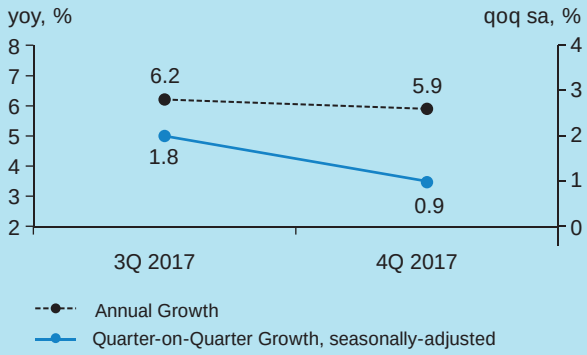
Key Highlights on

# Economic and Financial Developments in 4Q 2017

## Strong GDP growth of 5.9%

### Continued expansion in domestic demand and across most economic sectors

**Real GDP Growth**




**Private sector demand continued to be the primary driver of growth**

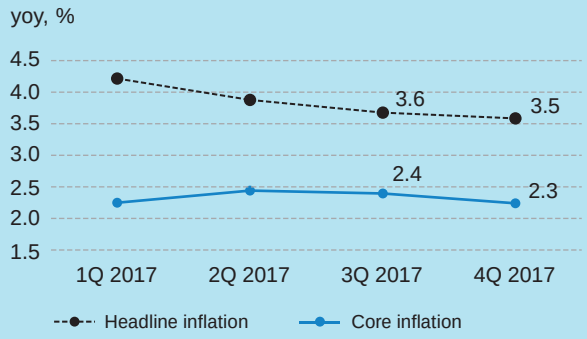
**External demand provided further support to growth**

**On the supply side, the manufacturing and services sectors remained the key drivers of growth**

## Both headline and core inflation moderated in 4Q 2017

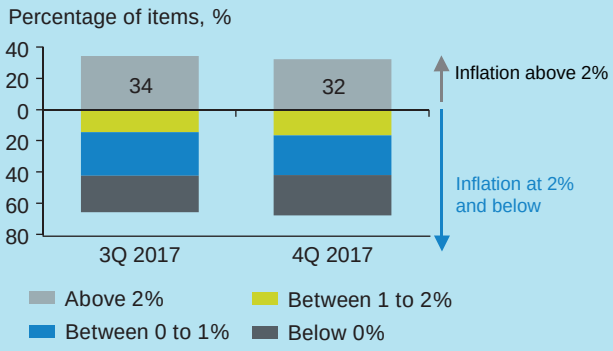
**Core inflation moderated to 2.3% in 4Q 2017 (3Q 2017: 2.4%)**

**Headline and Core Inflation**




**Lower percentage of items that registered above 2% inflation**

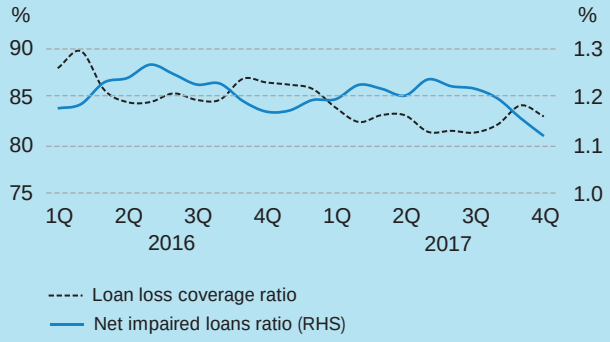
**Inflation Pervasiveness**




## Financial system soundness preserved

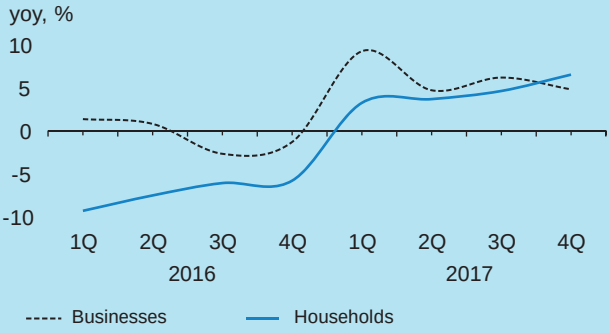
**Healthy asset quality observed in the banking system**

