

CALENDAR OF EVENTS April – Jun 2010

1 April 2010

The Bank announced that it will host the second Global Islamic Finance Forum (GIFF) 2010. Themed “Islamic Finance: Opportunities for Tomorrow”, GIFF 2010 will be held in Kuala Lumpur from 25th to 28th October 2010. A key international event in the calendar of Islamic finance, the GIFF 2010 is a high-level multi-track event that brings together regulators, scholars and financial industry players who are key drivers in shaping Islamic finance globally.

16 April 2010

The Bank announced that the Ministry of Finance (MoF) has approved the issuance of a commercial banking licence to a locally-incorporated company to be established by Bank of Baroda (40%), Indian Overseas Bank (35%) and Andhra Bank (25%). The licence was issued as a reinstatement of a commercial banking licence to an Indian bank previously operated in Malaysia. The presence of the new Indian commercial bank will further strengthen the economic and financial linkages between Malaysia and India.

10 May 2010

The MoF announced the issuance of Sukuk 1Malaysia 2010 amounting to RM3 billion on 21 June 2010 and the appointment of Bank Negara Malaysia as the issuer of the sukuk on behalf of the Government. The sukuk, which is scripless and based on Shariah principles, is an additional investment instrument for Malaysian citizens who are 21 years and above. The sukuk has a 3-year tenure and offers a return of 5% per annum. It has a resaleable feature which provides the flexibility for investors to sell and purchase the sukuk before the maturity date. On 23 June, the MoF announced that the Sukuk 1Malaysia 2010 amounting to RM2.4 billion was allotted to 74,781 investors.

11 May 2010

The Ministry of Finance announced that Malaysia plans to increase the deposit insurance limit to RM250,000 from the current limit of RM60,000, starting from January 2011 as part of efforts to enhance financial consumer protection for Malaysians and to promote continued public confidence in the financial system. The Government, through Perbadanan Insurans Deposit Malaysia (PIDM), aims to submit the proposal to parliament and complete the legislation process before the end of the year. PIDM will also develop legislation to introduce an explicit Insurance Compensation Scheme (ICS) for insurance and takaful policyholders, to ensure that policy holders will also enjoy a similar level of consumer protection provided by PIDM for depositors in the commercial banks and Islamic banks.

13 May 2010

At its third meeting for 2010, the Bank’s Monetary Policy Committee (MPC) decided to raise the Overnight Policy Rate (OPR) by 25 basis points to 2.50%. The MPC decided to adjust the OPR towards further normalisation of monetary conditions. At this new level, the stance of monetary policy continues to remain accommodative and supportive of economic growth. The Bank also announced that the Malaysian economy registered a strong growth of 10.1% in the first quarter of 2010, led by continued expansion in domestic demand and stronger external demand. On the supply side, all economic sectors recorded positive growth during the quarter, led by strong growth in the manufacturing and services sectors.

19 May 2010

The Bank and the Australian Treasury signed a Memorandum of Understanding (MoU) to facilitate cross border co-operation in the financial services industry, including Islamic finance and the regulation of financial products. The MoU aims to foster long-term strategic business development in conventional and Islamic finance between the two countries. These efforts represent an important step in establishing a collaborative partnership between Malaysia and Australia to provide greater synergy towards strengthening the inter-linkages between these two key financial centres.

20 May 2010

In her keynote address at the 6th World Islamic Economic Forum in Kuala Lumpur, Governor Dr. Zeti noted that while the Islamic financial system has generally performed well during the global financial crisis, it has learnt several lessons to make it stronger. She highlighted that several additional areas of development in the Islamic finance had been identified to enhance its ability to deal with a more challenging future operating environment. Among the identified areas are ensuring effective implementation of the prudential standards, development of the systemic liquidity management infrastructure and the establishment of strong financial safety nets.

31 May 2010

In her keynote address at the Bank of Korea International Conference 2010 in Seoul, Governor highlighted that Central Banks need to undertake their own transformation and modernisation in order to remain effective and responsive. She added that Central Banks must continuously improve the capability enhancement and capacity building to be well positioned and to have the ability to rise to the challenges of the new environment. This may involve significant changes to the governance arrangements, the empowering legislation, the skills required, the role of communications, the human capital management and the development of the organisational culture.

3 June 2010

The Bank and the Securities Commission Malaysia (SC) announced the launch of a global search to recognise and honour the outstanding contribution of an exceptional individual in Islamic finance. Spearheaded by the Malaysia International Islamic Financial Centre (MIFC) initiative, the award is regarded as a global benchmark in identifying exceptional individuals who have inspired the development of Islamic finance worldwide. The award is unique as it focuses on the individuals' record of achievement and outstanding contribution towards the development and advancement of Islamic finance globally.

15 June 2010

The Bank announced the appointment of Dato' Muhammad Ibrahim as Deputy Governor for a three year tenure effective 16 June 2010. Concurrently the Bank also announced the appointment of Dato' Ooi Sang Kuang as Special Adviser for a one year tenure following the completion of his term of eight years as Deputy Governor and the appointment of Puan Jessica Chew Cheng Lian as Assistant Governor for the regulation sector.

17 June 2010

The Bank awarded five new commercial banking licenses to the wholly-owned subsidiaries of the following banking institutions - BNP Paribas SA, France; Mizuho Corporate Bank, Japan; National Bank of Abu Dhabi, United Arab Emirates; PT Bank Mandiri (Persero) Tbk., Indonesia; and

Sumitomo Mitsui Banking Corporation, Japan. The new commercial banks will add to the diversity of the financial services industry, support the new areas of growth including green technology and facilitate the transformation of the Malaysian economy towards achieving high value-added and high income economy status. The presence of these banks will also further enhance Malaysia's international linkages through facilitating international trade and investment flows between Malaysia and other parts of the world.

25 June 2010

The Bank announced that starting 1 July 2010, foreign electronic brokers are allowed to offer electronic broking platforms for wholesale interbank trading in the Malaysian foreign exchange market. This initiative is aimed towards enhancing the participation of new players in the foreign exchange market to further increase the dynamism and competitiveness of this market.

29 June 2010

The Bank's Shariah Advisory Council (SAC) ruled that ta'widh or compensation, may be imposed on late payment of financial obligations arising from exchange contracts (such as buy, sell and hire purchase) and qard (loan). However, the ta'widh may only be imposed upon the lapse of the repayment period agreed by both contracting parties. The amount of ta'widh received may be recognised as income by the Islamic banking institutions on the basis that it is imposed as compensation for actual loss incurred. Furthermore, in order to safeguard public interest and to ensure justice to the financiers and customers, the SAC also ruled that Islamic banking institutions are obliged to grant ibra' (rebate) to customers for early settlement of financing based on buy and sell contracts (such as bai' bithaman ajil or murabahah).

30 June 2010

Governor Dr. Zeti was awarded the Official Monetary and Financial Institutions Forum (OMFIF) Vision of Asia Award in recognition of her outstanding leadership and economic expertise over the past 10 years. In her acceptance speech, Governor highlighted that the global economy is experiencing a significant and fundamental shift where Asia has now emerged as a major growth centre. She added that, as Asia becomes an increasing source of demand and becomes financially integrated with the rest of the world, the stage is set for Asia to assume a more prominent role in the global economy. She further noted that in the quest to achieve balanced global growth and financial stability, Asia holds the potential as a meaningful collaboration platform towards attaining sustainable global solutions and progress.