

# Asia needs policies to prepare for future challenges, says Zeti

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**KUALA LUMPUR:** Asia has successfully prepared itself for the current environment but needs to come up with policies and reforms to prepare for the future challenges, said Bank Negara Malaysia governor Tan Sri Dr Zeti Akhtar Aziz.

"This will involve policies and reforms that will reduce leverage that will address the widening income disparities, effectively manage infrastructure development and urbanisation, accord environmental sustainability and accord importance to governance, accountability and integrity in the implementation and execution of the many endeavours to achieve a sustainable advancement," she said at the Bank of International Settlements (BIS) closing dinner at the Shanghai Clearing House on Monday.

She said there had been too much focus on the present.

Zeti, who is the longest-serving member of the governance group at BIS, pointed out that while Asia had not been immune to the turbulence taking place elsewhere, the region had been able to rise to the challenge and rebound.

She attributed this to the preparations undertaken, which included rebalancing and structural adjust-

ments, economic and financial reforms, the development of financial systems, greater fiscal discipline, extensive policy tool kits, building buffers during the good times and advancing regional integration and cooperation.

Basel-based BIS has strengthened cooperation among central banks. It is the world's oldest international financial organisation and has 60 member central banks.

Going forward, the sustainability of Asia's growth model would be the challenge.

Zeti said this was due to the erosion of the demographic advantage, rising indebtedness, rising cost of living in an apparent period of low inflation, the need to meet the massive infrastructure requirements and the need to address the rising income disparities and environmental challenges.

She said central banks were expected to have a role in contributing to addressing many of these challenges both directly and indirectly. But the participation of the central bank in many of these agendas would require careful boundary management.

Of great importance in this process was also to carefully safeguard the independence of the central bank, she added.