

## CALENDAR OF EVENTS April - Jun 2008

### 1 April 2008

The Rounding Mechanism to the nearest 5 sen for over-the-counter payments was fully implemented. Announced by the Bank in November 2007, the implementation of the Rounding Mechanism benefits consumers by making more convenient and faster payments while resulting in savings on handling costs for businesses. The 1 sen coin will remain a legal tender.

In a separate announcement on 14 April, the Bank's Shariah Advisory Council decided at its 74th meeting that the Rounding Mechanism is Shariah-compliant, based on the fact that the implementation is for public interest.

### 8 April 2008

The Bank announced the introduction of the Cheque Truncation and Conversion System (CTCS) to replace the current physical cheque clearing system with the objective of achieving faster clearing time for all cheques. The cheque truncation involves the clearing of cheques based on their image and magnetic ink character recognition (MICR) code data which would then be transmitted electronically. Subsequently, in the cheque conversion process, the clearing would be based solely on the MICR code which is then converted into a payment instruction. The implementation of CTCS will commence in May 2008 within Klang Valley area and it will be adopted on a nationwide basis by 2009. The new system will enhance the efficiency of the payout structure for both consumers and businesses and may even boost economic growth. The implementation of CTCS reflects the Bank's continuous effort to promote e-payment system for transactions.

### 29 April 2008

At its third meeting for 2008, the Bank's Monetary Policy Committee (MPC) decided to leave the Overnight Policy Rate (OPR) unchanged at 3.50%. The Monetary Policy Statement revealed that the latest available data from the major industrial economies indicate a moderation of economic activity in these countries. This is likely to lead to slower global growth in the months ahead. Subsequently at its meeting on 26 May, the MPC maintained OPR at 3.50%. The MPC noted that although the domestic economy performed well in the first quarter of 2008, there is clearer evidence of the slowing growth in the major economies. This moderation in growth is expected to be felt by the regional economies, including Malaysia, during the second half of the year.

The MPC views the latest data on key international and domestic economic variables as being supportive of its assessment that going forward, the risks to inflation are on the upside, while the risks to growth are on the downside. The MPS added that future thrust of monetary policy will depend on further information on the relative dominance of either risk going forward.

### 13 May 2008

Governor Dr. Zeti delivered a speech on "Globalisation of Islamic Finance Services - Opportunities and Challenges" at the Malaysia Country Showcase in Amman, Jordan, held in conjunction with the 5th Islamic Financial Services Board (IFSB) Summit. She highlighted that Islamic financial system is well positioned as a form of financial intermediation under increasingly uncertain global environment. She noted, however that adequate focus needs to be given on the implementation of international prudential standards and sound risk management practices in Islamic financial institutions to ensure

the financial stability and integrity of the financial system. Governor also pointed out that according greater mutual respect to global Shariah views for Islamic finance would also contribute to sustaining the overall viability and soundness of the Islamic financial system.

### **28 May 2008**

The Bank announced that Malaysia's GDP grew by 7.1% on an annual basis in the first quarter of 2008. The strong growth was driven by double-digit expansion in private and public consumption spending. This was further supported by strong external demand, strong export growth and moderating imports. Headline inflation for the period increased slightly to 2.6% from 2.2% in the previous quarter, due mainly to the rise in prices of food, and to a lesser extent in miscellaneous goods and services. The OPR remained at 3.50% throughout the first quarter of 2008, as the prevailing level of the policy rate remained consistent with the outlook for economic growth and inflation.

On the same day, the Bank announced further liberalisation of the foreign exchange administration rules on borrowing in foreign currency by residents as well as borrowing and lending in ringgit between residents and non-residents. This liberalisation is part of the Bank's continuous efforts to enhance Malaysia's competitiveness by facilitating greater access to financing and reducing the cost of doing business.

### **31 May 2008**

The Bank issued a set of commemorative coins to commemorate the 50th Anniversary of the establishment of the Royal Malaysian Air Force (RMAF). Later, on 24 Jun, the Bank issued a set of commemorative coins to mark the centennial of the establishment of St. John Ambulance of Malaysia (SJAM). Both sets are available in three specifications; Gold Commemorative Coin (proof), Silver Commemorative Coin (proof) and Nordic Gold Brilliant Uncirculated (B.U) Commemorative Coin.

### **2 June 2008**

The Bank, as the Secretariat of the National SME Development Council (NSDC), hosted the eighth NSDC meeting where several key initiatives were endorsed to promote a more competitive and resilient small and medium enterprise (SME) sector. Among others, the Council agreed to set up a Special Committee headed by the Governor of Bank Negara Malaysia to recommend measures to help SMEs cope with rising inflation due to higher oil prices and costs. Measures to be considered include measures to encourage SMEs to upgrade their machineries and equipment, as well as to enhance SME awareness and understanding on existing development programmes and financial assistance schemes made available for the sector.

### **3 June 2008**

At the Mobile Digital Signature 2008 Symposium, Governor delivered a keynote address on "Towards a More Efficient Payment System: Electronic Payments". She highlighted that by adopting a more expedient and efficient means of payment, it will substantially increase the level of business efficiency and thus reduce costs. Governor highlighted that studies have shown that shifting from paper based to electronic based payment systems can generate an annual savings up to 1% of GDP. Bank Negara Malaysia has formulated an Electronic Payments Roadmap aimed at identifying the priority areas that require attention and collaboration to promote an environment that is conducive for greater use of electronic payment in financial transactions.

## 5 June 2008

Governor delivered a keynote address, entitled “Taking the Leap in Paradigm Shift of Banking - New Wave, New Ventures” at the 12th Malaysian Banking Summit organised by ASLI. Governor said that competitive pressures and global developments will continue to shape the transformation process of the financial sector. She highlighted that as a whole, Malaysian banking sector is sound, particularly the domestic banking institutions, which have benefited from the broad-based reforms and capacity building measures that were undertaken following the Asian financial crisis. She noted that the progress of the financial sector had surpassed initial expectations outlined in the Financial Sector Masterplan. Going forward, the industry’s liberalisation plan is aimed at reinforcing the role of the financial sector in the next phase of development, capitalising on core comparative advantages while reaping benefits from alliances and partnerships. Governor also highlighted that on the regulatory side, the Bank would continue to direct significant efforts and resources towards strengthening its surveillance capabilities to detect, monitor and to deal pre-emptively with emerging risks in the financial system.