



Governance

106 Board of Directors, Senior Management
and Statutory Committees of the Bank

Governance



Governance

Bank Negara Malaysia is responsible for promoting monetary and financial stability conducive to the sustainable growth of the Malaysian economy. Our governance arrangements ensure that we continue to discharge our mandates effectively as a credible and independent institution. These arrangements are set out by statute – in the Central Bank of Malaysia Act 2009 and other laws that the Bank administers – as well as internal policies developed within the institution over the years. In addition to clarifying roles and responsibilities, our governance structures are designed to promote accountability and high standards of integrity in discharging our duties and conducting our operations.

Board of Directors

The Board is chaired by the Governor and comprises the Deputy Governors, the Secretary General of the Treasury as well as Independent Non-Executive Members who form the majority within the Board. His Majesty the Yang di-Pertuan Agong appoints all members of the Board, except the Deputy Governors, who are appointed by the Minister of Finance. As set out in the Central Bank of Malaysia Act 2009, the Board is responsible for overseeing the management and operations of the Bank to ensure that the Bank remains financially and operationally sound and that its financial resources are utilised effectively and efficiently for purposes of delivering its mandates.

As the Board is statutorily required to meet at least once a month, the Board had its first virtual monthly meeting in March 2020 following the nationwide Movement Control Order. Throughout the challenging period in 2020, the Board and the Senior Management

team had continuous engagements on the Bank's policy responses including its public communications and engagements with key stakeholders, risk and control environment, governance frameworks and human capital development initiatives. In this regard, the Board provided oversight and advice on the Bank's policy measures to address the impact of the pandemic for affected individuals and businesses, and to effectively preserve monetary and financial stability conducive to the sustainable growth of the Malaysian economy during this challenging period. The Board was also highly supportive of the Bank in navigating towards the new way of working and remaining disciplined, prudent and responsible in managing its resources.

In 2020, the Board secured an attendance rate of 96.4% for Board meetings and full attendance for Board Committees meetings, as illustrated in the following table:

Board of Directors

Designation	Members	Board	BGC	BAC	BRC
Chairman	Nor Shamsiah Yunus	14/14			
Ex-officio	Abdul Rasheed Ghaffour	14/14			
	Jessica Chew Cheng Lian	14/14			
	Marzunisham Omar ¹	8/8			
	Dato' Asri Hamidon @ Hamidin ² (Secretary General of the Treasury)	5/9*			
Independent Non-Executive	Dato' N. Sadasivan a/l N.N Pillay ³	14/14	7/7	6/6	
	Dato Sri Lim Haw Kuang	14/14	7/7		6/6
	Dato' Paduka Sulaiman Mustafa	14/14	7/7	6/6	2/2
	Chin Suit Fang	14/14	1/1	6/6	6/6
	Dato' Dr. Nirmala Menon a/p Y.B. Menon ⁴	11/12*		4/4	5/5
	Tan Sri Mohamed Azman Yahya ⁵	8/8	6/6		4/4

Retired during 2020

Ex-officio	Tan Sri Ahmad Badri Mohd Zahir (Secretary General of the Treasury)	4/4			
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Note:

¹ Appointed as Deputy Governor and Board member on 15 June 2020.

² Appointed on 14 May 2020, subsequent to the retirement of Tan Sri Ahmad Badri Mohd Zahir on 1 May 2020.

³ Reappointed on 1 March 2020.

⁴ Appointed on 16 March 2020.

⁵ Appointed on 1 June 2020.

*Due to unavoidable prior commitments.

Board Induction and Development

The Bank has in place a comprehensive on-boarding programme designed to provide newly appointed Board members with perspectives on the key mandates, policy priorities, governing frameworks and operational aspects of the Bank, thus equipping them to perform their oversight role efficiently. The Independent Non-Executive Members of the Board bring together a collective set of skills, knowledge and experience, as well as valuable wisdom and insight, in macroeconomics and policy formulation perspectives, in-depth understanding of issues in the financial, business and public sector as well as extensive experience in accounting, finance, public communication, information and technology, risk management and audit. Throughout the year, the Board participated in various training sessions on contemporary themes such as digital currencies, cybersecurity, climate change risks and agile governance in the post pandemic world in order to remain current and anticipatory of emerging trends and latest developments that may affect the Bank.

