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Comments by Group President & CEO of Maybank and Chairman of Associations of Banks in Malaysia, Datuk Abdul Farid Alias on the Budget 2016

The Budget rightfully addressed the escalating cost of living that directly affects the middle and low income groups, by adding more basic food and medicines to be zero-rated and exempted under GST; raising BR1M, Minimum Wage and civil service starting pay and minimum pension; increasing several personal income tax allowances that have not changed for many years, and building affordable housing. Measures are also not about “giving” but also “empowering” to improve their livelihoods and prospects via entrepreneurships and access to education and training.

Although there isn't much for the financial services and banking industry in Budget 2016, we look forward to more initiatives for the sector that the PM promised in his budget speech.

In Budget 2016 we are confronted with a challenging environment as the global economy struggles to find growth while anticipating an escalating interest rate regime, volatile financial and commodities markets and a changing demographics. To top it off, the Government has to stay committed to budgetary discipline. It is absolutely critical to ensure the country's current investment grade sovereign credit rating and the accompanying “stable” outlook can be sustained to avoid further negative impact on sentiments. However, a slight reduction in budget deficit to -3.1% of GDP this year from -3.2% this year is understandable, given the macro background as the Government has to balance the needs of various “stakeholders”.

All in all, it is a relatively defensive budget, and one that is required to deal with the challenges that we are facing. Because we don't have much room to play, it is important that every ringgit we spend, it must be allocated efficiently, and spent effectively for results.