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SCHOOL OF BUSINESS AND ECONOMICS
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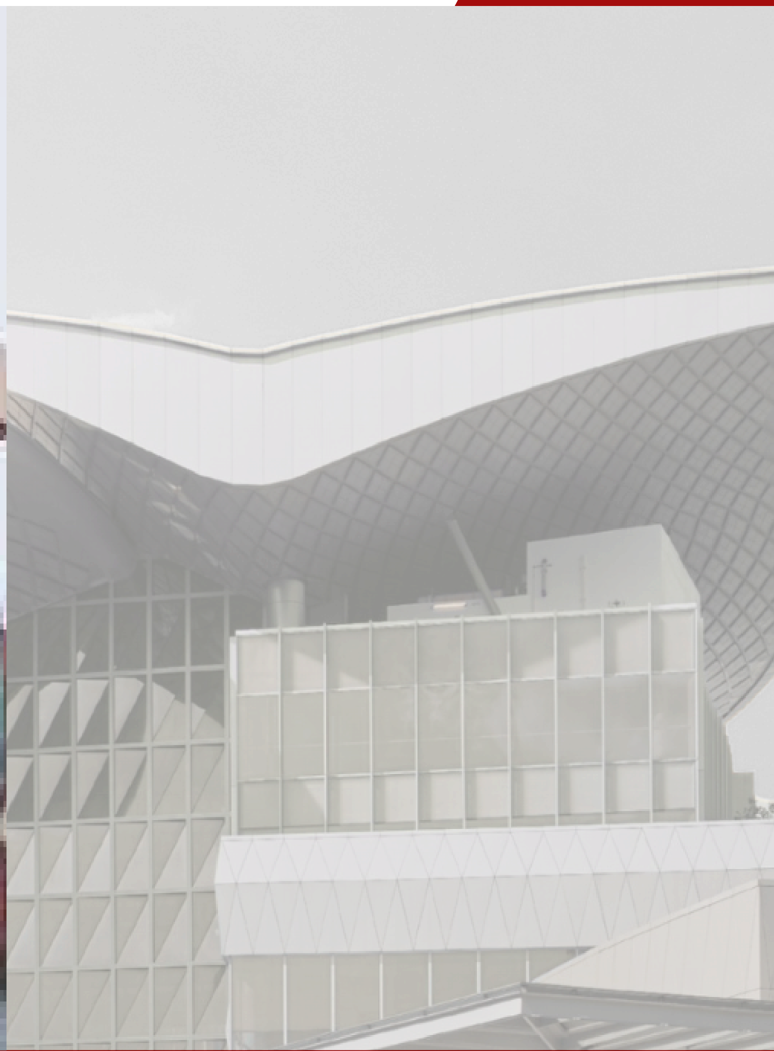


SBE -TIA COE

Activity Report 2025

Prepared by:
Prof. Dr. Normaz Wana Ismail

RESEARCH SEMINAR

14 MAY 2025

The Tun Ismail Ali Center of Excellence (TIA CoE) is honored to host Professor Taisuke Nakata for a session on Deflationary Equilibrium with Uncertainty. Professor Nakata is an Associate Professor at the University of Tokyo's Graduate School of Economics and Graduate School of Public Policy. His research primarily focuses on macroeconomics, with particular expertise in fiscal and monetary policy and public health. His work, published in leading economic journals, has earned him prestigious awards, including the Ishikawa Prize and the KDDI Foundation Award.

ABSTRACT: Analyze the so-called deflationary equilibrium of the New Keynesian model with an interest rate lower bound when the future course of the economy is uncertain. In this equilibrium, we find that the rate of inflation is higher at the risky steady state—which accounts for uncertainty—than at the deterministic steady state, which abstracts from uncertainty. The rate of inflation at the risky steady state can be positive if the central bank's target rate is positive. Our theory aligns with Japan's experience in the 2010s, where inflation remained positive on average despite the binding interest rate lower bound.

LAUNCH OF THE ASB TIA COE

14 AUGUST 2025

About the Tun Ismail Ali Center of Excellence (TIACOE):
The Tun Ismail Ali Center of Excellence in Monetary & Financial Economics (TIACOE) is a Bank Negara Malaysia-endowed research center under the stewardship of the Asia School of Business. TIACOE aims to advance research in the field of monetary and financial economics as well as elevating the capacity of local higher education institutions and widening outreach via engagements with local academics, students and the public.

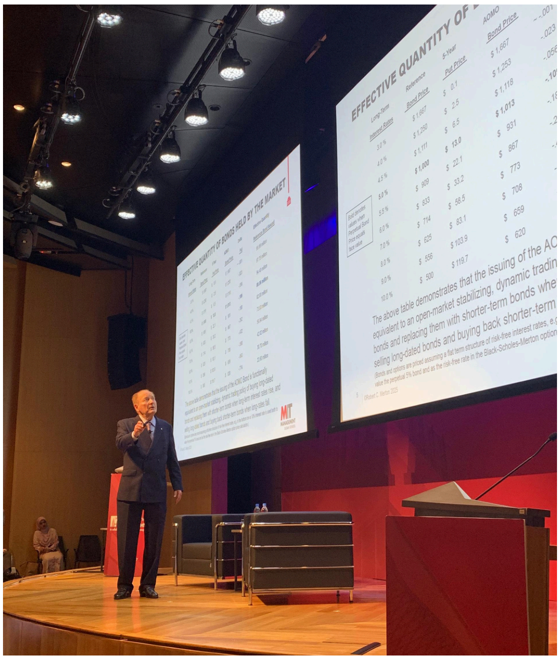
The Asia School of Business (ASB) extended an invitation to all academic staff and postgraduate students of the School of Business and Economics (SBE) to attend the launch of the Tun Ismail Ali Center of Excellence (TIACOE), held in conjunction with ASB's 10-Year Anniversary celebration.

TIACOE is a newly established research center endowed by Bank Negara Malaysia (BNM) with the aim of advancing thought leadership and generating impactful research in the areas of monetary and financial economics. The launch event featured Professor Robert C. Merton, Nobel Laureate in Economics (1997), as the eminent keynote speaker. The ceremony took place at the Khazanah Auditorium, Asia School of Business, Kuala Lumpur.

This event also served to commemorate the legacy of Tun Ismail Ali, the first Malaysian Governor of Bank Negara Malaysia. The establishment of TIACOE marks an important milestone in strengthening academic–practitioner collaboration. Moving forward, the Center will spearhead various initiatives including conferences, seminars, and public lectures aimed at fostering knowledge exchange and advancing research excellence.


Welcome Remarks
Tan Sri Dr. Zeti Aziz
Founding Chair and Co-chair, Board of Governors, Asia School of Business and Former Governor, Bank Negara Malaysia
ASIA School of Business


Remarks
Dato' Sri Abdul Rasheed Ghaffour
Governor, Bank Negara Malaysia
ASIA School of Business


EFFECTIVE QUANTITY OF


Fireside Session
Moderator
ASIA School of Business