

Zeti says Bank Negara powerless to act against 1MDB
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1MDB probe was one of the toughest moments during her 16-year tenure as governor of central bank, says Zeti Akhtar Aziz.

PETALING JAYA: Bank Negara Malaysia was powerless to take further action than just some fines to “relevant bodies and financial institutions” over breach of regulations in relation to the 1MDB case.

This was the admission by former Bank Negara governor Zeti Akhtar Aziz, who added that the handling of the 1MDB case was one of her toughest moments in office, Sin Chew Daily reported.

“Although outsiders had very high expectations from Bank Negara, nevertheless, it did not have the power to prosecute.

“Bank Negara has the most comprehensive laws, including the Central Bank of Malaysia Act 2009 and Financial Services Act 2013 to preserve the integrity, stability and healthy functioning of the financial system.

“So, we could issue letters of administrative compound to relevant bodies and financial institutions breaching Bank Negara’s regulations in the 1MDB case. I would say the fines were probably the highest in history,” she told the Chinese vernacular daily, explaining how the whole matter was settled with the fine being paid.

She added that the primary objective of BNM in dealing with the 1MDB case was to ensure the integrity of the country’s financial system.

In March last year, BNM said it would initiate “appropriate action” against 1MDB for failing to produce evidence it had used the allocated US\$1.83 billion for debt management and restructuring exercises overseas. 1MDB had initially cited these two reasons when asked why the money had not been repatriated to Malaysian shores.

BNM then fined 1MDB on April 28, giving the state-owned investment fund a May 30 deadline to settle the fine. 1MDB paid the fine on May 25, and with that, new BNM governor Muhammad Ibrahim said the central bank’s investigations into 1MDB had concluded.

The fine was one of the last actions by Zeti before she retired on April 30 last year, with deputy governor Muhammad Ibrahim taking over the next day.

Zeti also refused to be drawn into the helplessness of her position in doing more pertaining to the 1MDB case.

She defended her role, saying that as BNM governor she was not allowed to have any personal views on the issues, as it could distract her.

“Unlike other people, we must learn to focus, because the outcome of our work was for the people and the business sector, not personal feelings.

“Of course, I was also a human being and I had my feelings too, but I must put that aside. I was aware of my responsibilities.

“We knew Bank Negara was very important to the country. We didn’t want to see it destroyed. And that was one of my considerations,” Zeti said.

Prior to the 1MDB probe and fine by BNM early last year, the central bank had already acted against AmBank, issuing a fine of RM53.7 million for breaching anti-money-laundering and counter-terrorism finance obligations.

The Australian newspaper reported in November 2015 that AmBank paid a RM53.7 million fine after Bank Negara found it had breached anti-money-laundering and counter-terrorism finance obligations in relation to “politically exposed persons”. The report said that the breaches were linked to the 1MDB scandal.

Zeti has since moved to Iclif, an organisation created and funded by BNM since 2003. She is the chairman of the organisation which is an Asia-based international centre dedicated to executive education, research, coaching and consulting services in the areas of leadership development, organisational effectiveness and corporate governance.

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