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Фарах Вахида Бинти Мохамад Захид, студентка международного медицинского института Курского государственного медицинского университета

email: fwmz03@gmail.com

Фаируз Амалин Бинти Сухаими, студентка международного медицинского института Курского государственного медицинского университета

email: fairuzamalin03@gmail.com

# ДЕНЕЖНАЯ СИСТЕМА МАЛАЙЗИИ

Аннотация: влияние денежной системы на экономические перспективы страны, ее роль в управлении государством привлекают внимание ученых и политиков. Неравенство доходов между различными этническими группами Малайзии является результатом функционирования банковской системы страны. Поскольку ислам абсолютно запрещает использование процентов, а большинство малайцев - мусульмане, они не могут участвовать в денежных отношениях, основанных на процентах, что приводит к отставанию уровня их доходов от других этнических групп.

Ключевые слова: денежная система, Центральный банк

Farah Wahida Binti Mohamad Zahid, student of international medical institute, Kursk State Medical University, Kursk, Russia

email: fwmz03@gmail.com

Fairuz Amalin Binti Suhaimi, student of international medical institute, Kursk State Medical University, Kursk, Russia

email: fairuzamalin03@gmail.com

# MONETARY SYSTEM IN MALAYSIA

Abstract: due to its subsequent impact on a country's economic prospects, the evolution of money, its position as a medium of exchange, and the role of the monetary system in managing them have attracted the attention of academics and policy makers. The paper makes the claim that income inequality between various ethnic groups results from the interest-based fiat money banking system. Additionally, the wealth of the Malay in Malaysia has been systematically stolen from them as a result of this monetary system. Since Islam absolutely forbids interest and the majority of Malay people are Muslims, they are unable to participate in interest-based monetary systems, which causes them to lag behind other ethnic groups.

Keywords: Malaysian monetary system, Central bank

A government supplies money for a nation's economy through a system known as a monetary system. Typically, the national treasury, the mint, the central banks, and the commercial banks make up modern monetary systems. A monetary system known as a commodity money system uses a tangible commodity—such as gold or shells—as the unit of value and form of payment. Due to its inherent characteristics, money continues to hold value. In some instances, a government may stamp a metal coin with a face, value, or mark that declares its purity or shows its weight; nonetheless, the worth of the currency is unaffected even if it is melted down. Fiat money, which is determined by a central bank, serves as an alternative to a commodity money system. Fiat money is an alternative to a commodity money system and is recognized as legal currency even if it has no intrinsic worth by a central bank and government law. Money-related items include cash, marketable securities, receivables, payables, sales taxes, and notes payable [2].

Bank Negara Malaysia (BNM) implements monetary policy in order to affect the economy's interest rates. In its capacity as Malaysia's central bank, BNM works to advance economic and monetary stability. The BNM has the responsibility to implement a monetary policy that advances monetary stability and serves the national interest, with the main goal of preserving price stability while taking into account

broader economic trends. By changing its policy interest rate, the BNM's Monetary Policy Committee (MPC) carries out its monetary policy duties [1]. In order to replace the previous Malayan currency, Bank Negara Malaysia created bills and coins in Malaysia. It serves as both a government bank and a bank for bankers, and it has significantly influenced the expansion of financial institutions in Malaysia. The commercial banks, financing companies, merchant banks, insurance companies, and other financial institutions are all under its supervision. It establishes minimum cash reserve requirements, liquid asset ratios, risk asset to capital fund ratios, borrowing to capital fund ratios, lending rules, and manages foreign exchange on behalf of the government [4,5].

The Bank Negara Malaysia, our central bank, determines the Overnight Policy Rate (OPR). A borrower bank must pay this rate to a lending bank in exchange for the money it has borrowed. A lower OPR triggers a cascading decrease in interest rates, which is intended to boost borrowing and consumer spending, both of which will boost the domestic economy. For borrowers like property buyers and corporations, a higher OPR will result in a higher interest rate and raise the cost of borrowing. Malaysia’s Overnight Policy Rate was maintained at a historical low of 1.75% since it was reduced from 3% in 2020 due to the Covid-19 outbreak. The continuous reopening of the global economy and the improvement in labor market circumstances continue to assist the revival of economic activity, according to BNM's decision on May 11, 2022, to raise the OPR by 25 basis points to 2% [7]. The Bank Negara Malaysia (BNM) Monetary Policy Committee increased the overnight policy rate by 25 basis points for the fourth time in a row, bringing it to 2.75%. Additionally raised to 3.00% and 2.50%, respectively, were the rate corridor's ceiling and floor [7].

However, they have remained high, supporting the increase in November, despite the Bank's prediction that inflation would have peaked in Q3 and that both the headline and core rates would be steadily declining. Notably, the BNM chose to raise its key rate ahead of schedule in order to prevent excessive demand pressure on prices. In addition, risks to the inflationary prognosis for 2023 continue to be upside-based. Leading indicators, meantime, indicate that economic activity accelerated in the third

quarter thanks to strong domestic demand, which gave room for the tightening of monetary policy [6].

The petroleum and natural gas deposits of Malaysia are among the country's most significant mineral resources. The majority of the nation's commodity export earnings come from the sale of crude oil, refined petroleum, and more recently, liquefied natural gas. One of the key reasons boosting Malaysia's GDP development in recent years has been exports, which have been aided by an increase in foreign direct investments. Malaysia's top exports include chemicals (7.1 percent), petroleum products (7.0 percent), liquefied natural gas (6 percent), electrical and technical items (36 percent), and palm oil (6 percent) (5.1 percent). Singapore (14%), China (13%), the European Union (10%), Japan (9.5%), the United States (9.4%), and Thailand (6 percent). make up Malaysia's top export partners [1].

Fiat money originally existed as paper money or coins made of base metal, but in contemporary economies it primarily takes the form of data, such as bank balances and records of credit or debit card purchases. Malaysia's official currency is the Malaysian ringgit. Its symbol is RM, and its currency code is MYR. Being a fiat currency, it has a conversion factor with six significant digits. The ringgit is regarded as a stable currency on a global scale. Fiat money, which was introduced as a replacement for representative money and commodity money, has a value based on supply and demand. Silver and other precious metals are used to make commodity money, whereas representative money is a claim on a redeemable commodity [3].

Compound interest is charged on the loans that the banks make using the freely created fiat money to people, businesses, and the government. And a strong disapproval of interest in Islam. As a result, the majority, if not all, Malays, Arabs, and Indian Muslim traders did not want to be associated with the first banks that were established in the peninsula and issued their own private banknotes at interest. But neither they nor the Muslim authorities stopped this activity in their nation. This, in our opinion, was the biggest oversight made by the Malay Muslim leaders of the time with regard to Islamic monetary principles, and its consequences are still very much evident in the socio-economic and political situation of the Malays today [3].

As a result of rising commodity prices and the fact that Malaysia's economy is based on exports of raw materials, pressure is put on the demand for foreign currency. The value of the domestic currency rises as demand for that currency rises. The results demonstrate that positive shocks have a greater impact on the nominal exchange rate than negative ones. This suggests that overvaluation, rather than undervaluation, affects how much a currency is worth in Malaysia. This also applies to the financial crisis in Asia.

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