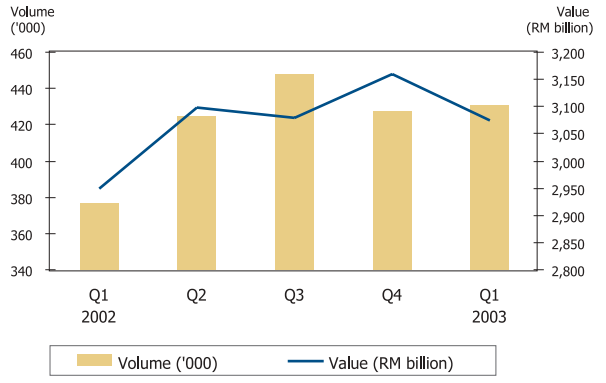
PAYMENT SYSTEMS

Developments and Trends in Payment Systems

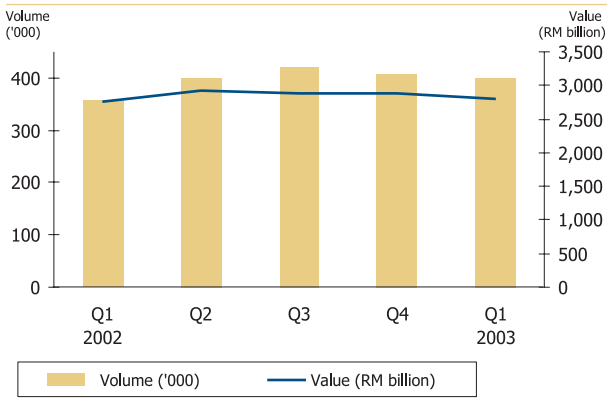
RENTAS

Overall, the RENTAS system effected 14.43% more transactions during the first quarter of 2003 than the first quarter of 2002 with an increase in value of 4.32%. In the first quarter of 2003, the volume and value of funds transferred through the Interbank Funds Transfer System (IFTS) of RENTAS declined by 1.66% to 400.2 million transactions and 3.24% to RM2.79 trillion respectively, compared with the last quarter of 2002. The volume and value of transactions processed through the Scripless Securities Trading System (SSTS), however, increased by 10.12% to 0.03 million and 3.19% to RM284.64 billion respectively.

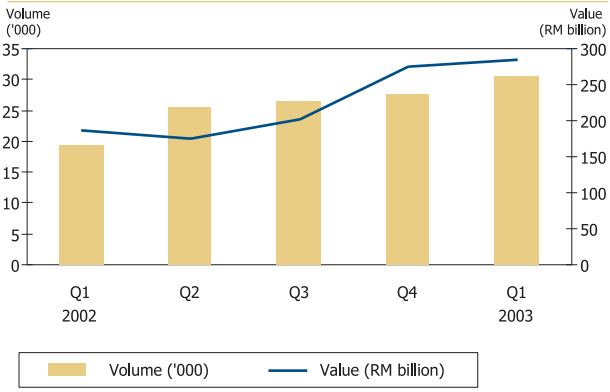
RENTAS Total Turnover



RENTAS IFTS Turnover



RENTAS SSTS Turnover

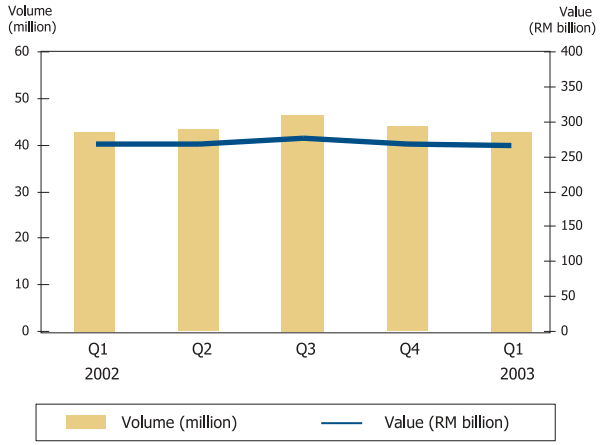


SPICK

All Ringgit denominated cheques are cleared through the SPICK (Sistem Penjelasan Imej Cek Kebangsaan) cheque clearing centres located in three regions of Malaysia, that is, the Northern, Central and Southern regions. The number of cheques cleared through the SPICK cheque clearing centres operated by Bank Negara Malaysia has been declining steadily over the last three quarters. In keeping with the progress made in encouraging the transfer of funds via electronic means, there has been a decline in the number of cheques cleared via the SPICK centres from the first quarter of 2002 and

2003 by 0.13% in volume and 1.07% in value. In the first quarter of 2003, the number of cheques processed declined slightly by 3.19% to 42.62 million, compared to the previous quarter. Accordingly, the value of cheques cleared through these centres has also declined, albeit at a lower rate of 1.31% to RM265.25 billion.

