

We could consider renminbi-ringgit framework: BNM

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KUALA LUMPUR: Malaysia could consider a framework for the renminbi-ringgit cross currency market as it looks to boost the use of the Chinese currency in its market, a central bank official said on Tuesday.

The framework will be similar to the existing Thai baht-ringgit agreement that gave market makers certain flexibilities to facilitate doing business, Bank Negara Malaysia assistant governor Adnan Zaylani Mohamad Zahid said in a speech posted on the central bank's website.

"This will enable the market-maker banks to play a larger role in enhancing the renminbi FX activities, not only in the spot market, but also in the renminbi forward and swap markets, which will result in lower foreign exchange transaction cost to the real sector," he said.

The comments come during Malaysian Prime Minister Datuk Seri Najib Abdul Razak's official visit to China this week that aims to take bilateral relations to "new highs".

China is Malaysia's biggest trading partner, with total trade between them growing by 11.1% last year to RM230.1 billion. China has also been pumping funds into Malaysia, in various industries.

The central bank is also developing a framework to help Malaysian investors hedge foreign exchange exposures up to a certain limit. The soon-to-be finalised framework is specific to the dollar-ringgit and renminbi-ringgit pairs, Adnan said.

Malaysia should also give special attention to renminbi trade financing and look to develop more investment products in renminbi, he said. - Reuters