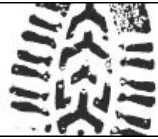


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Zeti gets 'A' for fifth year in a row

WASHINGTON: Bank Negara governor Tan Sri Dr Zeti Akhtar Aziz got an "A" for the fifth year in a row in an annual financial report card of bank governors from around the world issued by *Global Finance* magazine.

"Malaysia seems to have successfully weathered this year's global and regional financial turmoil, and as usual central banker Zeti's even-handed management of monetary policy has helped," the US-based magazine said in its October issue.

"Unfazed by both the Asian crisis early this year and the spillover from the US subprime crisis, Zeti has kept interest rates steady at 3.5% since last April," it said. "By effectively doing nothing for the past year or so, the central bank has been extremely effective," it added.

In an interview with *Bernama* here, Zeti said: "I would call it a pause. We were one of the first to leave our (interest) rates unchanged when everybody was raising rates. I saw signs of slower growth and no threat of inflation, so decided to pause."

Only six central bank governors received "A's". The others are from the Philippines, Indonesia, India, Sweden, Israel, and Taiwan.



Tan Sri Dr Zeti Akhtar Aziz receiving the Best Central Banker Award from Global Finance Publications from Publisher and President, Joseph D. Giarraputo. - Bernama

The United States was given a "C" with central banker Ben Bernanke getting slammed for his "feeble" response to the subprime mortgage meltdown.

"As America's financial system seemed to teeter on the brink of disaster, Bernanke vanished from view. Then, from his bunker, he squirted a dose of liquidity into the markets. Sadly, if he was hoping to reassure troubled markets by pumping in liquidity, then he was mistaken: All he did was assure jumpy investors that there must be something very, very wrong that they didn't yet know about," *Global Finance* said.

According to the magazine, Malaysia's economy is on a roll, with gross domestic growth growth for 2007 on track to almost match last year's 6% while inflation is

tame, dropping in the second quarter this year to 1.5%, its lowest level since 2004.

Meanwhile, Zeti also said China and the rest of Asia should be allowed to determine their own exchange rate policies taking into account their economic and financial conditions.

“There's been an over-focus on the exchange rate to deal with global imbalances. I don't believe that greater flexibility in the exchange rate will resolve these imbalances,” she said after the close of the annual World Bank and International Monetary Fund (IMF) meetings here yesterday.

Zeti said “relying only on the exchange rate, without taking into account other factors, may result in highly destabilising consequences.”

“There's pressure on China and the rest of Asia to appreciate their currencies,” she said. – Bernama

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