

# Bank Negara Malaysia Publishes Annual Report 2022, Economic and Monetary Review 2022 and Financial Stability Review for Second Half 2022

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Bank Negara Malaysia (BNM) today released its Annual Report 2022 (AR 2022), Economic and Monetary Review 2022 (EMR 2022) and Financial Stability Review for Second Half 2022 (FSR 2H2022).

## Annual Report 2022

AR 2022 details the key initiatives of the Bank in 2022 in fulfilling its mandates to promote monetary and financial stability conducive to the sustainable growth of the Malaysian economy. The report also provides an account of the Bank's operations and resources that enable it to function effectively and efficiently.

Highlights of AR 2022:

- Building a robust ecosystem that fosters innovation, competition, and dynamism in the financial sector remains a priority for BNM. A key strategy in this regard has been to facilitate the entry of new digital-first players.
- BNM continued to work closely with industry partners to reduce barriers to e-payment adoption and promote the responsible and safe use of e-payments, including through e-Duit campaign. BNM also intensified efforts to establish cross-border payment linkages with Indonesia, Philippines, Singapore and Thailand to enable more convenient, safe and cheaper cross-border payment services.
- BNM pioneered the world's first transaction-based Islamic benchmark rate developed in accordance with the international Principles for Financial Benchmarks. The introduction of the Malaysia Islamic Overnight Rate (MYOR-i) will encourage greater Islamic financial product innovation and increase price transparency for Islamic financial contracts. In addition, partnering with the Securities Commission Malaysia, BNM established the MIFC Leadership Council to further advance Malaysia's Islamic finance agenda and provide greater industry stewardship.
- BNM will continue to collaborate with the Government and financial industry to heighten efforts to combat online financial scams, increase the public's awareness on scam prevention, and ensure that emerging cyber threats are effectively managed. BNM also strengthened cross-border cooperation to better detect, trace and recover funds for victims through the Financial Intelligence Consultative Group of 12 member countries.
- The Bank has made significant progress throughout the year to address climate-related risks. The focus has been on strengthening the financial sector's climate resilience, scaling up financing and protection support for businesses to reduce their carbon footprint, and advancing research to better understand how climate and nature interacts with the financial system and economy.

Eleven articles are featured in AR 2022, covering topics of general interest:

- [The Exchange Rate and the Malaysian Economy;](#)
- [Inflation: Its evolution, two years after the pandemic;](#)
- [Driving into the Future - A Digital Motor Claims Journey;](#)
- [Fostering International Connectivity among Central Shariah Boards in Islamic Finance;](#)
- [MIFC Leadership Council: Galvanising Greater Industry Stewardship;](#)
- [Empowering Communities with Digital Financial Services;](#)
- [Cross Border Payment Linkages - Project Nexus and the Push for a Multilateral Approach;](#)
- [Banknote Counterfeiting in Malaysia: Trends, Challenges and Strategies;](#)
- [Measuring the Journey towards a Low Carbon Economy;](#)
- [Biodiversity Loss: Implications on the Economy and Financial Stability;](#) and
- [Let's Go Digital Confidently](#)

AR 2022 also sets out BNM's Audited Financial Statements for the financial year ended 31 December 2022. As audited and certified by the Auditor General, the financial position of BNM remained stable in 2022. BNM's total assets amounted to RM619.0 billion as at 31 December 2022. A net profit after tax of RM7.0 billion was recorded for the financial year, of which RM4.2 billion has been transferred into BNM's Risk Reserve. BNM has declared a dividend of RM2.8 billion to the Government for the financial year 2022.

## Economic and Monetary Review 2022

The Economic and Monetary Review outlines BNM's economic assessments and forecasts.

#### Highlights of EMR 2022:

- In 2023, the global economic environment is expected to remain challenging and uncertain. Slower growth and tighter monetary policies in major economies, and subdued global trade activity are expected.
- Despite global headwinds, the Malaysian economy is projected to grow between 4.0% and 5.0% in 2023, supported by firm domestic demand. Further improvement in labour market conditions, continued implementation of multi-year investment projects and higher tourism activity are expected to support private consumption and investment growth.
- Both headline and core inflation are projected to average between 2.8% and 3.8% in 2023. Inflation is expected to moderate, driven by the lower prices of key commodities. However, the outlook for inflation in 2023 remains tilted to the upside. Upside risks include worsening geopolitical conflict leading to higher commodity prices, extreme weather conditions, stronger-than-expected demand from China and higher input costs due to exchange rate developments.
- The resilient domestic banking system and the presence of domestic institutional investors continue to support financial intermediation activities to support economic growth.
- Monetary policy will remain supportive of sustainable economic growth while ensuring an environment of price stability.

The EMR 2022 also features three box articles covering structural issues crucial to the long-term development of the economy and its people:

- [Rebuilding Retirement Savings and Financial Safety Nets in Malaysia](#);
- [Analytical Approaches to Assessing Labour Market Conditions and Implications to Monetary Policy](#); and
- [Navigating Malaysia's Economic Transition towards a Decarbonised Future](#)

#### Financial Stability Review for Second Half 2022

The Financial Stability Review is a biannual publication which details BNM's assessment of domestic financial stability risks and outlook.

#### Highlights of FSR 2H 2022:

- Market conditions have remained orderly despite the heightened volatility in domestic financial markets. The reopening of most economic sectors and improvements in labour market conditions have supported the debt-servicing capacity of businesses and households, with the share of loans under repayment assistance continuing to decline.
- Sound risk management practices of financial institutions, coupled with their strong capital and liquidity buffers, will continue to preserve domestic financial stability. Latest stress tests conducted by BNM affirm the resilience of financial institutions against unexpected losses from severe macroeconomic and financial shocks. This secures financial institutions' capacity to continue supporting the financing and protection needs of households and businesses as economic activities resume.
- Operational and cyber resilience remains a top priority for BNM and financial institutions amid the increase in digitalisation and technology adoption in finance. BNM will also continue working with financial institutions to strengthen climate risk management practices and support greater access to transition finance.

Four articles are featured in FSR 2H 2022:

- [Artificial Intelligence in the Malaysian Financial System: Opportunities, Risks, and the Way Forward](#);
- [Managing Transmission of Vulnerabilities in Commodity Markets Associated with the Application of Tawarruq in the Islamic Banking System](#);
- [Recent Market and Regulatory Developments in the Digital Asset Space](#); and
- [Implementation Progress of the Climate Change and Principle-based Taxonomy \(CCPT\) in the Financial Sector](#)

Bank Negara Malaysia Governor Tan Sri Nor Shamsiah Yunus said, "Despite the headwinds, the Malaysian economy is expected to continue to expand this year, and not enter a recession. Our financial system will continue to be a key source of strength for our economy in supporting the financing needs for Malaysia's transformation into a high-income, high value-added and low carbon economy. Structural reforms remain important, but a carefully considered sequencing of these critical reforms will be important to deliver sustainable growth and price stability, while minimising transitory costs."

For more details of the publications, please visit [bnm.gov.my/AR2022](https://www.bnm.gov.my/AR2022)

See also:

- [EMR 2022 Key Highlights](#)
- [FSR 2H 2022 Key Highlights](#)
- [Press Conference Slides](#)
- [Press Conference Transcript](#)
- [Press Conference Video](#)

**Bank Negara Malaysia**  
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