

Newspaper	NEW STRAITS TIMES
Date	28 JANUARY 2017

'CONFESSION WILL BE LOOKED INTO'

NST
28
- 11/2017

Najib says cabinet will get clarification from BNM before taking action

SYED UMAR ARIFF
AND LAILI ISMAIL
KUALA LUMPUR
news@nst.com.my

PRIME Minister Datuk Seri Najib Razak said the revelation by a former Bank Negara Malaysia (BNM) assistant governor that the central bank suffered US\$10 billion in foreign exchange (forex) market losses in the early 1990s must be looked into seriously.

He said the cabinet would get opinions and comments from BNM and relevant parties before taking action.

"This is a confession that we must look into seriously. Government officials and I will have to get opinions and comments from BNM and other parties.

"The cabinet will make a decision on the matter (later)," he said after chairing the Umno Supreme Council meeting here yesterday.

Former BNM assistant governor Datuk Abdul Murad Khalid had re-

vealed that the actual forex losses suffered by the central bank were US\$10 billion, much higher than the RM9 billion it had disclosed.

He said the losses, valued at RM44 billion at the current exchange rate, were "real money that went down the drain".

In an exclusive interview with the *New Straits Times* and *Utusan Malaysia* on Thursday, he said it was puzzling when no one was investigated or charged for what he described as the biggest forex losses in the world.

Murad, 64, who left BNM in 1999, also shared "behind-the-scenes" workings of the secretive BNM forex operations that occurred during the premiership of Tun Dr Mahathir Mohamad.

Murad claimed that there was no proper documentation of the huge transactions, and that only a top central banker and a junior staff had a record of all the deals.

As the central bank, he said, BNM's role was not to speculate in the forex market and it should only intervene to smoothen the movement of the ringgit.

Murad also urged the authorities to reopen the case and that he was willing to cooperate as he believed that the truth must prevail.

For the record, BNM's actual losses were never revealed. Instead, the central bank, when put under scruti-

ny for its dubious activities, gave conflicting and confusing data to make it difficult for the public to get to the bottom of the scandal.

On April 3, 1994, Dr Mahathir was reported as saying that the RM5.7 billion losses suffered by BNM in the forex market in 1993 would not affect the country's financial standing.

Various parties, including former finance minister Tun Daim Zainuddin, had also questioned why BNM was allowed to be involved in the forex business.

Second Finance Minister Datuk Johari Abdul Ghani yesterday said Malaysia could not be gambling in the forex market as it was a small country and lacked the big reserve needed to fight currency speculators.

Johari said he had mentioned this many times in the past, and he had also stressed it to BNM.

"It took BNM 10 years to recover that US\$10 billion forex losses in the past. This experience has taught us a great lesson on why we should not be defending our currency in the international market," he told NST yesterday.

Johari said even China, which had a huge foreign reserve, could not afford to defend its currency against speculators.

He was asked to comment on the NST report yesterday, which quoted Murad as saying that the central bank had suffered forex losses of US\$10 billion in the early 1990s.

The minister pointed out that Malaysia should focus on building its economic fundamentals and continue to introduce measures that would stop speculators from having the opportunity to speculate on the ringgit.

In the long run, he said, the fundamentals of the nation's economy would determine the real value of Malaysia's currency. **Additional reporting by Fernando Fong**



The NST front-page report on BNM forex market losses yesterday.