

**CLOSING KEYNOTE ADDRESS
BY YAB DATO' SRI MOHD. NAJIB BIN TUN HAJI ABDUL RAZAK
PRIME MINISTER OF MALAYSIA
AT THE
AFI GLOBAL POLICY FORUM 2013 KUALA LUMPUR
CLOSING CEREMONY
ON 12TH SEPTEMBER 2013 (THURSDAY), AT 4.15 PM,
SASANA KIJANG AUDITORIUM, BANK NEGARA MALAYSIA,
KUALA LUMPUR.**

Bismillahirrahmanirrahim.

Assalamualaikum Warahmahtullahi Wabarakatuh, Good Evening and Salam Satu Malaysia.

Dr. Alfred Hanning;
Executive Director, Alliance for Financial Inclusion,

Mr. Nestor Espenilla Jr;
Deputy Governor, Bangko Sentral ng Pilipinas and
Alternate Chairman of AFI Steering Committee,

Dr. Zeti Akhtar Aziz;
Co-host of the AFI Global Policy Forum 2013 and
Governor of Central Bank of Malaysia,

Distinguished Guests,

Ladies and Gentlemen,

1. It is my great pleasure to join you today at the 5th Global Policy Forum, which has brought together policymakers, industry leaders, and distinguished participants from more than a hundred countries across the globe. On behalf of all Malaysians, let me offer you a warm welcome.

2. As policymakers and as people, we are stronger when we work together. The ability to share common challenges, ideas, and experiences can help us make better decisions. The Global Policy Forum is a testament to the enormous potential that collaboration can unlock.

Ladies and Gentlemen,

3. In 1932, an American president spoke of restoring the welfare and soundness of a nation by constructing a more inclusive society; of rebuilding a country and an economy in which no citizen is left out. Responding to the devastation wrought upon American lives by the Great Depression, Franklin D.

Roosevelt's New Deal set out to reduce unemployment, provide welfare for the poor, and restore America's prospects.

4. Eighty years later, as we recover from another global financial crisis, policymakers are once more searching for a new deal. The economic models which powered development during the last century – the extraction of resources, the relentless focus on shareholder value, the growing reach and influence of the financial sector – are being recast. It is clear that we must find the foundations for sustainable and inclusive development. What matters now is not just the quantity of economic activity, but the quality of growth.

5. In the aftermath of the recent financial crisis, waves of economic, financial and structural reform are washing over the world economy. The systems which emerge from this re-ordering will look rather different to those that went before, and with good reason: citizens, governments and businesses have a right to demand that the mistakes of the past will not be revisited.

6. We all want to see healthy, productive and well-regulated financial sectors; we all want businesses to pursue and practice sustainable growth; and we all want economies that offer greater opportunity to more people. It is this latter aim that sits at the heart of today's conference, and indeed the Alliance for Financial Inclusion's work.

Ladies and gentlemen,

7. The downturn brought the opportunity deficit which had built up over the past century into sharp focus. While standards of living have improved across the world, too many people remain outside the curve; shut off from progress, lacking the means or the opportunity to elevate themselves from their predicament. There is still much to be done to address income inequality, the inequality of wealth and opportunity; and to lift more than 2.5 billion people out of poverty.

8. In the emerging economies that have experienced strong growth in the recent decade, these challenges have become more pronounced. The sheer pace of development has exaggerated the contrast between those who have benefited and those who have not. And it is increasingly clear that the pursuit of an inclusive economy extends far beyond the specific problem of poverty. Tackling exclusion also means creating equal opportunity; ensuring those at the margins of society can participate in the national economy.

9. Macroeconomic policies need to support the development of a broader-based economy that fosters a wider range of economic opportunities. We must provide opportunities for gainful employment; commit resources to urban and rural development; improve access to healthcare, education and finance; and facilitate wider ownership of businesses.

10. Many economies, and not just in the developing world, share these ambitions: they are the precursors for truly sustainable growth. No two countries

will reach them precisely the same way; we are all taking our own paths to a common destination. But in agreeing general principles and forming specific policies, we would do well to learn from each other's experiences.

Ladies and Gentlemen,

11. Over the course of this conference, I am sure policymakers here have absorbed some of the successes in the struggle for a more inclusive global economy. And it is my hope that, in turn, Malaysia's development journey may prove equally instructive.

