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Maybank CEO: Capital, liquidity conservation will remain utmost priority

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KUALA LUMPUR (March 17): Malayan Banking Bhd (Maybank), the country's largest bank by market capitalisation, said capital and liquidity conservation will remain the group's utmost priority, given lingering uncertainties over a potentially weakening credit environment.

"We will focus on growing low-cost funds in the form of CASA [current and savings accounts] across our home markets in view of the low-rate environment," said its group president and chief executive officer Datuk Abdul Farid Alias in his key message to shareholders in Maybank's Annual Report 2020 that was released today.

Bank Negara Malaysia (BNM) had kept the overnight policy rate unchanged at 1.75%.

Against a backdrop of accommodative monetary policies, Farid said the bank anticipates that the interest rate environment in its home markets will remain relatively unchanged, hence resulting in a flattish net interest margin trend for 2021.

"We will leverage fee-based income opportunities in wealth management global markets, investment banking, asset management and insurance while accelerating product rollouts on our digital platform to increase market penetration and generation of fee-based revenues," he said.

In Malaysia, the economic recovery is expected to be gradual and uneven amid pandemic containment measures such as MCO 2.0, the declaration of emergency and the rollout of Covid-19 vaccines.

Farid noted that the forecasted economic growth of 5.1% for 2021 is on the back of a stable interest rate environment and the government maintaining its stimulatory policies, as well as its various agreements to procure

vaccines for the country with a target of inoculating 70% of the population.

Elsewhere, he said the bank is also anticipating a U-shaped recovery in Singapore, premised on the services sector rebounding, with an estimated economic growth of 4.5% that will be aided by the government's S\$100 billion support package announced in 2020 and additional S\$11 billion package highlighted as part of the Budget 2021.

In Indonesia, gross domestic product is expected to rebound by 5.3%, supported by accommodative monetary policy by Bank Indonesia and the passing of the highly anticipated Omnibus Law, which will simplify business and attract more foreign investment, among others.

While there are expected challenges to income growth given the tentative operating landscape, Maybank will continue monitoring asset quality closely for potential slippages given the uneven trajectory of economic recovery expected in some markets, said Farid.

Maybank set on differentiating itself through digitalisation, data analytics

2021 also marks the first year of M25 – Maybank's new five-year strategy, in which the bank is set to differentiate itself through digitalisation and data analytics to better understand and serve its customers while capturing new business opportunities.

“At the same time, we will make the necessary changes to integrate sustainability into our operating models and policies, and support stakeholders as they transition to sustainable practices,” he said.

Going through the current pandemic, Farid mentioned that the “consequences would be even more catastrophic”, should the “worst case scenario unfold due to climate change”.

Thus, he stressed that it is critical that all parties pursuing profitable ventures begin paying attention to the impact they make on society and the environment.

“As responsible caretakers of the earth, we must chart a sustainable and inclusive growth strategy for all segments of society and progress towards carbon neutrality in the foreseeable future, for the sake of future generations,” he added.

Maybank’s shares were eight sen or 0.95% lower at RM8.37 as at 2.48pm, with some 4.07 million shares done. It has a market capitalisation of RM95.54 billion.

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