

Contents

Governor's Statement

Overview of the Financial System

- 3 Components of the Financial System
- 7 Financial Intermediation - Sources and Uses of Funds
- 7 Performance of the Financial Sector

Risk Assessment of the Financial System

- 15 Overview
- 16 Global Macroeconomic and Financial Developments
- 19 Malaysian Macroeconomic and Financial Developments
- 22 Non Financial Sector
- 28 Financial Sector Risk Assessment
- 35 Risk Assessment Going Forward
- 38 *White Box: Malaysia's Anti Money Laundering/Counter Financing of Terrorism (AML/CFT) Programme*

Transformation of the Financial Sector

- 45 Institutional Transformation
- 47 Financial Infrastructure Development
- 48 Financial Market Development
- 49 Regulatory and Supervisory Initiatives
- 53 Financial Inclusion
- 55 Malaysia International Islamic Financial Centre (MIFC)
- 57 International Co-operation
- 58 Outlook: Future Policies
- 61 *White Box: Market Conduct and Consumer Capability*

Payment and Settlement Systems

- 67 Managing Payment System Stability and Confidence
- 71 Managing Payment System Risks
- 73 Enhancing Competition and Increasing Payment Efficiency
- 80 External Relations
- 81 Moving Forward

Special Features

- 85 Realignment of Regulatory and Supervisory Functions
- 90 Malaysian Bond Market

Annex