Board of Directors*

- 1 **Nor Shamsiah Yunus**
Chairman
- 2 **Abdul Rasheed Ghaffour**
- 3 **Jessica Chew Cheng Lian**
- 4 **Marzunisham Omar**
- 5 **Dato' Asri Hamidon @ Hamidin**
- 6 **Dato' N. Sadasivan a/l N.N Pillay¹**
- 7 **Dato Sri Lim Haw Kuang**
- 8 **Dato' Paduka Sulaiman Mustafa**
- 9 **Chin Suit Fang**
- 10 **Dato' Dr. Nirmala Menon a/p Y.B. Menon**
- 11 **Tan Sri Mohamed Azman Yahya**



¹ The Board of Directors wishes to extend our appreciation and gratitude to our long-serving member of 21 years, Dato' N. Sadasivan a/l N.N Pillay, who completed his term on 14 March 2021.

* As at 1 March 2021

Board Committees

The Board is supported by three committees consisting solely of Independent Non-Executive Members - the Board Governance Committee, Board Audit Committee and Board Risk Committee. Each of these Committees is guided by its own terms of reference to assist the Board in providing oversight of the administration of the Bank.

During the year, these committees reviewed and deliberated on key matters affecting the Bank, with the objective of ensuring adequate internal checks and balances on the management and operations of the Bank.

	Board Governance Committee (BGC)	Board Audit Committee (BAC)	Board Risk Committee (BRC)
Number of Meetings	7	6	6
Membership	<p>Chairman: Dato' Paduka Sulaiman Mustafa</p> <ul style="list-style-type: none"> · Dato' N. Sadasivan a/l N. N Pillay · Dato Sri Lim Haw Kuang · Tan Sri Mohamed Azman Yahya⁶ <p>Note: ⁶ Appointed on 1 June 2020. Subsequently, Chin Suit Fang stepped down from BGC, for purpose of rotation of Board Committees' memberships.</p>	<p>Chairman: Chin Suit Fang⁷</p> <ul style="list-style-type: none"> · Dato' N. Sadasivan a/l N. N Pillay · Dato' Paduka Sulaiman Mustafa · Dato' Dr. Nirmala Menon a/p Y.B. Menon⁸ <p>Note: ⁷ Appointed as Chairman on 16 March 2020 to replace Dato' N. Sadasivan as part of Board's succession planning. ⁸ Appointed on 16 March 2020.</p>	<p>Chairman: Dato Sri Lim Haw Kuang</p> <ul style="list-style-type: none"> · Chin Suit Fang · Dato' Dr. Nirmala Menon a/p Y.B. Menon⁹ · Tan Sri Mohamed Azman Yahya¹⁰ <p>Note: ⁹ Appointed on 16 March 2020. Subsequently, Dato' Paduka Sulaiman Mustafa stepped down from BRC. ¹⁰ Appointed on 1 June 2020.</p>
Roles and Responsibilities	<ul style="list-style-type: none"> • Responsible for overseeing the Bank's governance framework and practices • Reviews and makes recommendations to the Board on the Bank's budget, operating plan and remuneration policies • Recommends to the Board on the appointment and reappointment of members of the Board and other committees of the Bank 	<ul style="list-style-type: none"> • Responsible for the integrity of the Bank's accounts and financial statements • Provides oversight over the adequacy of the Bank's internal controls and compliance with legal requirements • Reviews and approves the Bank's audit framework, audit charter, internal audit plan and audit reports, and oversees management actions to address material findings 	<ul style="list-style-type: none"> • Responsible for oversight of financial, operational, reputational, technology and cybersecurity risks • Oversees the implementation of the Bank's enterprise risk management framework • Makes recommendations to the Board on the risk appetite statement and key risk policies of the Bank

Senior Management

As provided by the Central Bank of Malaysia Act 2009, the Governor is responsible for the management of the Bank in discharging its mandates. In performing these duties, the Governor is assisted by a senior management team consisting of Deputy and Assistant Governors. The Bank's organisation structure is designed to promote clear lines of reporting and accountability across its wide-ranging functions.

