

# Lagarde: Malaysia remains vibrant

## OPPORTUNITIES:

Business-friendly environment, political stability vital, says IMF chief

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**I**NTERNATIONAL Monetary Fund (IMF) managing director Christine Lagarde says Malaysia and some Asian countries continue to enjoy reasonable economic growth and vibrancy, despite global economic risks.

In an exclusive interview with the *New Straits Times* here, Lagarde said the slowdown in China and its multiple transitions, lower commodity prices and anaemic demand globally as well as transition of monetary policy by the biggest central banks were some of the risks.

But she said the situation also presented some opportunities.

"Asia in general and certainly Malaysia are countries where there are reasonable growth and vibrancy, yield, and, if there is political stability and a business-friendly environment, economic activities, capital and investments will continue to move, too."

Lagarde spoke to NST on the sidelines of the Islamic Finance Conference organised by IMF and the Central Bank of Kuwait, which took place on Wednesday.

The conference was attended by high-level policymakers, including governors of central banks, ministers, regulators, conventional and Islamic standard setters, leading private and public sector financial in-

stitutions' executives, and academics. Bank Negara Governor Tan Sri Dr Zeti Akhtar Aziz was one of the panellists.

Lagarde said Islamic finance would continue to develop and grow given its role in stability and low leverage, and how it contributed to inclusiveness.

"In Malaysia's case, Zeti has been a strong pillar and anchor of solidity, wisdom and training in Islamic finance and we owe it to her, if nobody else."

Lagarde, a former finance minister of France, has headed the fund since July 2011.

Under her watch, the Washington-

based IMF had shifted its policy on capital controls.

Malaysia was criticised for implementing capital controls at the height of the Asian financial crisis in the late 1990s.

"For many instances, once capital controls are in place, it is difficult and slow to remove them without

creating significant disruption.

"There are, and have been, situations like Iceland and Cyprus where we have recommended capital controls, or Greece, where the authorities decided capital controls as the ultimate response as everything had been tried without success."



'Business Times' journalist **Rupa Damodaran** interviewing International Monetary Fund managing director **Christine Lagarde** in Kuwait City on Wednesday.