

Contents

GOVERNOR'S STATEMENT

EXECUTIVE SUMMARY

Financial Stability Report

RISK DEVELOPMENTS AND ASSESSMENT OF FINANCIAL STABILITY IN 2014

- 13 Overview
- 14 Managing Risks Arising from Household Indebtedness
- 19 Managing Developments in the Domestic Property Market
- 24 Managing Credit Risk Exposures to Businesses
- 26 *Box Article: Malaysian Corporate Leverage and its Systemic Implications*
- 38 Managing Risks from Financial Market Volatility
- 45 Managing Contagion Risk from External Exposures and Overseas Operations
- 49 Interlinkages of the Banking System with Non-Bank Financial Institutions (NBFIs)
- 52 Financial Institution Soundness and Resilience

DEVELOPMENT OF THE FINANCIAL SECTOR

- 63 Ensuring Effective and Efficient Intermediation
- 64 Strengthening the Insurance and Takaful Industry
- 66 Developing Deep and Vibrant Financial Markets
- 69 Advancing the Financial Inclusion Agenda
- 70 Malaysia as an International Islamic Finance Marketplace
- 71 Regional and International Developments
- 72 *Box Article: Investment Accounts under IFSA*
- 78 Continued Development of Human Capital

REGULATORY AND SUPERVISORY FRAMEWORK

- 85 Strengthening the Prudential Framework
- 91 Safeguarding the Integrity of the Financial System
- 94 Enforcement Activities
- 96 *Box Article: Management of Cyber Risks*



MARKET CONDUCT AND CONSUMER EMPOWERMENT

103 Managing Risks to Financial Consumers

106 *Box Article: Effectiveness of the Product Disclosure Sheet in Influencing Sound Financial Decisions*

111 Strengthening Redress Mechanisms for Consumers

112 Well-Informed and Responsible Financial Consumers



Payment Systems Report

PAYMENT AND SETTLEMENT SYSTEMS

117 Promoting the Stability of Payment and Settlement Systems

120 Key Trends and Developments in the Retail Payment Systems

125 Enhancing Cross-Border and Regional Cooperation



ANNEX