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Media Release

30 October 2018

PH Government's Inaugural Budget Sets the Tone for Malaysia's Future

KUALA LUMPUR, October 30, 2018 – As the nation prepares for the upcoming Budget 2019 announcement, Dato' Sulaiman Mohd Tahir, Group CEO of AMMB Holdings Berhad and CEO of AmBank (M) Berhad comments on his expectations for the Budget announcement and the outlook for Malaysia.

Dato' Sulaiman said, "Never have Malaysians been so interested in the National Budget as Budget 2019. The year 2018 has been a year of monumental changes for our nation and this year's Budget will usher in improved fiscal discipline for the years ahead.

Budget 2019 by the Pakatan Harapan Government will likely bring its fair share of challenges to the Administration. This is premised on the imperative need for the Government to balance austerity measures with the growth of the economy and wellbeing of the Rakyat.

"We are expecting Malaysia's fiscal deficit in 2019 to see a "one-off" spike. However, the fiscal deficit should ease in 2020 as a result of prudent management driven by greater levels of transparency and governance, combined with increasing focus on economic growth."

"Given that the private sector is expected to take the lead role in driving the economy moving forward, we anticipate the creation of a more flexible and open business environment alongside the simplification and streamlining of systems, processes and regulations to set up businesses. The Government is also expected to revisit tax



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exemptions, credits and allowances in order to determine its effectiveness. It is our hope that a special fund can be established so that a portion of the approximately RM2.5 billion per year in foreign workers' levies collected can be utilised to support automation and technology upgrading."

"Small and medium enterprises (SME) account for close to 40% of the GDP. As such, we hope there will be measures announced as part of Budget 2019 that will encourage SMEs to embark in new technologies and invest in value-added equipment that will also work to help reduce reliance on foreign manpower," added Dato' Sulaiman.

"It is our hope that Budget 2019 will incorporate initiatives that will accelerate the growth of the digital economy. With digital tax expected to be introduced in Budget 2019, we will be the second country in South-East Asia after Singapore to introduce such a tax. By regulating the tech industry, it allows the authorities to look forward to a new stream of revenue while tech companies will increase their reported earnings."

"Addressing the rising urban living costs is likely a key focus area for the Government in this year's Budget. It is our hope that the Government introduces key measures that will benefit the urban poor including introducing a fixed nominal monthly fee for unlimited rides on public transport facilities. We also hope the Government is able to look into 'social housing' measures that will motivate and empower the urban poor to buy and own properties below RM100,000 which they are currently renting from third parties."

"In addition, the Government may look to revive the Home Ownership Campaign that was introduced in 1998 and 1999 on the back of property oversupply in the aftermath of the Asian Financial crisis. Incentives including exemption of stamp duties, lower financing costs, lower legal fees for Sale and Purchase agreements and loan agreements as well as other charge documents were introduced resulting in 19,281



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and 17,956 units of residential and commercial properties sold during the first and second campaigns.”

“To address the current socio-economic conditions and ease the burden of the Rakyat, we expect the Budget to provide more tax breaks for children’s education expenses which is becoming costlier. In addition, we hope to see more investments and reduced cutbacks to improve the education sector.”

“Our hope is for the Budget to catalyse a significant push in the education system in the digital direction as well as to focus on the importance of information technology (IT), by adopting digital solutions and introducing coding in the curriculum, for example.”

We are optimistic that sound policies and rational initiatives will be the staple for Budget 2019 and this will set the framework for more progress and strengthening of the Malaysian economy for us to punch above other nations in this highly globalised and dynamic ecosystem,” Dato’ Sulaiman concluded.

About AmBank Group

AMMB Holdings Berhad is the holding company of AmBank Group and has been listed on the Main Market of Bursa Malaysia since 1988. It is the sixth-largest banking group by assets in Malaysia, with a market capitalisation of around RM11.6 billion and assets of RM137.9 billion at 31 March 2018.

AmBank Group is one of Malaysia’s premier financial solutions groups with over 43 years of experience in supporting Malaysians in their economic development. AmBank Group offers a wide range of both conventional and Islamic financial solutions and services, including wholesale banking, retail banking, investment banking, underwriting of general insurance, life assurance and takaful, stock and share broking, futures broking, investment advisory and management services in assets, real estate investment trust and unit trusts.

The Australia and New Zealand Banking Group (ANZ) is the biggest shareholder in the AmBank Group with a 23.8% holding and provides support with Board and senior management representation, risk and financial governance, product offerings and new business developments. In the general insurance business, the Group has partnered with Insurance Australia Group Ltd (IAG). In the life assurance and family takaful businesses, the



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Group has a partnership with MetLife International Holdings Inc (MetLife). The Group benefits in terms of expertise transfer from IAG and MetLife.

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