Various management committees are established to enable the senior management team and other senior officers of the Bank to deliberate on the Bank's business, and in particular those involving the organisation's strategy and top-most priorities. These management committees include policy committees such as the Financial Stability Committee and the Joint Policy Committee, a committee tasked to deliberate cross-cutting issues and coordinate policies that may have impact on the financial system and the broader economy. The management committees enable the Bank to draw on diverse functional backgrounds and insights across the Bank to arrive at well-informed decisions through open and candid deliberations.

Supported by these structures, senior management sets internal policies and leads the operations of the Bank to ensure that it gives effect to its objects, carries out its functions and uses its resources in a manner that is effective, prudent and consistent with the interests of the Bank, for the benefit of the nation.

Senior Management*



Nor Shamsiah Yunus
Governor



Abdul Rasheed Ghaffour
Deputy Governor



Jessica Chew Cheng Lian
Deputy Governor



Marzunisham Omar
Deputy Governor



Norzila Abdul Aziz
Assistant Governor



Mohd. Adhari Belal Din
Assistant Governor



Abu Hassan Alshari Yahaya
Assistant Governor



Adnan Zaylani Mohamad Zahid
Assistant Governor



Aznan Abdul Aziz
Assistant Governor



Fraziali Ismail
Assistant Governor



Dr. Norhana Endut
Assistant Governor

* As at 31 March 2021.

Other Senior Officers*

<p>Economics</p> <p>Monetary Policy</p> <p>International</p> <p>Data Management and Statistics</p>	<p>Idwan Suhardi Hakim</p> <p>Dr. Mohamad Hasni Sha'ari</p> <p>Raja Syamsul Anwar Raja Mohammed Affandi</p> <p>Ong Li Ming</p>
<p>Investment Operations and Financial Markets</p> <p><i>Representative Offices:</i></p> <p>London Representative Office</p> <p>New York Representative Office</p> <p>Beijing Representative Office</p> <p>Foreign Exchange Policy</p>	<p>Mohamad Ali Iqbal Abdul Khalid</p> <p>Shahredza Minhat</p> <p>Azizul Sabri Abdullah</p> <p>Soo Woan Chin</p> <p>Albert See Choon Kwang</p>
<p>Financial Development and Innovation</p> <p>Islamic Banking and Takaful</p> <p>Insurance Development</p> <p>Development Finance and Inclusion</p>	<p>Suhaimi Ali</p> <p>Madelena Mohamed</p> <p>Lau Chin Ching</p> <p>Arlina Ariff</p>
<p>Financial Conglomerates Supervision</p> <p>Banking Supervision</p> <p>Insurance and Takaful Supervision</p> <p>Risk Specialist and Technology Supervision</p> <p>Payments Oversight</p>	<p>Vijayakumar MV Nair</p> <p>Mohd Zabidi Md Nor</p> <p>Hew Ee-Lu</p> <p>Daniel Chin Shen Li</p> <p>Shahariah Othman</p>
<p>Financial Intelligence and Enforcement</p>	<p>Mohd Fuad Arshad</p>
<p>Financial Surveillance</p> <p>Prudential Financial Policy</p> <p>Consumer and Market Conduct</p> <p>Money Services Business Regulation</p>	<p>Qaiser Iskandar Anwarudin</p> <p>Cindy Siah Hooi Hoon</p> <p>Lim Hsin Ying</p> <p>Nik Mohamed Din Nik Musa</p>

* As at 31 March 2021.

