

CALENDAR OF EVENTS January – March 2010

18 January 2010

The Bank and Japan International Cooperation Agency (JICA) jointly organised the Financial Inclusion Advisers (FIA) Programme from 18-22 January in Kuala Lumpur. The programme focuses on developing human capital in the area of sustainable microfinance and provides a platform for regulators and microfinance practitioners to share experiences in enhancing financial inclusion. In her welcoming remarks, Governor Dr. Zeti highlighted that Malaysia is committed in ensuring that all segments of society continue to have access to financial services. The commitment to financial inclusion agenda is reflected in the new Central Bank of Malaysia Act 2009, which incorporates financial inclusion as an objective of the Bank. She also noted that the high level of financial inclusion in Malaysia is a result of conscious policies in building a sound, progressive and inclusive financial system that has supported the nation's balanced growth.

26 January 2010

At its first meeting for 2010, the Bank's Monetary Policy Committee (MPC) decided to leave the Overnight Policy Rate (OPR) unchanged at 2.00%. The MPC stated that recent economic indicators suggested the Malaysian economy had expanded favourably in the fourth quarter of 2009 and that the economic recovery is gaining strength. It added that the future thrust of monetary policy would remain accommodative to ensure that the economic recovery is well entrenched while at the same time prevent financial imbalances that could arise from interest rates being kept too low for a prolonged period of time.

24 February 2010

The Bank announced that the Malaysian economy registered a positive growth of 4.5% in the fourth quarter of 2009, amid strengthened domestic and external demand. Sustained growth in private consumption and increased public sector spending contributed to higher domestic demand. The implementation of the fiscal stimulus measures had gained further momentum during the quarter, providing an additional impetus to growth. Malaysia's export performance benefited from improvements in external demand, particularly regional economies and from stronger commodity prices. On the supply side, all economic sectors registered positive growth, with the exception of the mining sector. For the year as a whole, the Malaysian economy contracted by 1.7%. The headline inflation rate declined at a more moderate annual rate of 0.2% in the fourth quarter.

1 March 2010

In her speech at the Inaugural Official Monetary and Financial Institutions Forum (OMFIF) Global Lecture in Frankfurt, Governor highlighted three trends that are gaining significance in the global economy and the international financial system in the post crisis era. The first, is the increasing significance of Asia in the global economy; second, the extensive international regulatory reforms that is being envisaged by the international community; and third, the rapid growth of Islamic finance and its integration into the international financial system. She added that going forward, these trends are likely to have a growing influence on global economy and financial system and need to be taken into account in creating a better global economy and financial order.

3 March 2010

The Bank was once again awarded the “Best Central Bank in Promoting Islamic Finance” at the Islamic Finance news Awards 2009 Ceremony held at Mandarin Oriental Hotel, Kuala Lumpur. This is the fifth consecutive year that the Bank had won the award. In the second and third place were the Central Bank of Bahrain and the Central Bank of UAE, respectively.

4 March 2010

At its second meeting for 2010, the Bank’s MPC raised the OPR to 2.25%. The MPC noted that the stronger growth performance in the fourth quarter of 2009 affirms that the economic recovery is firmly established. Going forward, growth is expected to strengthen further, supported by domestic demand and continued improvement in external demand, particularly from the regional economies. Given this improved economic outlook, the MPC decided to adjust the OPR towards normalising monetary conditions and preventing the risk of financial imbalances that could undermine the economic recovery process. The MPC added that at the new level of the OPR, the stance of monetary policy continues to remain accommodative and supportive of economic growth.

5 March 2010

Following the Government announcement to provide a basic motor insurance coverage for third party bodily injury and death (TPBID) during the Budget 2010 Announcement, the Bank announced that it has been working closely with relevant authorities in formulating the proposed new TPBID scheme. The Bank will be engaging with relevant stakeholders, which include consumer, trade and industry associations as well as professional bodies, to obtain feedback prior to submitting the proposal to the Government for consideration.

24 March 2010

The Bank released its Annual Report and the Financial Stability and Payment Systems Report for 2009. At the press conference, Governor highlighted the swift implementation of the fiscal stimulus measures and the accommodative monetary policy that supported continued access to financing for households and businesses. These measures had contributed to the economic recovery in second half of 2009, resulting in an economic contraction of only 1.7% for the whole year. On the financial system, Governor noted that the Malaysian financial system stability was preserved throughout the year despite the challenging operating environment. Policy responses instituted at the early phase of the global crisis contributed to the stability of the financial system.

On the same day, the Finance Ministers and Central Bank Governors of the ASEAN Members States, China, Japan and Korea (ASEAN+3) and the Monetary Authority of Hong Kong, China, announced the Chiang Mai Initiative Multilateralisation (CMIM) Agreement that came into effect. The CMIM is a multilateral currency swap contract developed from the current CMI bilateral swap network to facilitate prompt and simultaneous currency swap transactions by participating countries through establishing a common decision making mechanism under a single contract. The total size of the CMIM currently is USD 120 billion.