CALENDAR OF EVENTS
January – March 2012

6 January 2012

The Bank updated the public on the progress of the implementation of the New Motor Cover Framework (the Framework). Since March 2011, several enhancement measures have been introduced to improve the efficiency of the claim settlement process. In addition, effective 16 January 2012 the Motor Tariff premium rates will be gradually revised to reflect the significant rise of medical expenses, costs of vehicle repairs, accident rate and claims. It will be the first to be undertaken after non-revision for more than 30 years. The premium adjustment is small in quantum and to be implemented gradually over a period of four years. The adjustment will be reviewed periodically to ensure that the adjusted premium rates continue to be reflective of the claims experience. The Framework will pave the way for detariffing of the motor insurance premiums in 2016, in which premium rates will be further differentiated in accordance to the risk profile of individual vehicles and fairer to vehicle owners as those with good claims experience would enjoy much better premium rates than those with higher risk profile.

10 January 2012

The Bank announced that the new coins series will be issued into circulation in phases from 16 January 2012 onwards. The new coins will co-circulate with the existing series until the existing series is phased out. To encourage a smooth transition to the new coins series, machine vendors had been given advance notice to calibrate their machines to accept the new coins.

27 January 2012

In her keynote address at the 13th Annual Conference of Fixed Income, Money Market and Derivatives Association of India and Primary Dealers Association of India in Kuala Lumpur, Governor Dr. Zeti highlighted that the Bank will continue to introduce measures to broaden the participation of regional players in the domestic market through progressive liberalisation of the foreign exchange administration rules and the development of cross-border settlement infrastructure. She said that the measures would enable more efficient and cost effective foreign currency trading and settlements. In addition, the Malaysian financial sector will be further developed to strengthen its competitiveness and efficiency while enhancing its role in facilitating Malaysia's ongoing economic transformation and strengthening linkages in the region. She also noted that the Islamic capital market has thrived with a growing presence of international issuers and investors, operating in both the ringgit and foreign currency sukuk markets in Malaysia.

30 January 2012

The Bank announced liberalisation measures as part of its continuous efforts to enhance competitiveness in the economy and to develop the domestic financial markets. The liberalisation measures which will be effective 31 January 2012 are namely; onshore banks are permitted to trade foreign currency against another foreign currency with a resident; a licensed onshore bank is allowed to offer ringgit-denominated interest rate derivatives to a non-bank non-resident; and flexibility is permitted for a resident to convert their existing ringgit or foreign currency debt obligation into a debt obligation of another foreign currency. These measures are expected to contribute towards increasing the liquidity, depth and participation of wider range of players in the domestic financial markets, in line with the broad thrust of the Financial Sector Blueprint.

31 January 2012

At its first meeting for 2012, the Bank's Monetary Policy Committee (MPC) decided to maintain the Overnight Policy Rate (OPR) at 3.00%. The MPC stated that in recent months the global economic and financial conditions have deteriorated. These conditions pose downside risks to global growth. In Asia, the growth momentum has moderated amid the weaker external environment. In the domestic economy, latest indicators point towards continued expansion in the fourth quarter of 2011 and the economy is expected to continue to expand. In the MPC's assessment, the global environment will become more challenging, going forward. As Malaysia's economic growth and inflation prospects will be affected by these external developments, the MPC will continue to assess carefully the risks to domestic growth and inflation. At its subsequent meeting on 9 March, the MPC decided to maintain the OPR at the same level as downside risks to the global economy remain despite some improvements in global financial conditions.

2 February 2012

The Bank and the Bank of Thailand signed a Memorandum of Understanding to enter into a cross-border collateral arrangement to facilitate a reciprocal operational arrangement aimed at enhancing liquidity facilities to financial institutions in both countries. The signing underlines the recognition by both central banks of the growing presence of cross-border banking and the importance of trade-linkages between the two nations. This collaboration will further support both central banks in preserving monetary and financial stability, as well as strengthen the cooperation of both countries in the area of domestic liquidity management.

8 February 2012

The Bank and the People's Bank of China renewed its currency swap agreement for another three years and increased the size to RM90 billion. The original agreement was established on 8 February 2009 with an initial total size of RM40 billion. This renewed currency swap agreement will further reinforce the financial cooperation between both economies and facilitate greater bilateral trade and investment.

10 February 2012

In her keynote address at the International Conference on "Asian Market Integration and Financial Innovation" in Tokyo, Governor Dr. Zeti said that Asia is on the verge of experiencing significant collective economic growth and development. She noted that the region should draw important lessons from the global financial crisis and recognise the implications of greater interdependence. She added that Asian economies would be better positioned to collectively strive and work towards achieving the shared vision of financial and economic integration. This will not only unlock the region's potential but also enhance the prospects to contribute towards a more balanced and sustainable global economy.

