CALENDAR OF EVENTS
January – March 2016

14 January

Governor Dr. Zeti Akhtar Aziz was conferred the Lifetime Achievement Award at the Central Banking Awards 2016. The Central Banking Journal's committee recognised her crucial roles in addressing the Asian financial crisis in the late 1990s, as well as leading the charge on Islamic finance and financial inclusion in Malaysia and beyond. In accepting the award, Governor Dr. Zeti said, "It has been my privilege to be part of the central banking community to deliver the best outcomes for our respective jurisdictions in what has become a more interdependent world."

21 January

The Bank kept the Overnight Policy Rate (OPR) at 3.25% at its first Monetary Policy Committee (MPC) meeting for the year. The OPR was also maintained at the subsequent meeting on 9 March. The MPC said at this current level of OPR, the stance of monetary policy remains accommodative and supportive of economic activity. It also said that there are heightened risks in the global economic and financial environment. They are being closely monitored to assess their implications on macroeconomic stability and the prospects of the Malaysian economy.

Separately, the Bank announced the decrease in the Statutory Reserve Requirement (SRR) Ratio from 4.00% to 3.50%, effective 1 February 2016. The decision to reduce the SRR was to ensure sufficient liquidity in the domestic financial system, and to support the orderly functioning of the domestic financial markets.

26 January 2016

The Bank's Shariah Advisory Council (SAC) at its 165th meeting made decisions on the issue of application of the *tabarru`* contract (voluntary gift) in takaful, transfer of ownership of *hibah* asset, breach of condition in *wakalah bi al-istithmar* contract (agency contract for investment) and *wa`d* (promise) which is attached to action, time or situation.

The *tabarru`* contract in takaful is applied through contributions from participants to the *tabarru`* fund which is managed by (and entrusted to) a takaful operators in the interest of takaful participants based on agreed terms and conditions. Regarding the transfer of ownership of a *hibah* asset, it was decided that the ownership of the asset is transferred effectively once the recipient takes possession *(qabd)* physically or constructively. For the breach of condition in a *wakalah bi al-istithmar* contract, the decision was that the *wakil* will guarantee the investment capital and actual profit generated up to the date of the breach of condition. On *wa`d*, the promise will be deemed binding *(mulzim)* on the promisor if it is attached to a particular action done by a party (including the promisee in the future), time or date, or situation (which will occur in future).

31 January 2016

The enactment of the Development Financial Institutions (Amendment) Act 2015 (Amended DFIA) came into effect. Its goal is to further strengthen the capacity and capability of development financial institutions. This is to ensure that strategic economic sectors continue to receive appropriate financial services so that they are well positioned to withstand challenges given the rapidly changing operating environment. The amended DFIA will enable institutions to meet the demand for comprehensive and efficient financial services, in line with Malaysia's economic transformation plan and the Financial Sector Blueprint.

18 February 2016

The Bank announced that the Malaysian economy registered a growth of 4.5% in the 4Q of 2015 (3Q 2015: 4.7%), supported mainly by private sector demand. On the supply side, growth was underpinned mainly by the manufacturing and services sectors. On a quarter-on-quarter seasonally-adjusted basis, the economy grew by 1.5% (3Q 2015: 0.7%). For the year 2015, the Malaysian economy expanded by 5.0%.

23 February 2016

The Asia School of Business (ASB), established in collaboration with MIT's Sloan School of Management a year ago, reached another milestone. A ground breaking ceremony was held to commemorate the construction of its campus in Bukit Perdana, Kuala Lumpur. It was officiated by the Co-Chairs of the ASB Board of Governors, Governor Dr. Zeti and Professor Richard Schmalensee. Governor Dr. Zeti highlighted that the ASB is established to fulfill a critical need for innovative and entrepreneurial skills by corporates and businesses in the Asian region. The ASB also represents part of the Bank's commitment in investing in financial education. The new campus is expected to be completed in 2018.

27 February 2016

The Bank issued commemorative coins in conjunction with the World Team Table Tennis Championships 2016. This international tournament registered participation from more than 100 countries.

29 February 2016

At the Bank for International Settlements (BIS) Closing Dinner Address hosted by the People's Bank of China (PBoC), Governor Dr. Zeti acknowledged that BIS has become global with half of the membership now from the emerging world. BIS has supported central banks, including bringing up relevant issues and serving as a platform for strengthening cooperation among them.

