

Zeti Akhtar Aziz: Growth and development of the world economy

Welcoming remarks by Dr Zeti Akhtar Aziz, Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the official opening of the World Bank Group Knowledge and Research Hub in Malaysia, Sasana Kijang, Kuala Lumpur, 28 March 2016.

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It is my great honour to welcome the distinguished Senior leadership of the World Bank Group, Dr Axel van Trotsenburg, Vice President of Development Finance; and Dr Kaushik Basu, Chief Economist and Senior Vice President, to the Master Lecture on 'Shared Prosperity' by Dr Kaushik Basu. The Lecture is held in conjunction with the Official Opening of the World Bank Group Knowledge and Research Hub in Sasana Kijang later this afternoon.

As we meet today, the global economy is confronted with an immensely challenging environment. A slower than anticipated growth in several major economies, the sharp decline in commodity and energy prices, the significant shifts in global liquidity, and the heightened geopolitical tensions are having far reaching and widespread implications. Going forward, the challenge for both the advanced and emerging economies is to lift growth trajectories and search for sustainable growth factors that can rebuild economic fundamentals, address structural vulnerabilities and forge new sources of growth.

Key is the "sustainability" and strengthening of the growth and development of the world economy. An important aspect in this process is that economic growth and development, no matter how stellar, will begin to fade when inequality sets in and when income disparities widen. Experience has also shown that financial crisis and economic recession entrenches the cycle of poverty. During a financial crisis, the poor lose their income by several times more compared with the average household. We saw this happen during the recent Global Financial Crisis, and we also saw how many that were displaced suffered "hysteresis" thus deeply affecting their income prospects. We also risk facing a severe setback in our fight against poverty. In the more recent years, the international community has accorded greater attention to addressing this agenda and to achieving more balanced and inclusive growth.

Malaysia, while achieving growth and progress since the 1960s has always given attention for it to be a shared prosperity. Given the role of the financial system in facilitating this, Bank Negara Malaysia has always given priority to the financial inclusion agenda to not only bring the underserved segments of society into the financial mainstream but to promote a more effective participation in the financial system which will in turn strengthen the potential for enhancing economic well-being.

Before I conclude my remarks, allow me to congratulate the World Bank Group on its many achievements realised in the Asian Region. Bank Negara Malaysia is pleased to partner the World Bank Group in its initiatives in the region. By the response received, this initiative will inspire the many talents within the Malaysian research community to be more engaged to think and delve into greater research on Malaysian economic and development issues that have great importance to the country and the region that is expected to persist in our prevailing and future environment.

With the official opening of the World Bank Group Knowledge and Research Hub, I believe the Hub is well-positioned to become a regional centre of excellence that promotes learning opportunities, thought leadership and innovation. Being located in Sasana Kijang, which in Sanskrit means a meeting place, it is hoped that the Hub would benefit from synergies with the institutional cluster of intellectual excellence that are also located right here in Sasana Kijang, including the Alliance for Financial Inclusion, the SEACEN Centre, and the Islamic Financial Services Board. On behalf of Bank Negara Malaysia, allow me to express our great optimism of this partnership in bringing knowledge, expertise and best practices to realise greater

regional and international collaboration. Today, the winner of the Young Malaysian Researcher Prize 2016 will be announced.

With this, let me conclude my remarks and invite Dr Axel Van Trotsenburg, to deliver his remarks. I also look forward to the address on 'Shared Prosperity' by Dr Kaushik Basu.