

**SPEECH BY
YAB DATO' SERI ABDULLAH BIN HAJI AHMAD BADAWI
AT THE OPENING CEREMONY OF MENARA O.C.B.C AT JALAN
TUN PERAK, KUALA LUMPUR
3 JUNE 2005**

BISMILLAHIR RAHMANIR RAHIM
ASSALAMUALAIKUM WARAHMATULLAHI WABARAKATUH AND GOOD AFTERNOON

DISTINGUISHED GUESTS

LADIES AND GENTLEMEN

1. LET ME FIRST THANK THE MANAGEMENT AND STAFF OF O.C.B.C FOR INVITING ME TO LAUNCH THE GROUP'S NEW MALAYSIAN HEADQUARTERS AND MAIN BRANCH – THE MENARA O.C.B.C..

2. I AM PLEASED TO NOTE THAT SINGAPORE'S LONGEST ESTABLISHED LOCAL BANK, ONE WHICH TRACES ITS PRESENCE AS FAR BACK AS 1912, CONTINUES TO VIEW THE MALAYSIAN MARKET AS AN IMPORTANT PLACE TO CONDUCT BUSINESS. I UNDERSTAND THAT IN JANUARY THIS YEAR, O.C.B.C. HAD INVESTED 75 MILLION RINGGIT TO ESTABLISH ITS CENTRALISED PROCESSING HUB FOR SELECTED BACK-OFFICE OPERATIONS IN SINGAPORE AND MALAYSIA AT CYBERJAYA, WHICH I AM TOLD HAS PROVIDED 500 NEW JOBS.

3. INDEED, THE OPENING OF MENARA O.C.B.C TODAY DEMONSTRATES THE GROUP'S COMMITMENT TO FURTHER ENHANCE ITS MALAYSIAN BANKING FRANCHISE. I AM MADE TO UNDERSTAND THAT MALAYSIA WILL REMAIN A VITAL PART OF O.C.B.C'S PLANS FOR THE FUTURE. I WOULD THUS LIKE TO COMMEND O.C.B.C FOR ITS EFFORTS IN MAKING MALAYSIA'S RESOURCES AND PEOPLE AN IMPORTANT CONTRIBUTOR TO THE GROWTH AND DEVELOPMENT OF THE BANK'S INTERNATIONAL BUSINESS.

LADIES AND GENTLEMEN

4. ALHAMDULILLAH, THE MALAYSIAN ECONOMY CONTINUED TO REGISTER ROBUST GROWTH IN THE FIRST QUARTER OF THIS YEAR, DESPITE AN INCREASINGLY CHALLENGING EXTERNAL ENVIRONMENT. THE REPORTED GROWTH OF 5.7 PERCENT FOR THE FIRST QUARTER WAS AHEAD OF MARKET ESTIMATES, AND IS INDICATIVE THAT WE ARE ON TRACK TO ACHIEVE THE 5 TO 6 PERCENT GROWTH TARGET FOR THE WHOLE OF 2005.

5. WHILE OUR ECONOMIC PERFORMANCE IS COMMENDABLE, I BELIEVE THAT WE SHOULD NOT REST ON OUR LAURELS AND BECOME COMPLACENT. THERE IS STILL MUCH TO DO TO ACHIEVE OUR ECONOMIC GOALS AND ASPIRATIONS. FOR EXAMPLE, WE PRIDE OURSELVES ON BEING A BUSINESS FRIENDLY GOVERNMENT. THIS GOVERNMENT HAS ITS WORK CUT OUT FOR IT IN CONTINUING TO ENHANCE ITS PUBLIC SERVICE DELIVERY SYSTEM – IN IMPROVING NATIONAL COMPETITIVENESS AND IN FACILITATING AN ENVIRONMENT FOR BUSINESSES TO THRIVE AND PROSPER. MANY OTHER INITIATIVES ALSO NEED TO BE IMPLEMENTED, SUCH AS DEVELOPING NEW SOURCES OF ECONOMIC GROWTH, ENHANCING ACCESS TO QUALITY EDUCATION, AND ENHANCING INTEGRITY AND ERADICATING CORRUPTION. I AM DETERMINED TO CARRY OUT THESE INITIATIVES, AS THE SUCCESSFUL IMPLEMENTATION OF THESE PROGRAMS WILL ALLOW THE PRIVATE SECTOR TO SUSTAIN ITS ABILITY TO BECOME THE LONG-TERM ENGINE OF ECONOMIC GROWTH.