She paid special tribute to the PBoC, highlighting the close economic and financial linkages with the Asian region in general and Malaysia in particular. She also said that central banking is an unfinished business and that Asia will need to prepare now for the future through various policies and reforms. Governor Dr. Zeti concluded that with the broader mandates of emerging central banks, including interface with other parts of the public sector, boundary management and independence are extremely essential.

8 March 2016

The Bank and the Securities Commission Malaysia (SC) jointly issued a Guidance Note to facilitate applications to the China Securities Regulatory Commission (CSRC) for a Renminbi Qualified Foreign Institutional Investor (RQFII) licence. The Note outlines the criteria and eligible entities that may apply for the RQFII licence as well as additional requirements by SC and/or the Bank prior to any application submission to CSRC.

As background information, on 23 November 2015, the People's Bank of China recognised Malaysia as a RQFII jurisdiction, with an aggregate quota of RMB50 billion. With this, Malaysia-based institutions are now able to invest directly into the Chinese capital market using Renminbi funds.

11 March 2016

In her keynote address at the Wharton Global Forum Kuala Lumpur 2016 – themed "Mobilising ASEAN: Building the Future Through Partnership" - Governor Dr. Zeti highlighted that for ASEAN's greater shared economic prosperity, the monetary union model is not appropriate since the pre-conditions do not exist and the economic costs would be too high. Hence, financial integration becomes more crucial. While much remains to be done, significant achievements have already been made in recent years, especially with the launch of the ASEAN Banking Integration Framework. She concluded that ASEAN's future needs to be built on the collective actions of members and that these efforts have already culminated in the launch of the ASEAN Economic Community (AEC). Building effective and smart partnerships is crucial, to achieve the goals of AEC, and must be anchored by strong foundations, namely Adaptability and Responsiveness, Complementarity, Trust, and Governance.

14 March 2016

The Bank and Bank of Thailand announced the operationalisation of a local currency settlement framework as part of efforts to promote the use of ringgit and baht for settlement of bilateral trade between the two countries. It allows for greater efficiency in accessing the local currencies and managing exchange rate risks arising from trade transactions. Malaysian and Thai businesses will be able to effectively source ringgit and baht from the respective banks in their home countries to settle trade transactions. The establishment of the framework marks a key milestone in strengthening financial cooperation between both central banks.

On the same day, the Bank signed two Heads of Agreement (HoA) with Bank of Thailand (BOT) and Bangkok Sentral ng Pilipinas (BSP) respectively under the ASEAN Banking Integration Framework. These signify a major step forward in the advancement of an integrated banking market within ASEAN and towards strengthening intra-regional trade and investment. The HoA outline areas on market access and operational flexibilities that may be accorded to Qualified ASEAN Banks in the respective jurisdictions.

Separately, in a special lecture at the SEACEN Conference on Central Bank Cooperation and Mandates, Governor Dr. Zeti spoke on the subject "Building Institutions to Support Economic Development." She said that significant structural shifts in the global economic and financial landscape have called for the need of strong institutions to play a greater role in sound economic management. In this regard, she emphasised the special role of Central Banks in driving sustainable growth and development. She pointed to three key elements that stand out, namely, clarity of the outcomes to be achieved; a governance process which gives clarity on the decision making process and accountability; and finally, ensuring that the integrity and independence of the Central Bank is not undermined.

23 March 2016

The Bank reappointed Dr. Sukudhew (Sukhdave) Singh as Deputy Governor for another 3-year term effective 16 April 2016 until 15 April 2019. He will continue to oversee the Monetary and Economics Sector as well as several departments under the organisational development sector of the Bank.

On the same day, the Bank released its Annual Report and the Financial Stability and Payment Systems Report 2015.

At the press conference, Governor Dr. Zeti remarked that in 2015, global growth moderated amid heightened international financial market volatility. Despite such a challenging environment, the Malaysian economy registered a growth of 5.0%, supported by continued expansion in domestic demand. Headline inflation declined to 2.1% in 2015 (2014: 3.2%) on the net impact of lower global energy and commodity prices.

