

Bank to be restructured

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PUTRAJAYA: Bank Pertanian is to be restructured to be a true agriculture commercial bank and injected with a further RM1bilas part of efforts to help players in the sector.

Agriculture and Agro-Industries Minister Tan Sri Muhyiddin Yassin said the Cabinet had approved the increased capitalisation of the bank, which under its restructuring exercise would model itself after the Rabobank of the Netherlands.

"The instruments that the bank will provide is to be expanded to include loans from research to logistics to export purposes," he said in an interview with *The Star*.

More important, Muhyiddin said, Bank Pertanian would have a team of core people to assist borrowers to go through their business operations.

"This will include whether there is a necessity for banks to come in to assist the borrowers, and where there is a need for other institutions like our own ministry and department officials to come in and assist the potential borrowers.

"It will be just like the Rabobank. Bank Pertanian will hire these experts to advise the agriculture and agro-industry players."

The Rabobank was founded in the Netherlands over 100 years

ago by a group of local credit unions to provide farmers access to the capital market

sent set-up did not allow for the bank to get involved in the borrowers' business plan.

"In agriculture, there are lots of uncertainties such as weather conditions; many things that make certain projects which look viable initially but suddenly face change of certain things and may face losses. The new Bank Pertanian set-up will advise farmers on things like this.

"Agriculture is not entirely just primary production as it also involves processing, logistics and the whole supply chain. There are certain components where there is a need for finance and by definition they can get from Bank Pertanian.

"Later on, Bank Pertanian can even provide loan assistance to farmers to build homes or to buy vehicles to carry their goods."

Muhyiddin pointed out that this was the pattern of most agriculture banks in the world including the Farmer's Bank in Thailand, where they provide a total package including an education loan for farmers' children.

He also said he would like to see the establishment of affordable agriculture insurance, which was not readily available for farmers here.

"Bank Pertanian can embark on having its own company later to manage agriculture insurance ranging from crop to production failure," he added.

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It has a long heritage in the small and medium-sized business community, particularly in the agricultural sector.

Muhyiddin hoped to implement the changes next year after a new Art replaces the Bank Pertanian Act by end of this year.

"We hope the enabling Act will allow the commissioning of Bank Pertanian under the Company's Act that will make it hopefully on par with some other financial institutions and be able to hire the experts needed," he added.

He pointed out that the pre-