6. WITH BALANCED DEVELOPMENT BEING A KEY PART OF THE NATIONAL AGENDA, IT IS CRUCIAL THAT BUSINESSES AND INDIVIDUALS ARE ALLOWED EQUAL ACCESS TO THE REQUISITE CAPITAL NEEDED TO ACHIEVE GROWTH. IN THIS RESPECT, THERE IS LITTLE DOUBT OF THE IMPORTANCE OF BANKS, WHICH ACT AS THE PRIME MOVER OF CAPITAL AND FINANCIAL RESOURCES IN ANY GIVEN ECONOMY. THEREFORE, IT IS IN THE GOVERNMENT'S BEST INTERESTS TO ENSURE THAT DOMESTIC BANKING POLICIES AND REGULATIONS REFLECT THE NEED FOR PROGRESSIVE AND SUSTAINABLE GROWTH. THIS IS ESPECIALLY IMPORTANT FOR A DEVELOPING COUNTRY LIKE MALAYSIA, AS DEVELOPMENT OF THE DOMESTIC BANKING INDUSTRY IS NOT BASED PURELY ON PROFIT GENERATION, BUT IS ALSO TO COMPLEMENT LONG-TERM NATIONAL ECONOMIC AND SOCIAL OBJECTIVES.

7. GOING FORWARD, BANKING INDUSTRY POLICIES AND PRACTICES WILL CONTINUE TO BALANCE SHORT-TERM PROFITABILITY WITH SUSTAINABLE AND COMPETITIVE GROWTH FOR THE LONG-TERM. MANY OF THESE POLICIES ARE OUTLINED IN THE FINANCIAL MARKET MASTER PLAN, WHICH WORKS TO ENSURE THAT FINANCIAL RESOURCES ARE ALLOCATED EFFICIENTLY OVER THE LONG-TERM. IT IS EXPECTED THAT THROUGH EFFICIENT RESOURCE ALLOCATION, THE BANKING SECTOR WILL BE ABLE TO CONTRIBUTE TOWARDS ECONOMIC AND NATIONAL DEVELOPMENT BY SUPPORTING COMMERCIAL, ENTREPRENEURIAL AND EMPLOYMENT OPPORTUNITIES.

8. I AM HOPEFUL THAT THESE POLICIES WILL CONTINUE TO BE ADOPTED BY ALL BANKS – LOCAL AND FOREIGN. TO ENSURE SUSTAINABLE ECONOMIC GROWTH, IT IS IMPERATIVE THAT BANKS BE INTEGRATED INTO THE NATIONAL DEVELOPMENT AGENDA. FOR EXAMPLE, IT IS NOT SUFFICIENT IF FOREIGN BANKS ARE ONLY INTERESTED IN DEVELOPING NICHE CUSTOMER BASES IN AFFLUENT URBAN AREAS, AS THE HIGH QUALITY OF SERVICE WILL NOT BE ENJOYED BY THOSE LIVING IN RURAL AREAS. I BELIEVE BANKS SHOULD LOOK TOWARDS A RECIPROCAL BRANCHING POLICY, WHICH COMMITS THEM TO HAVE A RURAL BRANCH OR TO PROVIDE SERVICES TO DESIGNATED RURAL AREAS, FOR EVERY URBAN BRANCH THAT IS OPERATIONAL.