Currency Management and Operations	Azman Mat Ali
Finance	Affendi Rashdi
LINK and BNM Offices	Nor Rafidz Nazri
BNM Office Johor Bahru	Rosnani Mahamad Zain
BNM Office Pulau Pinang	Hasjun Hashim
BNM Office Kuching	Mohd Irman Haji Mohd Din
BNM Office Kota Kinabalu	Zambre Ismail
BNM Office Kuala Terengganu	Adlis Khairil Sazli Mohd Zaini
Centralised Procurement Unit	Shum Sook Yi

Strategic Human Capital	Abd. Rahman Abu Bakar
Human Capital Development Centre	Kristina Rai
Human Capital Services	Faizal Muhammad Sudin

Chief Information Officer	Tay Gim Soon
Business Technology	Victor Khor Eng Swee
Digital Technology Infrastructure	Leong Kwan Seng
Cyber Security and Data Protection	Aizuddin Mohd Ghazali

Chief Services Officer	Shamsuddin Mohd Mahayidin
Facility Management Services	Razman Samsudin
Hospitality and Museum	Hairi Adam
Organisational Security Management	Ahmad Azaharudin Mohd Anuar

Governor's Office	Abd. Rahman Abu Bakar
Ethics and Integrity Office	Santamarie Shamni Arulanandam
Internal Audit	Marina Abdul Kahar
Risk Management	Beh Cheng Hoon
Legal	Izhar Ismail
Strategic Communications	Shasha Kartini Ridzam

Statutory Committees

In certain areas, the responsibility for decision-making is placed beyond the direct remit of the Board or Management. These matters are reserved for specific organs created by statute.

Monetary Policy Committee

The primary objective of monetary policy in Malaysia is to maintain price stability while giving due regard to developments in the economy. Under the Central Bank of Malaysia Act 2009 (CBA 2009), the Monetary Policy Committee (MPC) of Bank Negara Malaysia is charged with the responsibility of formulating monetary policy and the policies for the conduct of monetary policy operations.¹ In this regard, the MPC decides on the policy interest rate, the Overnight Policy Rate (OPR), to influence other interest rates in the economy.

In carrying out this mandate, the MPC determines the direction of monetary policy based on its assessment of the balance of risks to the outlook for both domestic growth and inflation. The MPC also monitors risks of destabilising financial imbalances given their implications for the prospects of the economy. The Committee meets at least six times a year to decide on the OPR and publishes the Monetary Policy Statement (MPS) following each meeting to explain its decisions.

The MPC comprises the Governor, the Deputy Governors, and not less than three but not more than seven other members, including external members who are appointed by the Minister of Finance upon the recommendation of the Bank's Board Governance Committee. At present, the MPC has eight members, two of whom are external members. The membership of the MPC seeks to bring together a diversity of expertise and experience that is critical for sound decision-making on monetary policy.

Members*

Nor Shamsiah Yunus (Chairman)

Abdul Rasheed Ghaffour

Jessica Chew Cheng Lian

Marzunisham Omar

Norzila Abdul Aziz

Dr. Norhana Endut

Dato' Dr. Gan Wee Beng (External Member)

Nor Zahidi Alias (External Member)

* As at 31 March 2021.

¹ For a detailed account of the evolution of the MPC, and its governance and processes, refer to the 'Box Article: Evolution of the Monetary Policy Committee of Bank Negara Malaysia: Key Milestones over the Years' in the Bank's Annual Report 2015.

Financial Stability Executive Committee

The Financial Stability Executive Committee (FSEC) was established in 2010 pursuant to Section 37 of the Central Bank of Malaysia Act 2009 (CBA 2009). The FSEC supports the Bank's statutory mandate of preserving financial stability through its powers to decide on specific policy measures that may be taken by the Bank to avert or reduce risks to financial stability.

In carrying out this mandate, the FSEC reviews, assesses and decides on proposals tabled by the Bank to:

- Issue orders to a person or financial institution that is not regulated nor supervised by the Bank to undertake specific measures in the interest of financial stability;
- Extend liquidity assistance to a financial institution that is not regulated nor supervised by the Bank, or to the overseas operations of a licensed financial institution in Malaysia; and
- Provide capital support to a licensed financial institution in Malaysia that has ceased to be viable or is likely to become non-viable.

This serves to ensure continuous and effective financial intermediation, including the orderly functioning of the money market and foreign exchange market, and preserve public confidence in the financial system.

