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## **Comments from Datuk Abdul Farid Alias, Group President & CEO of Maybank and Chairman of the Association of Banks Malaysia on Budget 2015**

Overall, Budget 2015 is about maintaining the momentum and progress in fiscal consolidation to strengthen the country's economic fundamentals and resilience given the target to lower budget deficit further to 3% of GDP and achieve a balanced budget by 2020. The message on this was also loud and clear with the recent pre-Budget fuel subsidy rationalisation, and with the impending introduction of Goods and Services Tax (GST).

In addition, this Budget also focuses on the mid-to-long-term "qualitative" aspects of the country's socio-economic growth and development by focusing on "softwares" such as education, human capital, women and youth as well as entrepreneurial development, on top of the continued efforts and measures on the rakyat's well-being and pressing needs to deal with rising cost of living and affordable housing.

At Maybank, we are very pleased to note that Budget 2015 placed the financial system's direct and facilitative roles in the economy's growth and development, high on the agenda. At the outset, the Budget sets out to invigorate services sector, where financial services, accounting for 16% of services sector GDP - make it the largest activities within services.

This is evident with measures like the extension of deduction for expenses incurred in the issuance of Sukuk under Ijarah and Wakalah principles until 2018, as well as the incentives for SMEs, such as the syariah-compliant Investment Account Platform (IAP), the MYR5b Services Sector Guarantee Scheme and the proposed 1 percentage point cut in SME income tax rate for assessment year 2016. The IAP in particular offers great news for the Islamic banking industry and more specifically for Maybank Islamic, as we are among the few Islamic banks which are embracing the Investment Account enhancement under the Islamic Financial Service Act (IFSA). We believe the Investment Account Platform (IAP) is moving the industry to the right direction. We also see opportunities from capital allowance incentives for automation in labour-intensive industries which are predominantly in the SME space. These gel nicely with Maybank's strategies of "Islamic First" and growing our SME financing, and will further boost the banking industry's effort to innovate and create further value for our customers and our stakeholders.

There will also be funding requirements for infrastructure projects mentioned by YAB Prime Minister's Budget Speech, at least MYR16b for highways, MYR32b for rail-related projects and MYR3b for water, which augur well for the financial services industry.