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Statement by Mr. Abdul Rasheed Ghaffour Malaysia

On behalf of
Brunei Darussalam, Cambodia, Republic of Fiji, Indonesia,
Lao People's Democratic Republic, Malaysia, Nepal, Philippines, Singapore, Thailand,
Tonga, and Vietnam

**IMFC Statement by Abdul Rasheed Ghaffour
Governor, Central Bank of Malaysia**

International Monetary and Financial Committee, October 17, 2026

**On behalf of Brunei Darussalam, Cambodia, Fiji, Indonesia, Lao P.D.R.,
Malaysia, Nepal, Philippines, Singapore, Thailand, Tonga, and Vietnam**

1. **The global economy has once again proved more resilient than expected, but this resilience masks increasingly uneven and concentrated growth.** The Fund's attention must now extend beyond aggregate resilience to the widening disparities beneath it, which risk becoming the source of future vulnerabilities.
2. **The Fund's work can help economies converge rather than drift further apart.** In a more shock-prone world, the Fund's core responsibilities of surveillance, lending, and capacity development have become even more critical, while its strong voice in support of international cooperation, multilateralism, and open, rules-based trade, remains essential. The Fund can also help members better harness the opportunities of AI and digital finance, while highlighting the economic costs of conflict and fragmentation.
3. **Supporting members through more frequent shocks and profound structural change requires a Fund with the capacity, resources, and legitimacy to act decisively.** Full implementation of the Sixteenth General Review of Quotas (GRQ) and timely progress toward completing the Seventeenth Review are essential to strengthen the Fund's lending capacity, reinforce its quota-based characteristic, and sustain its credibility and convening power.

Global and Regional Economic Outlook

4. **Global economic resilience has held up, but it should not obscure the vulnerabilities beneath the surface.** Growth has been supported by adaptable supply responses, the timely use of policy buffers to support vulnerable groups, and robust technology-related investment. Yet the outlook remains highly uncertain, with growth becoming increasingly uneven and concentrated in fewer sectors and economies. If not adequately monitored and addressed, these imbalances could eventually become sources of macroeconomic and financial vulnerability.

5. **Risks to the outlook remain firmly tilted to the downside.** These risks include a prolonged or escalating conflict, renewed trade tensions and fragmentation, adverse climate events, tighter financial conditions, and a reassessment of AI-related profitability that could trigger sharp market corrections and weaker investment. These risks may also interact and reinforce one another in ways that are difficult to disentangle and harder to manage. At the same time, policy buffers have been eroded by successive shocks, leaving many countries with limited room to respond to future disruptions.
6. **We remain concerned about the growing global spillovers from policy actions in major economies.** While these economies have traditionally served as anchors of global stability, their policy choices have increasingly become sources of shocks and volatility for the wider membership. The effects are felt globally, but emerging market and developing economies (EMDEs) often bear a disproportionate share of the adjustment burden despite having less policy space to absorb them. These spillovers often transmit through abrupt shifts in capital flows, exchange rates, sovereign yields, and domestic financing conditions, underscoring the importance of preserving adequate policy buffers and maintaining agility in the policy response. We therefore welcome efforts to strengthen the Fund's analysis of outward spillovers and their implications for domestic policy choices, and look forward to work that helps major economies address potential sources of shocks, while supporting members, particularly EMDEs, in managing the resulting spillovers.
7. **Our region's relative resilience has been built over time through sustained reforms to strengthen growth and underlying fundamentals, enhancing policy and institutional frameworks, and improving national and regional safety nets.** Growth continues to be supported by domestic demand, broadly sound macrofinancial frameworks, and well-calibrated policies across monetary, fiscal, exchange-rate, macroprudential, foreign-exchange intervention, and capital flow measures. Regional cooperation and integration have provided an additional source of strength. Preserving resilience will require continued vigilance, strong policy frameworks, and sufficient flexibility to deploy the appropriate mix of instruments as conditions evolve.

