



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Bank Negara Malaysia's High Level Conference

**Opening Remarks by
Dr. Zeti Akhtar Aziz
Governor, Bank Negara Malaysia
10 February 2009**

Honourable Governors,

Distinguished guests,

Ladies and Gentlemen,

It is my pleasure to welcome you to the Bank Negara Malaysia Conference on "Central Banking in the 21st Century: Implications of Economic and Financial Globalisation" that is being held in conjunction with the 50th Anniversary of Bank Negara Malaysia. Indeed, the conference takes place at a time when we need to reflect on the many issues that are emerging from the current global financial and economic crisis and the new challenges and lessons that it brings to central banks.

We are most honoured by the presence of central banks from more than 50 countries who have come to be with us on the occasion of our 50th Anniversary. This gathering has also brought together distinguished speakers not only from the central banking community but also outstanding scholars and senior

practitioners from the financial services industry. It is hoped that this conference will contribute to a greater understanding of the issues confronting central banks in the 21st century.

Indeed, we are now in a world that is fundamentally different, a world that calls for a greater appreciation of the changes that need to be made to the systems and structures, to the institutional arrangements and mechanisms, and to the manner in which we operate in this new environment. The international dimension of these changes calls for an outcome in which the international financial system is less prone to disruptions and failures and in which economic progress is a shared prosperity amongst nations.

Globalisation had a deep impact on the way modern economies function. The benefits of globalisation have accrued to diverse communities and regions but it has also brought with it significant risks. While the Asian Crisis showed the effects of globalisation, it also showed that Asia was able to rapidly rebound and continue to benefit from increased international trade and financial flows. The rapid restoration of stability and resumption of growth had confined the crisis to Asia.

As the current financial crisis is translated into an economic crisis, its repercussions are now being felt on a global scale. While the turmoil had its

origins in a number of the developed economies, its continued escalation has extended the effects of the crisis to the rest of the world.

Economic and financial globalisation thus not only calls for policy responses at the national level but also at the international level. It also calls for the consideration that such policy responses may have implications that extend beyond domestic borders. Benefits may also be derived from cross border coordination of policy responses to increase the prospects of achieving the desired outcomes.

Our conference today focuses on the impact of economic and financial globalisation on the role of central banks, as well as to assess how central banks can effectively contribute to promote stability in this environment. In particular, this conference will be looking at the implications and challenges that globalisation brings to the mandate of the central banks in preserving monetary and financial stability. The pace and nature of globalisation has also brought significant stress to the international financial architecture. The current financial crisis has highlighted the vulnerabilities in the international financial architecture, leading to renewed thinking about the reform of the global financial system. Tonight, Professor Joseph Stiglitz will be speaking on “Strong Institutions for Growth and Crisis Management”.

Tomorrow, we will address some of the specific management challenges central banks face in a globalised environment. We will also discuss some recent developments in central banks' cooperation and the areas for reform of the international financial architecture.

Ladies and gentlemen,

The crisis presents an opportunity for us to re-evaluate, promote and embrace sustainable long terms solutions. Our focus is for the discussions to contribute to the means through which central banks can contribute more effectively in promoting stability and economic growth. This conference, we hope, will provide an opportunity to reassess our traditional views on many of the issues before us. On that note, I wish you a very engaging and substantive conference.

Thank you.

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