

OBJECTIVES OF THE GRADUATION EXERCISE

This graduation exercise deals with only one type of financial institutions in Malaysia, namely, trust companies. Trust companies, as will be seen later, deal primarily with investment which is important for a young country like Malaysia. Without investment the economy may not advance.

This graduation exercise attempts to present an analysis of the policies and practices of trust companies in Malaysia. With that is added an evaluation of the policies and practices will clearly show how important trust companies are in providing a media for investment. Brief analysis of the type of securities has also been made.

To sum up, this study attempts to show:

1. the policies and practices of trust companies and factors affecting them, and
2. an evaluation of the policies and practices.

Limitations and Scope of Study.

This study covers only the trust companies in Malaysia with comparison to those of the well-developed countries.

Only seven companies out of nine are studied. Out of seven companies, six of them are investment trusts and one

unit trust. The whereabouts of the two other investment trusts cannot be found.

This study covers the beginning of the trust companies i.e. from 1959 to the beginning of 1966 - a period of approximately seven years.

Trust companies in Malaysia are still in their infant stage. Growth of these trust companies is not significant at all due to the fact that the people are not well exposed to them. Literature on this is not available. This is a serious and most fatal limitation. Without publicity, the investing public would not know what the trust companies are and how they are managed.

The trust companies here are not well developed and their policies are undoubtedly not distinct. Though their policies are not distinct, they manage to earn good income because they have experience in certain speculative aspects of investment. Investment may come from two sources: public and private. However, for this graduation exercise, it is limited to private investment by the trust companies.

In this study only the policies and practices of trust companies in Malaysia are dealt with, though occasionally, attempts have been made to compare them with those of other countries.

Information with regard to these companies are not disclosed to the writer particularly the policies and practices. Only the general outlook of the companies is disclosed. In the area of investment practically no information is given.

All trust companies are privately owned and they are in no way obliged to furnish any report to the public or government. This limitation impairs the obtaining of data.

Method of Study

This study involves two stages: The first stage is the interview and collection of data and information. The second is the analysis of the data information.

It is to be noted that no questionnaires were sent out. Only personal interviews were conducted. It is felt that personal interviews could bring in a lot of things for expansive discussions.