15 February 2012

The Bank announced that the growth of the Malaysian economy remained favourable in the fourth quarter of 2011 despite the challenging external environment. The economy expanded by 5.2% in the fourth quarter with growth being underpinned by domestic demand that was supported by both private and public sector spending. On the supply side, the services sector recorded slower growth, while the manufacturing sector grew at a similar pace to the previous quarter. This trend reflected the weaker external environment amid strong growth in domestic activity. For the whole year, the Malaysian economy expanded by 5.1%.

24 February 2012

The Bank held an engagement session with representatives from the automotive industry to discuss issues relating to the automotive industry arising from the implementation of the Guidelines on Responsible Financing (Guidelines) which took effect on 1 January 2012. The Bank reiterated that the main intent of the Guidelines is to promote prudent, responsible and transparent retail financing practices and to ensure that the household sector and credit market remains resilient. In addition, the Bank also emphasised that individuals and households must borrow within their means and that the Guidelines did not hamper access to financing by borrowers who could afford to repay their loans. The meeting also discussed various implementation issues which will be resolved with financial institutions, that would contribute towards more efficient procedures and processes for vehicle financing.

6 March 2012

Governor Dr. Zeti was declared as the winner of the Islamic Development Bank (IDB) Prize in Islamic Banking and Finance for the year 2012 in recognition of her substantial and outstanding contributions in promoting Islamic banking and finance. The IDB has established this Prize since 1988 with the aim to recognize, reward and encourage the activity of outstanding merit in promoting Islamic Economics, Banking and Finance. Over the past 24 years, 33 (researchers, bankers, economists, shariah scholars and institutions) have been awarded the IDB Prize annually alternating between Islamic Economics and Islamic Banking & Finance.

8 March 2012

In her keynote address at the EU-Malaysia Chambers of Commerce and Industry's Quarterly Financial Panel Discussion 2012 themed "Islamic Finance: New Frontiers in Financing the Economy", Governor said that Islamic finance offers a comprehensive and competitive solution in meeting funding and investment requirements of businesses. She noted that well-developed Islamic financial markets, including the sukuk and Islamic money markets, have been particularly instrumental in intermediating funds in the Islamic financial system. It is fast becoming an important platform for international fund raising and investment activities that are generating increased cross-border flows. She also said that given its international outreach and dimension, and the ability to provide a total financial solution, Islamic finance is now at the frontier in which it presents new opportunities to support the economy and overall financial stability.

13 March 2012

The Bank, the Hong Kong Monetary Authority and Euroclear Bank jointly announced the launch of a pilot platform for cross-border investment and settlement of debt securities (Pilot Platform). The Pilot Platform, operational on 30 March 2012, will enhance cross-border debt securities settlement efficiency and strengthen the capacity for debt securities issuance activities in the Asian region, particularly in Malaysia and Hong Kong. Through the Pilot Platform, investors in the two countries can buy and hold foreign debt securities and settle cross-border transactions on a Delivery-versus-Payment basis whilst local and international bond issuers can issue a wide range of debt securities.

14 March 2012

The Bank provided an update on the status of Skim Rumah Pertamaku (Scheme) which was announced by the Malaysian Government in March 2011. The Scheme aims to allow young working adults to obtain 100% financing from banking institutions to purchase their first home. As at end January 2012, a total of 1,062 actual applications received of which 389 applications have been approved, 168 applications were still being processed by banking institutions with 505 applicants not meeting the eligibility criteria.

21 March 2012

The Bank released its Annual Report and the Financial Stability and Payment Systems Report for 2011. At the press conference, Governor Dr. Zeti announced that the Malaysian economy recorded a steady growth of 5.1% in 2011 despite the challenging international economic environment. Growth was driven mainly by strong domestic demand, supported by both household and business spending, and higher public sector consumption. On the supply side, the overall growth for the year was sustained by firm activity in the domestic-oriented sectors. Headline inflation averaged 3.2% during the year. On the outlook for 2012, Malaysian economy is projected to grow by 4 – 5% while inflation is expected to moderate, averaging between 2.5 – 3.0%.

On the financial system, Governor Dr. Zeti highlighted that the stability of the financial system was sustained throughout 2011, enabling financial intermediation to continue functioning effectively in supporting economic activity. The payment and settlement systems remained resilient and supportive of financial system and economic growth. On financial sector development, Governor Dr. Zeti indicated that policy measures in 2011 were focused on reinforcing Malaysia's long-term growth potential by strengthening the financial sector's capacity and enhancing Malaysia's regional and international financial linkages. With regard to regulatory and supervisory framework, the Bank continued to reinforce and advance further the core tenets of regulation and supervision to strengthen the legislative framework and improve risk management, governance and business conduct practices.

On the same day, the Bank announced that the settlement services of its Real-time Electronic Transfer of Funds and Settlement System will now include the Renminbi. Besides providing greater efficiency and competitiveness in trade settlements, the Renminbi Settlement Services (RSS) complements various regional initiatives already in place that foster greater financial integration. The RSS will not only further facilitate bilateral trade between Malaysia and People's Republic of China, but also provide a natural hedge against the fluctuations and volatility of other currencies while eliminating settlement risk for Renminbi transactions.