**Banking System Asset Quality**




**Businesses and households continued to have access to financing**

**Banking System Loan Disbursement to Businesses and Households**




Source: Department of Statistics, Malaysia and Bank Negara Malaysia unless stated otherwise
For more information, visit www.bnm.gov.my

Key Highlights on

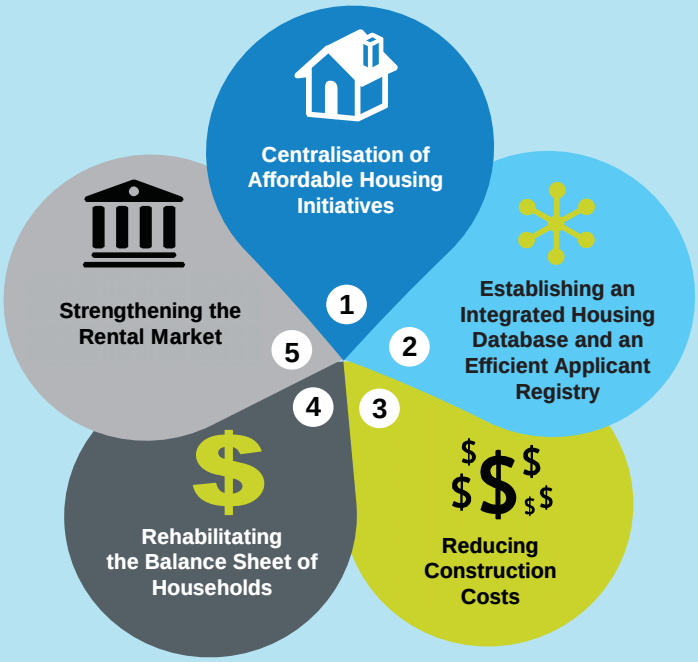
# Box and Feature Articles

## Affordable Housing: Challenges and the Way Forward

### Challenges in Affordable Housing

- Affordable housing provision is fragmented and uncoordinated
- Lack of an integrated housing database and registry
- High construction costs as one of the barriers to supply
- High household indebtedness coupled with house price growth exceeding household income growth
- Rental market is currently still underdeveloped given the insufficient legal safeguards

### Five Policy Solutions as Ways Forward




## Open Application Programming Interface (API): A Financial Revolution

An Open API strategy is viewed as a key lever to increase efficiency, broaden access, promote greater innovation, and encourage competition in the financial sector

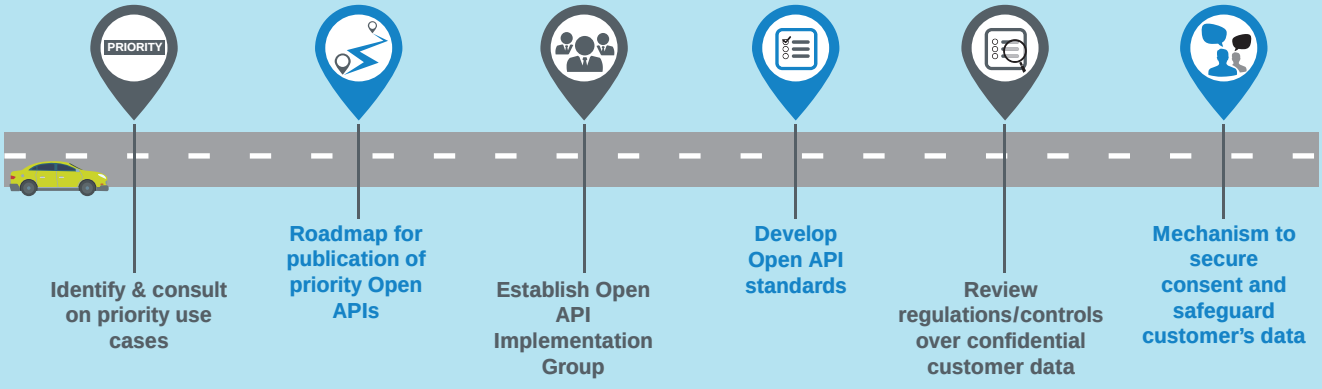
**Financial and payments-related Open APIs poised to grow exponentially**

- Market competition
- Fintech & financial institution collaboration
- Regulatory mandates

**Reservations on Open API**

- Security & privacy
- Third party credibility
- Threat of disintermediation
- Tech readiness/Prohibitive cost

### Moving Forward with Open APIs for 2018

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