

Nor Shamsiah Mohd Yunus: Trust and integrity key principals of Malaysia central bank's first governor

Welcoming remarks by Ms Nor Shamsiah Mohd Yunus, Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the Commemoration of the Centennial of Tun Ismail Ali's Birth, Kuala Lumpur, 8 October 2018.

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Trust and integrity. These were the key principles of the man who built Bank Negara Malaysia and shaped the nation. Some remember him for establishing institutions that form the economic pillars of modern Malaysia; some remember him for his contributions to the nation and the financial system. Some may remember him as family, or a good friend. Not all had the privilege to meet him, but all remember Governor Ismail Ali as a paragon of trust and integrity.

Despite being the hands that shaped Malaysia's early history, little has been written of Governor Ismail Ali. Stories of his discipline, thrift and dedication only passed through word-of-mouth, rarely put to paper. His wisdom and experience, whispered from ear-to-ear, risk being lost to the winds of time.

It is my great pleasure to welcome you today. Indeed, it is our privilege to have Prime Minister Tun Dr. Mahathir to grace today's event and Tun Dr. Siti Hasmah Mohd Ali to deliver a special tribute speech. Few may know that Governor Ismail Ali is the brother of Tun Dr Siti Hasmah and the brother-in-law of our Prime Minister. We are honoured today to have the presence of Tan Sri Mohamed Hashim, Dato' Dr. Zainal Abidin and Hajjah Siti Jameah, siblings of Governor Ismail Ali, as well as Mr. Ahmad Kamal, Governor Ismail Ali's son. I am also honoured to welcome back to the Bank those who have worked alongside Governor Ismail Ali.

Equally important, we are grateful to have with us the international central banking community, who are travelling to Bali for the IMF and World Bank Group Annual Meetings and have taken time from your busy schedules for this occasion. This indeed underscores the appreciation towards central bank cooperation built on trust and friendship.

This book is to honour Governor Ismail Ali 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 on 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.

Governor Ismail Ali had a far-reaching impact, not only on the country's economic and financial landscape, but also on the personal and professional lives of many. As we were completing this book, we discovered there are others who carried untold stories of him, from here and abroad, each with another brushstroke to add to the portrait of his vision. It is only right that we continue to capture these recollections and stories of Governor Ismail Ali and therefore, the Bank will publish a Second Edition of this book.

It is our hope that the vision, dedication and resilience of Governor Ismail Ali would inspire our future generations, be it central bankers or not – and to prepare them as they partake in the dynamic financial ecosystem. This book chronicles, not just who he was and what he did, but also what Governor Ismail Ali stood for and what he envisioned for this country.

It is said that there are two things parents should give their children: one are roots, and the other are wings. As the first Malaysian Governor of Bank Negara Malaysia, Governor Ismail Ali planted the principles that now run deep within the Bank and gave us the vision to soar towards.

As guardians of the financial system, central bankers must maintain public trust. Not only does a

central bank need to be careful custodians of monetary policy and an able adviser to the Government, we need to be seen and recognised as the competent authority to discharge these roles. A central bank needs to engender confidence.

Governor Ismail Ali's immutable emphasis on the integrity of the Bank's moral compass and the strength of our competency stems from a sense of duty, Amanah. Fundamental to building and maintaining this trust is the need for every staff of the Bank to perform at our utmost and positively shape the Bank's reputation in the eyes of the public. In this, Governor Ismail Ali led by example.

There are two principles – trust and integrity – which were amongst the key principles that guided Governor Ismail Ali, and with which he formed the pillars of Bank Negara Malaysia.

Governor Ismail Ali was strict, sharp, and straightforward. Meticulous in his duties, he was respected for his sound knowledge of central banking and rule of law. These virtues led him to set the highest standards of professionalism and excellence for himself, his staff and the people he dealt with. By his own admission, this made him a difficult leader to work for – but to create the able talent to build this fledgling nation, he demanded nothing less.

Bank Negara Malaysia is proud to continue this tradition of fostering talent such as through the establishment of the Tun Ismail Ali Chair on Monetary and Financial Economics at the University of Malaya. This year, in conjunction with our celebration today, the Bank has awarded the Tun Ismail Ali scholarship to Miss Thulaja Thessa Vasudhevan who is pursuing her master's degree in Nature, Society and Environmental Governance at Oxford University.

Beneath Governor Ismail Ali's reserved appearance, lies a warm soul. He cared deeply for his staff's welfare and, like any parent, was stern to those under him so that they may grow into the best versions of themselves. He treasured friendship and spoke of his close relationship with fellow central bankers as one of the "most satisfying things for a Governor". This underpinned his unwavering commitment to harness the spirit of trust and cooperation amongst the regional and international central banking community amidst the rising crescendo of challenges confronting the global economy and financial system. He sowed the seeds for collaboration, such as through the establishment of the South East Asian Central Banks Centre (SEACEN).

Governor Ismail Ali strove for perfection, yet he understood that neither economic assumption, *ceteris paribus*, nor econometric models can accurately predict this world. He said that "the central bank works in an uncertain world, with policy tools that are often not easily understood, and seeking to meet objectives of policy that are always broadly defined. With these uncertainties in an imperfect world, the central banker needs to have the serenity to accept what cannot be changed, the courage to change what cannot be accepted, and the wisdom to distinguish one from the other".

As we sifted through the mementoes of Governor Ismail Ali for the book, we noticed that rarely were there pictures of him at the centre of attention; in most, he was at the side of a dignitary dispensing advice. I believe this aptly encapsulates his deep understanding of the role of a central bank.

In 1978, he told a group of central bankers that a central bank needs to earn the right to advise the government by winning the confidence and respect of the public. Earning this right is difficult, but once this is accomplished "a central bank would have the strongest guarantee for its independence and effectiveness, far stronger than any formal expression of central banking authority".

Yet, however independent a central bank is from the government, it cannot function in isolation. Fiscal and monetary policies are most effective when they are well coordinated. Further, in a world increasingly buffeted by protectionism and the risk of financial contagion, central banks

must cooperate with each other. Effective policy making today needs to have a global perspective as the fallout of policy failures often spread rapidly across borders. Cooperation at the national, regional and international levels, is necessary. This trust however, forms out of reliability, and reliability stems from competence.

It is my firmest belief that the best way for us to honour the late Governor Ismail Ali is to carry on this vision – the vision of a central bank independent, competent and respected.

Once again, I would like to thank everyone present for joining us in commemorating the centennial of Governor Ismail Ali's birth. In particular, our heartfelt gratitude goes to Prime Minister, Tun Dr Siti Hasmah and family members of Governor Ismail Ali for your support and presence for today's special occasion.

I invite distinguished guests, ladies and gentlemen to explore the gallery exhibition to honour the life and achievements of this great man, Governor Ismail Ali, our first Malaysian central bank governor.