

**REGULATION OF BANKS
AND OTHER
DEPOSITORY INSTITUTIONS
IN MALAYSIA**

A STUDY IN MONETARY, PRUDENTIAL
AND OTHER CONTROLS

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Butterworths

In Malaysia, as elsewhere, banks and other depository institutions are possibly the most heavily regulated of business enterprises. There are compelling reasons for this: these institutions form an important part of the nation's payments system; their operations affect the level of money supply and the level of economic activity; they constitute the backbone of the country's system of financial intermediaries; and, their viability rests on one very fragile foundation, namely, public confidence in their integrity, liquidity and solvency. With the establishment of the Central Bank of Malaysia in 1959, an increasingly intricate and expanding system of regulations has emerged to govern these institutions.

These regulations cover matters of immense importance to many. Yet the irony of the situation is that discussion and debate on these financial regulations have been very limited and published materials on them hardly exist. This book is an attempt to fill this important gap. It is a comprehensive and up-to-date survey and evaluation of the introduction, growth and development of all the major regulations affecting commercial banks, finance companies, merchant banks, Islamic banks and the fringe depository institutions in Malaysia since 1959. Financial regulation is a subject that is widely couched in technical and legal language but an attractive feature of this book is that it is discussed in a clear and readily understandable manner.

The book should serve as a useful and convenient work of reference for directors and those in senior management of banks and other depository institutions; Central Bankers, supervisory authorities and those concerned with monetary policy and the safety and soundness of financial institutions; users of banks and other depository institutions, especially as depositors and borrowers; and, researchers and students in the field of financial regulation.

This book also makes an appropriate companion volume to the author's earlier book, *Central Banking in Malaysia*.
