CALENDAR OF EVENTS
January – March 2013

31 January 201

At its first meeting for 2011, the Bank's Monetary Policy Committee (MPC) decided to maintain the Overnight Policy Rate (OPR) at 3.00%. According to the MPC, the global economic activity is showing signs of improvement, albeit at an uneven pace. Growth in the major advanced economies remains constrained by ongoing fiscal consolidation and weak labour market conditions.

On the Malaysian economy, the MPC added that a broad set of indicators suggests robust expansion in the fourth quarter of 2012. Growth was driven by sustained domestic consumption and investment activity with some improvements in the external sector. Looking ahead, domestic demand is expected to continue to expand, underpinned by firm private sector activity. In 2013, inflation is expected to be higher but to remain modest. The MPC considers the current stance of monetary policy to be supportive of the economy while inflation remains contained.

At its subsequent meeting on 7 March, the MPC kept the OPR at the same level, citing the current stance of monetary policy to be appropriate given the outlook for inflation and growth.

20 February 2013

The Bank announced that despite the challenging global economic environment, the Malaysian economy registered higher growth of 6.4% in 4Q 2012 (3Q 12: 5.3%). This was mainly on account of the continued strength in domestic demand with total investment being the main driver of growth. On the supply side, growth in most economic sectors improved, led by the manufacturing and services sectors. For the year as a whole, the Malaysian economy expanded by 5.6%.

1 Mar 2013

The Bank provided an update on measures undertaken by members of a High Level Multi-Agency Special Task Force (Task Force) to reduce illicit financial flows. The Task Force comprises Attorney General's Chambers of Malaysia, Royal Malaysian Customs Department, Royal Malaysia Police, Malaysian Anti-Corruption Commission, Inland Revenue Board of Malaysia, Immigration Department of Malaysia and Bank Negara Malaysia. Among the measures are the following:

- actions by the Royal Malaysian Customs Department against entities and individuals who have evaded customs duties
- actions by the Inland Revenue Board of Malaysia on entities and individuals who have evaded taxes. Both these efforts have resulted in a significant rise in tax and duties collections.
- the new Money Services Business Act 2011 under the purview of Bank Negara Malaysia to support the development of a more dynamic and competitive money services business industry (comprising the money changing, remittance and wholesale currency businesses). The relicensing exercise of all money services businesses has enhanced the capacity of the money services business industry to be more professional and prevent the players from becoming a conduit for illegal fund transfer activities.

20 March 2013

The Bank released its Annual Report and the Financial Stability and Payment Systems Report for 2012. At the press conference, Governor Dr. Zeti announced that the Malaysian economy recorded a strong growth of 5.6%, better than market expectations. The better performance was driven by higher growth in domestic demand, which outweighed the negative impact from the weak external environment. Domestic demand recorded the highest rate of expansion over the recent decade, underpinned by higher consumption and investment spending. On the supply side, all economic sectors continued to expand in 2012 with the construction sector registering its highest pace of growth since 1995. Headline inflation slowed to 1.6% in 2012 (2011: 3.2%). On the outlook, Governor Dr Zeti said the Malaysian economy is expected to remain on a steady growth path, with an expansion of 5-6% in 2013, anchored by the continued resilience of domestic demand and supported by the gradual improvement in the external sector.

On the financial system, Governor Dr Zeti highlighted that domestic financial stability was preserved and overall confidence in the financial system remained strong throughout 2012, ensuring that financial intermediation continued to function efficiently to support the growth of the Malaysian economy. The assessment of Malaysia under the Financial Sector Assessment Program conducted by the IMF and World Bank in 2012 reaffirmed the resiliency of the domestic financial sector to macroeconomic and financial stresses. She added that the enactment of the Financial Services Act 2013 and Islamic Financial Services Act 2013 marked another significant milestone in modernising Malaysia's financial sector laws to reinforce the Bank's mandate to safeguard financial stability. Meanwhile, the domestic implementation of the Basel III global regulatory reform package progressed with the publication of final rules that will significantly raise the level and quality of banks' regulatory capital.

The Bank announced liberalisation of Foreign Exchange Administration rules to enhance competitiveness of the Malaysian economy and further develop the domestic financial market. These included the following:

- to further spur the domestic foreign exchange market through greater demand for foreign currency products and services, residents are free to invest in onshore foreign currency-denominated assets offered by residents
- to further promote the development of the Islamic financial markets through greater flow of cross-border Islamic financial activities and greater use of Islamic financial intermediaries, resident takaful operators are permitted to undertake investments abroad of any amount on behalf of their resident clients

The Bank announced a new pricing strategy for payment services to address the current price distortion between electronic payments and paper-based payment instruments. To incentivise businesses and consumers to switch to e- payment methods, the fee for Interbank GIRO or IBG transactions will be reduced to 10 sen effective 2 May 2013, while charges on cheques will be increased to 65 sen, effective 1 April 2014.

The Bank also announced the reappointment of Dato' Muhammad Ibrahim as Deputy Governor for another three year tenure from 16 June 2013 to 15 June 2016 and the appointment of Dr. Sukudhew (Sukhdave) Singh as Deputy Governor for a 3-year term effective 16 April 2013.