Roles and Priorities of the Fund

8. **A key priority is ensuring that Fund surveillance remains relevant and forward-looking in a more uncertain and complex world.** The Fund is uniquely positioned to identify emerging vulnerabilities, critical market and financial transmission channels, and infrastructure choke points that can amplify shocks across economies. Its analysis should increasingly focus on how trade, energy, commodity, technology, and financial shocks

interact and propagate through inflation, growth, capital flows, and financial stability. This should be supported by scenario analysis, contingent advice, and timely assessments when conditions change. Surveillance should also draw lessons from episodes of resilience and upside surprises. Better understanding the roles of institutional strength, private-sector adaptability, earlier reforms, policy choices, and regional integration can help members reinforce the foundations of resilience ahead of future shocks.

9. **The Fund's continued advocacy for an open and rules-based multilateral trading system remains essential, especially as members navigate a more fragmented global economy.** Multilateral cooperation remains the most effective path to sustainable and inclusive growth. The Fund's candid analysis can continue to highlight the macroeconomic costs of indiscriminate protectionism, unilateral restrictions, and geoeconomic fragmentation, while deepening understanding of supply-chain reconfiguration and resilience gains from diversification and regional integration. In doing so, the Fund can help members preserve openness where possible, reduce critical vulnerabilities, and strengthen resilience in an increasingly complex global economy.
10. **Effective policy advice must reflect members' circumstances, constraints, and available policy space.** The Integrated Policy Framework (IPF) can help authorities identify a coherent policy mix by assessing the interactions and trade-offs across monetary, fiscal, exchange-rate, macroprudential, foreign-exchange intervention, and capital-flow policies. We appreciate the extensive technical assistance provided to our constituency and encourage the Fund to operationalize the IPF in line with its original purpose: to expand policy flexibility. The framework should support integrated policy judgment rather than prescribe a checklist for the use of individual instruments. Its operationalization should ensure that narrowly defined frictions inform policy analysis without becoming de facto conditions that limit policy flexibility. Fiscal policy should also be more fully incorporated, particularly as higher borrowing costs and diminished fiscal buffers constrain policy choices. As trade-offs become more difficult, a more flexible IPF can help members identify the most appropriate combination of policies and respond more effectively to evolving shocks.
11. **Structural reforms cannot be deferred simply because shocks have become more frequent.** While each shock exposes different fault lines, delayed reform often leaves economies less prepared for future challenges. This applies to advanced economies as much as to EMDEs. The Fund can add significant value by helping members identify, prioritize, sequence, and implement reforms that strengthen productivity, competitiveness, private-sector dynamism, public-private collaboration, and institutional capacity. Policy

advice should take account of implementation capacity, political-economy realities, and distributional impacts. We therefore welcome greater attention to policy traction, including through the new Policy Reform Assessment System.

12. **Capacity development remains one of the Fund's most valuable contributions to supporting resilience and sustainable growth.** Well-targeted support strengthens institutions and helps translate policy advice into durable reform outcomes. Stronger institutions, in turn, help countries absorb shocks, implement corrective policies, and sustain gains after Fund financing ends. Its effectiveness depends on support that remains demand-driven, sustainably financed, closely integrated with surveillance and lending, and tailored to members' circumstances. We appreciate the IMF's continued capacity development support, in both training and technical assistance, for members in our region, including through the IMF-Singapore Regional Training Institute and Capacity Development Office in Thailand. Continued investment of resources on this front is particularly important for low-income countries, small developing states, fragile and conflict-affected states, and members confronting emerging macrocritical challenges such as AI, digital finance, and climate-related risks.
13. **The Fund's lending and debt frameworks must remain credible while being realistic and usable for members with the most limited policy space.** The implementation of the Review of Program Design and Conditionality provides an opportunity to strengthen country ownership, policy prioritization, realism, and coherence. Growth-conscious conditionality, calibrated to implementation capacity and attentive to social and distributional consequences, will be critical to program success. The revised Low-Income Countries Debt Sustainability Framework (LIC-DSF) can further strengthen debt analysis by better capturing domestic debt, sovereign-bank linkages, climate-related shocks, financing constraints, and the circumstances of small and shock-prone states. Consistent implementation and clear communication will be key to avoiding unintended market effects. Continued progress toward timelier, more orderly, and predictable debt restructuring is equally important, alongside adequate and sustainable concessional financing, such as through the Poverty Reduction and Growth Trust (PRGT). Frameworks intended to support vulnerable members should not become sources of delay, uncertainty, or stigma.
14. **Completing major policy reviews is an important achievement, but implementation will be their true test.** We commend management and staff for adapting the Fund's surveillance, program design, financial-sector assessments, debt analysis, and external-sector frameworks at a time when members need sharper and more responsive tools. The

