

## **Zeti Akhtar Aziz: Establishment of the Financial Services Professional Board in Malaysia**

Speech by Dr Zeti Akhtar Aziz, Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the Official Launch of Financial Services Professional Board, Kuala Lumpur, 24 September 2014.

\* \* \*

It is my great pleasure to welcome you to this occasion of the official launch of the Financial Services Professional Board.

Among the key challenges emerging from the global financial crisis and the recent episodes of financial market manipulation is for the need to have a strong culture of professionalism, integrity and ethics permeating throughout the financial services industry to restore public trust in the financial system and to secure long-term sustainability of the industry.

The 2008 financial crisis highlighted how business decisions that were predominantly driven by short-term incentives critically undermined the health of some of the largest global companies. This in turn had enormous consequences on entire economies. Not only has public confidence in the financial services industry been shaken, but the prevailing business models of financial institutions have been questioned with calls being made for changes that are more aligned with long-term sustainability. These changes relate to both the general structure and activities of financial institutions, and to the governance and culture within the institutions.

While financial institutions have to create value for shareholders, of fundamental significance is also the need to serve the public interest given the importance of a well-functioning financial system in the economy. Additionally, in a highly interconnected global economy with greater international financial inter linkages, financial turmoil and stress in national financial systems will have ramifications that transcend borders. Given the high stakes involved, there has been increasing scrutiny of the values, professional norms, educational standards and incentives that drive and shape the behaviour of financial institutions. Much of this scrutiny has aimed at reinforcing the responsibility that financial institutions have to the broader society.

The establishment of the Financial Services Professional Board (FSPB), thus marks a significant development towards achieving the highest standards of professional conduct including fair business dealings and ethics in the financial services industry that will be consistent with the long-term growth, stability and integrity of the financial system.

It is envisaged that the Financial Services Professional Board will act as an industry-led independent board that will drive the development as well as the advocacy of professional standards, ethics and continuous professional development across the financial services industry. Central to this aim is the development of a culture within the financial services industry which places an unequivocal commitment to professionalism and ethics.

In advancing this endeavour, the FSPB will promote, advocate and facilitate the identification, development and the adoption of professional and ethical standards across all sectors of the financial services industry. The primary purpose of such standards will be to clearly define the expected level of performance and ethical conduct that financial services professionals are required to achieve in the service of the public. It is particularly important that the standards are unambiguous about the values for the industry and its workforce. It would facilitate financial services practitioners to understand and embrace their professional obligations, and be held accountable for their own continuing professional development.

Bank Negara Malaysia and the Securities Commission Malaysia believe that with its stature and global complexion, the FSPB is well positioned to lead efforts aimed at raising the bar of

professional and ethical standards including continuous professional development for across the financial services industry, thereby strengthening confidence in the industry and affirming the industry's commitment to better serve public interest.

Its membership of eminent experts and financial practitioners from the United Kingdom, Europe, Australia and Asia provides a valuable global perspective that will enhance the relevance of the standards developed by the FSPB and their universal application.

The establishment of FSPB also reflects the advancement and progress of the financial services industry in Malaysia and the vision of its members to embrace and promote globally acceptable and applicable standards of professionalism, human capital development and ethical behaviour that will provide the much needed clarity to the public and the industry on what is expected of financial services practitioners.

Indeed, in moving forward, the emphasis on the development of human capital which includes elevating professionalism and ethical behaviour of financial services professionals is paramount. Today, professionalism, ethics and the quality of human capital have become key drivers and enablers of change in the financial services industry.

I would like to take this opportunity to acknowledge the role of the Asian Institute of Finance (AIF). The idea of FSPB culminated from engagements initiated by AIF with the industry which was followed by a process of developing the conceptual framework to reflect the shared aspirations of the industry and the Board of AIF that has supported the establishment of FSPB.

I would also like to take this opportunity to highlight the participative role that the financial services industry would need to have in enabling FSPB to meet its objectives. The value of the establishment of FSPB lies in the role taken to develop professional and ethical standards that are relevant and practical, which could, subsequently, be accepted and adopted by the global financial services industry as a gold standard.

With this, let me congratulate the Board of FSPB with this launch. In taking this important initiative forward it is necessary for FSPB to reflect the business needs of the financial services industry whilst balancing the interests of the community that the industry serves. Bank Negara Malaysia and the Securities Commission Malaysia will continue to be committed in supporting this important agenda of the financial services industry.