In 2016, the international economic and financial landscape is likely to remain challenging and will be a key factor that influences the domestic economic outlook. The economy is expected to grow by 4.0 – 4.5% in 2016 with domestic demand continuing to be the principal driver of growth. Headline inflation is projected to be higher at 2.5 – 3.5% in 2016 (2015: 2.1%). Monetary policy will focus on ensuring that monetary conditions remain supportive of sustainable domestic growth with price stability, taking into consideration the evolving risks in the external and domestic environments.

Touching on financial stability, Governor Dr. Zeti noted that financial market volatility remained elevated in 2015. However, the deep financial markets and strong domestic institutional investors continued to support orderly market conditions. Further, risks to domestic financial stability arising from household indebtedness and property prices continued to moderate. She also said the financial sector, led by the Financial Sector Blueprint, remained on course in its development to support Malaysia's transition to a high income, high value-added economy. Meanwhile, the payment and settlement systems remained resilient and continued to operate smoothly throughout the year.

Acronyms and Abbreviations

ABIF	ASEAN Banking Integration Framework
ADB	Asian Development Bank
AFC	Asian Financial Crisis
AFI	Alliance for Financial Inclusion
AIF	Asian Institute of Finance
ALR	average lending rate
APN	Asian Payment Network
BI	Bank Indonesia
BIS	Bank for International Settlements
BLR	base lending rate
BNM	Bank Negara Malaysia
BNMN	Bank Negara Monetary Notes
BoE	Bank of England
BoJ	Bank of Japan
BR	Base Rate
CASTD	cash-to-short-term debt
CBC	Central Bank of the Republic of China
CET1	common equity tier 1
CMP	Commodity Murabahah Programme
CoFC	consumption of fixed capital
CPI	Consumer Price Index
DIA	direct investment abroad
DOSM	Department of Statistics, Malaysia
DSR	debt service ratio
E&E	electronics and electrical
E&O	Errors and Omissions
ECB	European Central Bank
EOR	enhanced oil recovery
ETP	Economic Transformation Programme
EU	European Union
FBM KLCI	FTSE Bursa Malaysia Kuala Lumpur Composite Index
FD	fixed deposit
FDI	foreign direct investment
Fed	Federal Reserve
FFR	federal funds rate
FOMC	Federal Open Market Committee
FSB	Financial Stability Board
FSTEP	Financial Sector Talent Enrichment Programme
FX	foreign exchange

GDP	Gross Domestic Product
GFCF	gross fixed capital formation
GFP	goods for processing
GIFF	Global Islamic Financial Forum
GII	Government Investment Issues
GNI	Gross National Income
GST	Goods and Services Tax
HoA	Heads of Agreement
HQLA	high-quality liquid asset
HSDPA	High-Speed Downlink Packet Access
ICR	interest coverage ratio
IDB	Islamic Development Bank
IFSA	Islamic Financial Services Act 2013
IILM	International Islamic Liquidity Management
IMF	International Monetary Fund
IRS	interest rate swaps
IT	information technology
JCC	Japanese Crude Cocktail
KLCI	Kuala Lumpur Composite Index
KLIBOR	Kuala Lumpur Interbank Offered Rate
LCR	Liquidity Coverage Ratio
LIA	loans-in-arrears
LNG	liquefied natural gas
LTF	loan-to-funds
MGII	Malaysian Government Investment Issue
MGS	Malaysian Government Securities
MHPI	Malaysia House Price Index
MIDA	Malaysian Investment Development Authority
MIER	Malaysian Institute of Economic Research
MoU	Memorandum of Understanding
MPC	Monetary Policy Committee
MSIC	Malaysia Standard Industrial Classifications
NBFI	non-bank financial institutions
OPEC	Organisation of the Petroleum Exporting Countries
OPR	Overnight Policy Rate
PBOC	People's Bank of China
PDS	private debt securities
PE	price-to-earnings
PMI	Purchasing Managers' Index
PPI	Producer Price Index
PTP	Port of Tanjung Pelepas
QAB	Qualified ASEAN Banks

QE	quantitative easing
RBI	Reserve Bank of India
RM	Ringgit Malaysia
SDA	Special Deposit Account
S$NEER	Singapore dollar nominal effective exchange rate
SME	small and medium enterprise
SNA	System of National Accounts
SNB	Swiss National Bank
SRR	Statutory Reserve Requirement
SST	Sales and Services Tax