

CALENDAR OF EVENTS July – September 2008

9 July 2008

Governor Dr. Zeti, in her keynote address at the Banking Industry Seminar “Enhancing SMEs’ Awareness on Access to Financing”, said that SMEs have significant potential to increase their contribution to economic growth. She urged Malaysian SMEs to take proactive measures such as finding new market and avenues of growth as well as reengineering business processes to achieve cost efficiency and improving productivity in order to overcome the current slowdown in global economic and financial environment. She also highlighted that banking institutions should assist the SMEs by providing greater access to financing, improving advisory services on financial management and according greater flexibility in structuring the financing facility.

On the same day, the Bank announced that effective 15 July 2008, the transaction fee imposed on banks for third party payments using the real time gross settlement system (RENTAS) is reduced from RM2.50 to RM1.50. At the same time, the banking industry will also review its fee on fund transfers from the existing structure, based on Inland Exchange Commission of 0.03%, to a fixed fee structure to defray the cost involved. The review shall result in reduction of the transaction fee charged on customers for inter-states funds transfer in Malaysia. All these are part of the Bank’s initiatives to promote greater use of electronic payments and to reduce the cost of doing business.

24 July 2008

The Bank as the Secretariat of the National SME Development Council (NSDC) released the SME Annual Report 2007. The report highlighted success stories of SMEs which benefited from the Government’s programmes and incentives. The report also provided information on the SMEs performance, as well as major programmes undertaken by the Government to promote the development of SMEs. The Bank also announced the official handover of the NSDC Secretariat function to the Small and Medium Industries Development Corporation (SMIDEC), which would be known as SME Corporation Malaysia (SME Corp) and takes effect in January 2009.

25 July 2008

At its fifth meeting for 2008, the Bank’s Monetary Policy Committee (MPC) decided to leave the Overnight Policy Rate (OPR) unchanged at 3.50%. The MPC stated that the Malaysian economy had performed well in the first-half of 2008 driven by robust domestic demand and reinforced by favourable export performance. In the subsequent twelve months, however, the country’s economy would experience a more challenging environment in which both the risks to higher inflation and slower growth have increased considerably mainly due to higher international energy and commodity prices. The MPC, at its subsequent meeting on 25 August, decided to maintain the OPR at the same level.

11 August 2008

The Malaysia International Islamic Financial Centre (MIFC) global communications campaign was jointly launched by Governor Dr. Zeti as the Chairman of the MIFC Executive Committee, and Dato’ Zarinah Anwar, Chairman of Securities Commission Malaysia at the Malaysian Islamic Finance 2008 Investors and Issuers Forum in Kuala Lumpur. In her opening remarks Governor highlighted that Islamic finance in Malaysia, developed over thirty years, is supported

by five key pillars namely sukuk origination, Islamic fund and wealth management, international Islamic banking, international takaful business and human capital and thought leadership. The global campaign captures key value propositions and aspirations of the MIFC initiative and strives to promote Malaysia as a leading Islamic financial hub.

12 August 2008

The Bank signed a Memorandum of Understanding (MoU) with Bangladesh Bank in Kuala Lumpur on the exchange of financial intelligence concerning money laundering and terrorism financing. This brings the total number of MoUs signed with foreign counterparts on the similar scopes of cooperation to 15 MoUs. The signing of the MoU is in line with the Bank's continuous efforts to combat money laundering and terrorist financing by forging alliances and collaboration with foreign institutions.

18 August 2008

At the 4th SEACEN Centre, Apec Business Advisory Council (ABAC), the Asian Bankers Association (ABA) and the Pacific Economic Cooperation Council (PECC) Public-Private Dialogue for the Asia Pacific Region, Governor spoke on the significance of Basel II implementation in the development of Asia's financial system. She highlighted that the implementation of Basel II across the Asia Pacific region will enable banks to significantly enhance long-term resilience and competitive advantage, while preserving financial stability through closer alignment of risk with capital.

21 August 2008

The Bank signed a MoU with the Department of Statistics Malaysia (DOSM) on data sharing arrangements. The arrangement allow DOSM to use the Bank's data for compilation of economic and social indicators. The data is then shared with other government agencies to facilitate them in planning, monitoring and policy formulation. The MoU paved the way for more collaborative efforts among government agencies with the aim of achieving a higher level of efficiency and effectiveness in terms of data collection and dissemination.

29 August 2008

The Bank announced that the Malaysian economy registered a growth of 6.3% year-on-year in the second quarter of 2008 (1Q 08: 7.1%). The growth was sustained by strong external demand while domestic demand grew at a more moderate pace. On the supply side, growth was supported by sustained strong performance in the services sector and favourable performance in the communication, transport and storage; and finance and insurance sub-sectors. Headline inflation for the period rose to 4.8% from 2.6% in the previous quarter, mainly due to higher retail prices for fuel, as well as higher food prices. Inflation is projected to remain elevated in the second-half of the year and into early next year before moderating towards mid-2009. The OPR remained unchanged at 3.50% throughout the second quarter, as the prevailing level of the policy rate remained consistent with the outlook for economic growth and inflation.

22 September 2008

In a statement published on the Bank's website Governor said that the ringgit will continue to operate under a managed float regime which provides Malaysia with the flexibility to adjust to international economic and financial developments. She highlighted that the regime also accords exchange rate stability against Malaysia's main trading partners.

30 September 2008

Governor was appointed by Bank for International Settlements (BIS) as Chair of the BIS Asian Consultative Council (ACC) for a two-year term effective October 2008. The position was previously held by Yaga V Reddy, Governor of the Reserve Bank of India from March 2007 to September 2008. The ACC comprises the Governors of the BIS member central banks in the Asia-Pacific region. It was established in 2001 to facilitate communication and deliberation between these central banks and the BIS Board and Management on matters of interest to the Asian central banking community.