12. Since gaining independence in 1957, we have focused on efficiently managing our natural resources, while making strategic investments in physical infrastructure and providing universal primary education and primary healthcare services.

13. Based on UN estimates, poverty in Malaysia has fallen sharply – from 17 per cent in 1990 to 3.8 per cent in 2009. We have achieved gender parity at all levels of education, and are on track to achieve most of the Millennium Development Goals in aggregate terms by 2015. In line with the post-2015 global development agenda, the Government has reinforced its focus on inclusive social and economic development in the Tenth Malaysia Plan, with 30 per cent of development expenditure allocated to the social sector.

14. It is this plan, along with balanced programmes of political and economic reform, which represent our development ambitions. Premised on the philosophy of promoting balanced and equitable growth, the Tenth Malaysia Plan prioritizes the 2.4 million most vulnerable households, with a particular focus on women, youth and indigenous communities. Its policies are designed to:

- Open up opportunity outside our cities, by improving the infrastructure, economy and quality of life in rural communities;
- Address rising living costs and continue the fight against hardcore poverty by enabling small businesses to flourish; and
- Enhance our human capital component with a strong emphasis on early education.

15. We have also sought to address the non-income dimensions of exclusion by promoting greater gender equality and empowerment. To this end, we have initiatives to increase the participation of women in senior levels in both the public and private sector.

Ladies and Gentlemen,

16. In development as in the wider economy, I believe the trend is positive. But as we have seen over the last five years, the true test of a nation's health comes during a crisis. It is easy to make ambitious commitments during the good times, but harder to sustain them when economic or political systems

come under real pressure. For Malaysia, we faced such a situation in 1997, when Asia suffered its own financial crisis.

17. In that difficult period, Malaysia, along with many of our neighbours, saw clearly the need to strengthen the foundations of our economies. The immediate challenges – of restoring stability and growth – also provided us with the opportunity and the resolve to advance deep structural reforms. These in turn made us significantly more resilient when, a decade later, a new financial crisis began bubbling up in the United States. Having taken necessary steps to fortify our economy after the 1997 crisis, we were that much better prepared for 2007.

18. External trade, which remains a key component of our economy, is now balanced by greater domestic consumption, with the services sector making a significant and growing contribution to GDP. Our banking system has been consolidated, rationalized and recapitalized to strengthen its resilience. And our bond market is recognised as one of the most developed and dynamic in the region, growing by 57% since 2009. This growth was complemented by the development of more comprehensive financial safety nets, including an effective deposit insurance system.

19. We also made significant changes to the role of banks in the intermediation process, with a much greater share of retail and small business loans contributing to banks' lending activities; and the capital markets became more efficient in servicing the financing needs of larger corporations. Together, these changes have ushered in a more effective financial system with the fundamental objective of serving the economy better.

20. But while Malaysia has achieved significant progress in terms of access to credit and financial literacy, there is a great deal more to be done. In particular, we must redouble our efforts to ensure much wider access to financing, and much greater financial literacy.

21. Our vision is to equip all Malaysians with an essential understanding of sound financial management, provide them with the means and the opportunity to improve their financial position, and assuring them of the right to fair treatment as financial consumers. The realization of this vision requires shared responsibility: by Government, through appropriate education and development policies; by the regulators, through a facilitative regulatory framework and strong consumer protection standards; by the financial industry, through responsible innovation and financial practices; and by individual consumers – through the appropriate exercise of choice and prudent financial management.

Ladies and Gentlemen,

22. Bank Negara Malaysia's Financial Sector Blueprint 2011-2020 charts a clear path toward greater financial inclusion in Malaysia, and I am greatly encouraged by the work that is already underway; the intensification of financial education programs, the expansion of mobile and agent banking channels, and the strengthening of the legislative framework for consumer credit. In these

efforts, we continue to learn valuable lessons from the experiences of other countries. And in turn, we offer our own experiences to help others succeed.

23. On that note, it is heartening to witness the impressive strides that the Alliance has made in its short history; not just in turning a spotlight on financial inclusion globally, but also galvanizing concrete actions to increase it.

24. And I applaud the efforts and achievements made by all countries present here today to make financial inclusion a reality. Each step toward greater financial inclusion helps millions of people in our own countries. But by sharing the lessons learned along the way, it also brings the prospect of a truly inclusive global economy closer.

Thank you very much.

Wabillahitaufik Walhidayah Wassalamualaikum Warahmatullahi Wabarakatuh.