

**Comments on Budget 2017 by Datuk Abdul Farid Alias, Group President & CEO of  
Maybank and Chairman of the Association of Banks Malaysia**

---

Budget 2017 is in line with Maybank's view that it is underpinned by three elements:

First and foremost, we are very happy to see that the Government remains focused on fiscal discipline and consolidation. Reducing further the budget deficit to 3% of GDP next year reflects the Government's unwavering commitment to achieve a near-balanced budget by 2020. This should alleviate any lingering concerns on fiscal policy credibility and the country's finance; sustain our investment-grade sovereign credit ratings; and mitigate any pressure on key macroeconomic variables like market interest rates and the exchange rate.

Secondly, we are living in an environment where the global economy and world trade - and therefore external demand - has been weak for several years now. What we need is to see a rate of growth that is sustainable over the long term, and despite the challenging external environment, we are planning for such growth. It is our hope that we remain vigilant over the possible higher volatility in the global markets as central bankers around the world will start re-introducing risks into the financial markets. This is in view of major central banks like the US Federal Reserve's prepping for interest rate hikes, with the European Central Bank and the Bank of Japan potentially rethinking their quantitative easing and negative interest rate policies. Budget 2017 supports domestic demand amid such external uncertainties and volatilities with reduction in corporate income tax rates to boost private investment, as well as incentives to promote the tourism industry, e-commerce, digital economy, SMEs and exports, as well as sustaining the momentum in infrastructure spending.

Third, the issue of inclusive growth and equality is global, not just local, and they are addressed in this budget via specific measures targeted for the bottom 40% (B40) and middle 40% (M40) of the income groups. These include the increase in BR1M amount; supply-side and demand-side measures to address the issues of building and purchasing low-cost and affordable houses; additional personal income tax reliefs; and higher budget allocations for education, training and healthcare. These measures will boost the well-being of the lower and middle income groups, as well as allow them home ownership while generating wealth and equity.

Maybank is proud to be part of the new special "step up" end-financing scheme for the PR1MA housing programme in collaboration with the Government, BNM and EPF, and we are pleased to announce that we will be allocating a facility of up to RM2.0 billion to end finance PR1MA homebuyers eligible for this new scheme.

.....