

**More powers for Bank Negara under new law**  
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The new Central Bank of Malaysia Act 2009, to be implemented come November, will empower Bank Negara Malaysia to act decisively in enhancing transparency and accountability.

"The Act will extensively provide greater clarity on the mandates for which we are accountable and provide enhanced powers to undertake these mandates," Bank Negara Malaysia Governor Zeti Akhtar Aziz said today.

She said it would also provide greater flexibility in monetary policy implementation and allow a diversified range of instruments to be deployed.

Zeti told participants of a two-day conference in Kuala Lumpur on challenges confronting central banks that Bank Negara must have commensurate capabilities to conduct monetary policy operations to maintain price stability during periods of extreme volatility.

"Equally important is the mandate to provide oversight over the money and foreign exchange market to ensure the orderly development and functioning of the market," she added.

**Appropriate intervention possible**

In the area of financial stability, Zeti said the Act would incorporate an explicit mandate, provide comprehensive provisions for heightened surveillance, pre-emptive actions and expanded resolution powers to facilitate the swift and orderly resolution of a financial crisis.

"The central bank may also take appropriate intervention to avert risks that stem from unregulated entities," she added.

The governor also said the Act would also provide Bank Negara with additional flexibility and the mandate to engage in international cooperation.

On the three challenges confronting central banks, Zeti said there was a need for a robust and dynamic legal and regulatory framework to manage increasing uncertainties generated by financial innovation.

"The second challenge concerns the effective implementation of financial safety nets to maintain public confidence," she said, adding that the third challenge related to the increasingly and highly complex financial and economic integration associated with globalisation.

- *Bernama*

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