do to the people of Malaysia?

The parties involved have the obligation to place the people's interests first as they are held mainly by government-back institutions. EPF is currently holding 44.5% of RHB share,

11.6% of CIMB and 10.9% of Maybank. Besides, Permodalan Nasional Berhad owns 52% of Maybank while Khazanah Nasional Berhad owns 28.6% of CIMB.

We should also question the wisdom of creating big corporation which will lead to a bigger monopoly of the financial sector. Historical lessons should be drawn from the recent financial crisis, in which Big does not equate to Better. Big corporations have been 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 that of the taxpayers.

Besides, 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 with the management of the money. Would they invest elsewhere? Or would they translate it into a bigger interest return to the employees?

**LIM KIT SIANG is DAP Parliamentary Leader And MP For Ipoh Timor**

Copyright © 1999-2007 Mkini Dotcom Sdn. Bhd.

Source : <http://www.malaysianmirror.com/media-buzz-detail/6-nation/53688>