Value and Volume of Cheques Cleared by SPICK Centres



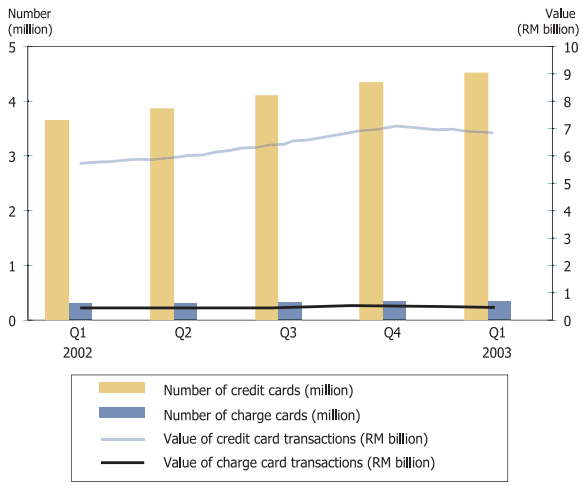
The Bankcard

During the first quarter of 2003, the volume of cash withdrawals via ATM declined by 0.34% to 49.27 million transactions from the previous quarter, while the amount withdrawn decreased by 0.49% to RM20.06 billion. During the same period, the domestic financial institutions successfully completed upgrading all ATMs to accept the chip-based payment card. The official launch of the Bankcard on 28 February 2003 brought to fruition one of the two types of smart card solutions under the Multipurpose Card Flagship Application, which is one of the seven Multimedia Super Corridor Flagship Applications. The MyKad is issued and implemented by the National Registration Department. As at the end of the first quarter 2003, more than 1.74 million Bankcards have been issued. Banking institutions are in the midst of upgrading their ATMs to enable MEPS Cash loading in the Bankcard and MyKad. Currently, a total of 2,500 ATMs, accounting for 66.0% of the total ATMs of the domestic banking institutions, have been upgraded for loading of MEPS Cash in the Bankcard and 445 ATMs or 11.5% for loading in MyKad.

Card Payment Instruments

The number of credit cards and charge cards in circulation increased by 3.9% to 4.53 million cards and 1.75% to 0.35 million cards respectively from the previous quarter. There had been strong growth in the credit card industry in Malaysia since the first quarter of 2002. The number of credit cards in circulation had increased by 24.2% and correspondingly, the value of transactions had increased by 19.18%. While there has been an increasing trend in the value of credit card and charge card transactions, it also reflects the seasonal pattern of consumption.

Credit Card and Charge Card Operations



Bank Negara Malaysia is also taking steps to increase consumer awareness and to promote the prudent use of credit cards. In addition, Bank Negara

Malaysia has issued a guideline on credit card operations on 18 March 2003 and issuers of credit cards are required to undertake the necessary system adjustments to ensure compliance within a period of six months.

The comprehensive new guidelines set out the minimum requirements on credit card operations revoking previously issued guidelines and covering new areas such as prudent lending requirements, usage of credit card for unlawful activities, supplementary cardholder's liability, liability for lost or stolen credit cards and placing added emphasis on consumer awareness and education programmes.

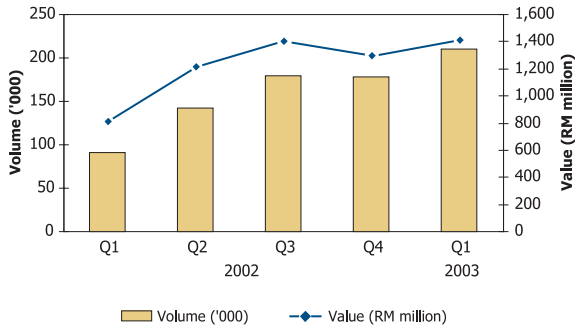
The usage of debit cards in Malaysia is still low, compared to credit and charge cards. Nevertheless, the number of debit card transactions has increased by 2.13% to 0.29 million transactions in the first quarter of 2003, and by 1.12% in terms of value to RM21.17 million.

As at end-March 2003, more than 3,400 card readers accepting MEPS Cash have been deployed by domestic banking institutions at various merchants nationwide. Besides banking institutions, third party acquirers are also participating in acquiring merchants for MEPS Cash. To promote awareness of MEPS Cash as the national e-purse scheme, banking institutions will be carrying out marketing campaigns to encourage usage of MEPS Cash as an alternative non-cash mode of payment. The government has supported the usage of MEPS Cash at all merchants as a means of payment.

Interbank GIRO (IBG)

The IBG system facilitates third party payments between the participating banking institutions to execute standing instructions such as loan repayment, insurance premiums, salaries, tax payments and contributions to the Employees Provident Fund. In comparison with the first quarter of 2002, there had been a dramatic increase in both the volume and value of 130.54% and 72.77% respectively. The volume and value of IBG transactions had increased during the first quarter of 2003 by 17.84% to 0.21 million transactions and 8.81% to RM1.41 billion from the fourth quarter of 2002. The increase in IBG transactions indicates that the electronic mode of payment is steadily gaining acceptance.

Interbank Giro Transactions



Payment Gateway

The volume and value of transactions effected through the MEPS payment gateways has decreased slightly during the first quarter of 2003 by 8.8% and 9.83% from the fourth quarter of 2002.

Payment Gateway Transactions