focus should now shift to consistent, even-handed, and pragmatic implementation. Cross-country consistency, however, should not lead to mechanical uniformity. Tailored policy advice is most effective when it genuinely reflects members' circumstances, institutional capacity, vulnerabilities, and policy constraints. Analytical frameworks are valuable, but need to be complemented by sound judgment and deep country knowledge. Careful communication of methodological changes can help limit unintended effects, while feedback from implementation can support timely course correction. From an EMDE perspective, the ultimate test is not only whether the frameworks are technically stronger, but whether they produce advice that is practical, implementable, and trusted.

15. **Technological transformation has the potential to drive economic convergence, instead of a new source of divergence.** AI and digital finance can raise productivity, broaden financial inclusion, and create new engines of growth. The Fund can help members capture these benefits by identifying the policies, investments, and institutional foundations needed for successful adoption, while supporting appropriate safeguards against labor-market, distributional, macro financial, cyber, and concentration risks. Its analysis can also help members navigate the cross-border implications of stablecoins and other forms of digital money for monetary sovereignty, capital flows, financial system stability, and payment-system resilience. Practical, demand-driven support remains critical to strengthen access to infrastructure, reliable energy, skills, financing, and institutional capacity, particularly in lower-capacity members. Ultimately, technology should enable more economies to catch up, rather than allowing gaps in access and preparedness to widen existing divides.
16. **The Bangkok Blueprint provides a practical foundation for safer, more resilient and inclusive digital transformation.** Its focus on digital finance safeguards, cyber resilience, and international cooperation against digital fraud is timely and relevant. We encourage the Fund to support its implementation through surveillance, policy advice, capacity development, and cooperation with other relevant institutions, while recognizing different levels of digital readiness across the membership. Effective safeguards should foster trust and enable innovation and inclusion rather than creating unnecessary barriers to beneficial technological adoption.
17. **A strong and legitimate Fund must remain quota-based, adequately resourced, and representative of the changing global economy.** We call for full implementation of the Sixteenth GRQ and meaningful progress under the Seventeenth Review. Guided by the Diriyah Guiding Principles, the Seventeenth Review should deliver a meaningful realignment that better reflects members' relative positions in the world economy, while

protecting the voice and representation of the poorest and smallest members. Further delays in advancing quota reform risk undermining confidence in the Fund's legitimacy and convening power, while constraining efforts to strengthen its crisis-lending capacity. We also support deeper practical cooperation between the Fund and regional financing arrangements, including the Chiang Mai Initiative Multilateralisation, while adhering to their respective mandates and regional ownership. Greater coordination across the layers of the Global Financial Safety Net can improve crisis preparedness, access, predictability, and burden sharing.

18. **Malaysia and the members of our constituency reaffirm our support for a strong, agile, even-handed, and trusted IMF.** We commend management and staff for the breadth and depth of the key reviews and reforms undertaken in a demanding global environment. As we gather in Bangkok, Asia's experience underscores a simple but enduring lesson – resilience is built through sound institutions, policy flexibility, openness, international cooperation, and sustained reform. By helping members apply these lessons, the Fund can support a more stable, resilient, and prosperous global economy.