9. AT THE SAME TIME, IT IS MY WISH THAT ALL BANKS CONTINUE TO PLAY A PROACTIVE ROLE IN SUPPORTING THE NEW GROWTH AREAS THAT THE

GOVERNMENT HAS PROPOSED, WHICH INCLUDE AGRICULTURE AND AGRI-BUSINESS, SMALL-MEDIUM ENTERPRISES (S.M.ES), BIO-TECHNOLOGY, EDUCATION, AND TOURISM. IT IS ENCOURAGING TO NOTE THAT A NUMBER OF BANKS HAVE BEGUN TO OFFER NEW METHODS TO FINANCE START-UP BUSINESSES IN THESE AREAS, SOME WITH LITTLE COLLATERAL TO OFFER. IN ADDITION, THERE HAVE ALSO BEEN POSITIVE DEVELOPMENTS AMONG THE FOREIGN BANKS, INCLUDING O.C.B.C, WHICH HAVE EMBARKED TO ASSIST THE FUNDING REQUIREMENTS OF S.M.ES.. MOREOVER, I BELIEVE THAT MOST BANKS, BOTH LOCAL AND FOREIGN, HAVE ESTABLISHED ISLAMIC BANKING WINDOWS, WHICH IS IN-LINE WITH THE GOVERNMENT'S EFFORTS TO PROMOTE MALAYSIA AS A LEADING ISLAMIC FINANCIAL SERVICES CENTRE.

10. APART FROM THAT, BANKS SHOULD CAREFULLY OVERSEE THE PRODUCTS AND SERVICES THAT THEY OFFER. I DISTINCTLY RECALL MEDIA REPORTS SUGGESTING THAT THE RECENT RISE IN BANKRUPTCIES INVOLVING YOUNG INDIVIDUALS AND COUPLES ARE MAINLY DUE TO OVER-EXPOSURE TO CREDIT CARDS AND HOUSING MORTGAGES. SHOULD THIS BE THE CASE, I WOULD LIKE TO URGE BANKS TO BE MORE CAREFUL AND PRUDENT WHEN MARKETING SUCH PRODUCTS AND SERVICES TO THEIR CUSTOMERS.

11. LET ME REMIND BANKING INSTITUTIONS THAT THEY DO NOT ONLY HAVE AN OBLIGATION TO GENERATE RETURNS FOR SHAREHOLDERS AND TO PROTECT THE DEPOSITS OF CUSTOMERS, BUT THEY ALSO HAVE A RESPONSIBILITY TO SOCIETY AS A WHOLE. IN THIS RESPECT, BANKING SERVICE PROFESSIONALS OUGHT TO PLAY A MORE ACTIVE ROLE IN ADVISING CONSUMERS ON FINANCIAL PLANNING CONCEPTS AND TO AVOID FINANCIAL PITFALLS SUCH AS ACCUMULATING TOO MUCH DEBT. SIMPLY PUT, THE BANKING SECTOR CANNOT AFFORD TO IGNORE THE FACT THAT GOOD CORPORATE GOVERNANCE, CONDUCT, AND RESPONSIBILITY IS GOOD FOR BUSINESS – PARTICULARLY WHEN IT RESULTS IN MORE EDUCATED AND ENLIGHTENED CUSTOMERS THAT CAN LEAD TO ENHANCED PROFITS AND STRONGER BALANCE SHEETS.

LADIES AND GENTLEMEN

12. BEFORE I END, LET ME CONGRATULATE O.C.B.C FOR THE COMPLETION OF ITS NEW MALAYSIAN OFFICE PREMISES. MENARA O.C.B.C CERTAINLY BRINGS WITH IT NEW HOPES AND ASPIRATIONS FOR ALL OF THE GROUP'S EMPLOYEES, AND I WISH ALL OF YOU THE HIGHEST LEVEL OF SUCCESS FOR THE FUTURE.

13. ON THAT NOTE, IT IS MY PLEASURE TO OFFICIALLY DECLARE MENARA O.C.B.C OPEN.

THANK YOU.