

Bank Negara to issue guidelines on bitcoin, other cryptocurrencies by year end

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KUALA LUMPUR, Sept 19 — Bank Negara Malaysia (BNM) is planning to issue guidelines on cryptocurrency by year-end, said Governor, Tan Sri Muhammad Ibrahim.

He said cryptocurrency, or digital currency, had attracted a lot of attention from central banks around the globe.

“We hope that by year-end, BNM will be able to come out with some guidelines on cryptocurrency, particularly those related to anti-money laundering and terrorist financing.

“We want to ensure that there is a clear guideline for those who want to participate in this particular sector,” he told reporters on the sidelines of the Global Symposium on Development Financial Institutions here, today.

Cryptocurrency, such as bitcoin, is a digital asset designed to work as a medium of exchange using cryptography to secure the transactions and control the creation of additional units of the currency.

Cryptocurrencies are used primarily outside existing banking and governmental institutions, and exchanged over the Internet.

While these alternative decentralised modes of exchange are in the early stages of development, they have the unique potential to challenge existing currency and payments systems.

As at June 2017, total market capitalisation of cryptocurrencies exceeded US\$100 billion (RM419.1 billion), recording a daily volume of more than US\$6 billion.

On another note, Muhammad said that strong economic growth and manageable inflation gave the central bank more flexibility to formulate interest rate policy.

BNM has kept its overnight policy rate unchanged at 3.0 per cent earlier this month, keeping the rate steady since July 2016.

“Our next monetary policy meeting will be in November and we will look into that data (economic growth and inflation) again and see where we stand.

“It is very important to ensure that our interest rate to be at the level which promotes growth, while ensuring that inflation remain manageable,” he said.

The inflation rate had hit an eight-year high at 5.1 per cent in March, raising concerns among analysts over the possibility of an interest rate hike this year, but price pressures have since eased.

Muhammad said that global oil price was among the key factors in the inflation outlook, however, the central bank did not expect global oil prices to rise at a rate which would affect Malaysian inflation rate projection.

Malaysia's economy grew at better-than-expected 5.8 per cent in the second quarter, while the ringgit gained more than 6.5 per cent against the dollar this year after being battered over the last two years.

Muhammad said it was more important for the ringgit to reflect Malaysia's current economic strength.

"If economic growth and inflation are under control, then the exchange rate should reflect that. This is very important because the exchange rate is a reflection of these fundamentals," he said. — Bernama

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