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INTERNATIONAL FINANCE CORPORATION
INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL CENTRE FOR SETTLEMENT OF INVESTMENT DISPUTES
MULTILATERAL INVESTMENT GUARANTEE AGENCY

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Statement by the Hon. **AHMAD HUSNI MOHAMAD HANADZLAH**,
Governor of the Bank and the Fund for **MALAYSIA**,
at the Joint Annual Discussion

**Statement by the Hon. Ahmad Husni Mohamad Hanadzlah,
Governor of the Bank and the Fund for Malaysia,
at the Joint Annual Discussion**

It is my pleasure and privilege to address this esteemed gathering of the 2009 Annual Meetings of the World Bank and the International Monetary Fund.

Mr. Chairman, Fellow Governors, Ladies and Gentlemen,

I stand with my fellow Governors from the developing and transition countries in support of reforms in the global financial architecture. The proposed reforms on global financial regulation and oversight on all systemically-important institutions, instruments and markets, including hedge funds, must be put in place to ensure that there will be no repeat of this crisis that has caused such a profound negative impact on the lives of so many.

Mr. Chairman, Fellow Governors, Ladies and Gentlemen,

In this context, I want to share with you Malaysia's experience. In the 1997 Asian financial crisis, Malaysia chose to move away from the IMF's prescription. We administered an unorthodox antidote of our own device. In the following years, we continued to strengthen our finance and banking sector and we put in place a robust prudential regulation and supervision framework. Compared with most countries, we have virtually no toxic assets in our system. This we did because we were confident of our diagnosis. We ourselves know how our economy works.

The time has come that recognition be given to the developing countries. I ask you, my fellow Governors, to allow the developing countries stronger voice and representation.

Mr. Chairman, Fellow Governors, Ladies and Gentlemen,

Global economic growth rests on the fundamental premise that goods, services and capital flow freely across borders. We are indeed disappointed that the advanced nations are now putting up walls of protectionism. We share the developing nations' fear of such protectionist measures. Our fears are not unfounded. Protectionism will reverse the progress in global trade we have attained thus far.

In Malaysia's case, we began liberalising our economy in the early 1990s on a gradual basis. We started with the manufacturing sector and progressed to the services sector by raising foreign equity from 49% to 100%. Notably, with regard to the banking and finance sector we progressively reduced the number of our domestic financial institutions from more than 70 banks to just nine. We first provided resources to our institutions to build their capacities to face competition. Only then did we open our market to allow the phased entry of foreign players. Our financial sector is now benefiting from healthy competition, adding breadth and depth to the domestic market.

Mr. Chairman, Fellow Governors, Ladies and Gentlemen,

The process of recovery from the present crisis will be long and painful. We must prepare ourselves for the post-crisis multipolar world. We will face great challenges. To succeed, there must be political will and leadership from all nations. Let us all collaborate for a better future.

Thank you.