The FSEC consists of seven members, a majority of whom are non-executive members who are independent of the Bank's Management. Members are subject to the FSEC's Code of Ethics and Conflict of Interest, which serves to preserve the integrity of the FSEC's decisions. In 2020, the FSEC met twice to discuss risks to financial stability, with a focus on the potential impact from the COVID-19 pandemic on the financial system.

Members*

Nor Shamsiah Yunus (Chairman)

Abdul Rasheed Ghaffour

Dato' Asri Hamidon @ Hamidin

Datuk Syed Zaid Albar

Rafiz Azuan Abdullah

Yoong Sin Min (External Expert)

Dato' Abdul Rauf Rashid (External Expert)

* As at 31 March 2021.

Shariah Advisory Council

The Shariah Advisory Council of Bank Negara Malaysia (SAC) was established in May 1997 as the highest Shariah authority for Islamic banking and takaful in Malaysia. The Central Bank of Malaysia Act 2009 (CBA 2009) reinforces the roles and functions of the SAC as the authority for the ascertainment of Islamic law for the purposes of Islamic financial activities which are supervised and regulated by the Bank.

The SAC assumes a pivotal role in ensuring the consistency of Shariah rulings applied by the Islamic banking and takaful industry. The Shariah rulings by the SAC serve as a main reference for Islamic financial institutions to ensure end-to-end Shariah compliance in the structure and implementation of their financial activities. In addition, the CBA 2009 provides that Shariah matters brought to the court or raised in any arbitration proceeding must be referred to the SAC for clarity and certainty.

The SAC provides the Shariah basis for the development of a comprehensive Shariah contract-based regulatory framework for Islamic banking and takaful in Malaysia. In this regard, the SAC defines the essential features of the contracts taking into consideration the various Shariah views, research findings, as well as custom and market practices. The SAC, through its members, individually and collectively provides continuous support for more product innovation and also encourages harmonisation of Shariah interpretation in addressing the fundamental values of Islamic finance, consistent with the social and market needs locally and globally.

The SAC members are appointed with approval by Yang di-Pertuan Agong, on the advice of the Minister of Finance after consultation with the Bank. Currently, the SAC has nine members of Shariah scholars and practitioners with vast experience, domestically and abroad, particularly in the areas of Shariah, laws, Islamic economics and finance. During the year, the Bank revised the SAC's Terms of Reference as part of its periodic review to strengthen the quality and rigour of Shariah deliberation. The revision emphasised the Bank's expectations on the breadth and depth of Shariah knowledge and relevant disciplines, professional experience, commitment and diligence, and research capabilities of the SAC's members. Such diversity would ensure that the SAC is equipped to deal and respond to evolving issues confronting the Islamic financial sector in Malaysia.

Members*

Datuk Dr. Mohd Daud Bakar (Chairman)

Prof. Dr. Ashraf Md. Hashim (Deputy Chairman)

Sahibus Samahah Dato' Dr. Haji Anhar Haji Opir

Dato' A. Aziz. A. Rahim

Prof. Dr. Mohamad Akram Laldin

Prof. Dr. Engku Rabiah Adawiah Engku Ali

Dr. Marjan Muhammad

Burhanuddin Lukman

Zainal Abidin Jamal

* As at 31 March 2021.

Monetary Penalty Review Committee

The Monetary Penalty Review Committee (MPRC) is an independent committee legislated under section 238 of the Financial Services Act 2013 (FSA) and section 249 of the Islamic Financial Services Act 2013 (IFSA). The MPRC considers appeals from persons (individuals or institutions) against the administrative monetary penalties or pecuniary remedies imposed by the Bank in exercising its administrative enforcement powers under the FSA, the IFSA and the Development Financial Institutions Act 2002.

The MPRC provides an independent avenue for aggrieved parties to appeal against the Bank's decisions. The MPRC may decide to either confirm the Bank's decision or require the Bank to reconsider and reach a decision in accordance with the findings of the MPRC. The members of MPRC are appointed by the Minister of Finance from among the Non-Executive Directors of the Bank or other persons external to the Bank.

Members*

Tan Sri Hasan Lah (Chairman)

Prof. Dr. Choong Yeow Choy

Chin Suit Fang

Lillian Leong Bee Lian

* As at 31 March 2021.