

Zamani Abdul Ghani: Research and development in the financial services industry in Malaysia

Speech by Mr Zamani Abdul Ghani, Deputy Governor of the Central Bank of Malaysia, at the Malaysian launch ceremony of the IBBM-University of Nottingham Financial Services Research Forum, Kuala Lumpur, 23 June 2006.

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I would like, first of all, to thank the organisers for inviting me to participate in the launch today of the IBBM - University of Nottingham Financial Services Research Forum today. This Forum represents an important strategic platform for financial services providers, regulators and the academia to collaborate in joint research in financial services-related areas, and to share the findings among its members. In fact, we have among us today representatives from universities in Malaysia as well as Malaysian conventional and Islamic financial institutions. Indeed, this is a highly commendable alliance, as the benefits will be reaped by all members. Let me take this opportunity to congratulate IBBM for being the first institution outside Europe to participate in the University of Nottingham Financial Services Research Forum .

Ladies and Gentlemen,

Today's event marks yet another important milestone for the financial services industry in Malaysia. The IBBM-University of Nottingham Financial Services Research Forum will pave the way in the inter-continental dialogue and research initiatives in the financial services industry. This collaborative effort is a positive development as it supports the Government's initiative towards a knowledge-based economy, in which joint research between the academia and the industry is encouraged.

This working partnership paves the way for the financial services industry and the academia in Malaysia to work with the University of Nottingham, one of the top ten universities in the United Kingdom. The combination of academic excellence from the University of Nottingham and in-depth market knowledge of the financial services industry will spur greater innovation in financial services, leading to higher value added products and services.

All of us can agree that the University of Nottingham is not new to us, as it is among the first foreign universities to establish a campus in Malaysia. It is also known as the university of choice by many Malaysians for its academic excellence and its forte in research. The University has also produced many prominent Malaysian leaders including the Deputy Prime Minister, YAB Dato' Seri Najib Tun Abdul Razak.

Ladies and Gentlemen,

Top-tier financial institutions are known for their commitment in research and development to enhance innovation, especially in process and product innovation to drive competition. In the process, such financial players will be able to better position themselves to be part of the global financial community. Bank Negara

Malaysia encourages and supports a strong culture of research and development in the financial services industry in Malaysia in both the conventional and Islamic finance. We believe that the encouragement and support is important to ensure a wider range of high quality financial products and services to meet the changing demands of a progressive and dynamic Malaysian economy. Towards this end, Bank Negara Malaysia stands ready to extend our assistance in accessing the necessary statistics on broad market trends and developments, where appropriate, to support such research and development.

The emergence of new delivery channels such as the internet and mobile phones have significantly altered the traditional banking-customer relationship. Technological development has also transformed the payment systems industry, with the introduction of new payment instruments and entry of non-banks into payment services, thus facilitating the migration to e-payments. Additionally, we are among the first in the world to migrate, on a national basis, towards the use of chip-based ATM, payment and identity cards. Through greater research and development in understanding the customer's behavior and preferences, financial players can further capitalize on these insights to develop new and more innovative products and services as well as distribution channels to meet customer demand.

In Malaysia , the changing economic and financial landscape brings about many opportunities for new products and services. With the accelerating pace of financial integration, financial institutions are presented with opportunities to broaden beyond domestic borders to capture opportunities from regional markets. Infact, we are acknowledged as being in the forefront globally in Islamic banking and finance. But these opportunities cannot be fully seized without sound research and development work. Successful financial services players must leverage on technological expertise to deliver superior products and services. The challenge is to enhance efficiency and reduce costs, respond to market and regulatory demands and, most of all, gain competitive advantage through innovative products and services.

Ladies and Gentlemen,

The success of this IBBM-University of Nottingham collaboration will depend on the active involvement and support from the financial services industry. I therefore, encourage the industry to play a proactive role in supporting the activities organized by the Financial Services Research Forum.

In concluding, I look forward to seeing greater collaborative efforts between the academia and the industry in research and development for the financial services industry. On this note, I am pleased to officially launch the collaboration between IBBM and the University of Nottingham , in the Financial Services Research Forum.

Thank you.