

Effective policy making needs global perspective - BNM governor

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KUALA LUMPUR, Oct 9 (Bernama) -- Monetary and fiscal policies should have global perspectives as any fallout often spread across the borders, says Bank Negara Malaysia's (BNM) Governor Datuk Nor Shamsiah Mohd Yunus.

She said in a world, which is increasingly buffeted by protectionism and the risk of financial contagion, central banks must cooperate with each other.

"However, independent a central bank is from the government, it cannot function in isolation. Cooperation at the national, regional and international levels is necessary.

"As guardians of the financial system, central bankers must maintain public trust," she said at the commemoration of BNM's first Malaysian governor, Tun Ismail Ali's centennial birthday and the launch of "Tun Ismail Ali - Paragon of Trust and Integrity" memoir here today.

Nor Shamsiah said trust between central bankers was formed out of reliability, stemming from competency which was practised since the central bank was first set up.

"As the first Malaysian Governor of BNM, Tun Ismail Ali had planted the principles that now run deep within the bank and gave us the vision to soar towards," she said.

Not only does a central bank need to be careful custodians of monetary policy and an able adviser to the government, Nor Shamsiah said, BNM also needed to be seen and recognised as the competent authority to discharge these roles.

Meanwhile, Ismail's memoir, which was written and produced by Bank Negara Malaysia was launched by Prime Minister Tun Dr Mahathir Mohamad.

Nor Shamsiah said the book launch was to honour Ismail as a nation builder; a titan of the Malaysian economic and financial sector.

"He was an unassuming man but he powered the wheels of the nation – and each turn of the wheel left a mark on history. We have spoken to more than twenty individuals who were close to Governor Ismail Ali and dedicated hundreds of pages to his life.

"But, it is certain that we have yet to do justice in capturing the breadth and depth of his persona. It is our hope that his vision, dedication and resilience would inspire our future generations and to prepare them as they partake in the dynamic financial ecosystem," she said.

During his tenure as BNM governor, Nor Shamsiah said Ismail showed an unwavering commitment to harness the spirit of trust and cooperation among the regional and international central banking community, amidst the rising crescendo of challenges confronting the global economy and financial system.

She said that Ismail sowed the seeds for collaboration, such as through the establishment of the South East Asian Central Banks Centre.

"He strove for perfection, yet he understood that neither economic assumption, *ceteris paribus* (all other things being equal) nor econometric models can accurately predict this world.

"He said the central bank works in an uncertain world, with policy tools that are often not easily understood, and seek to meet objectives of policy that are always broadly defined," she added.

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